

广东东方精工科技股份有限公司

英文年报披露说明

近年来中国资本市场持续加大对外开放力度，鼓励境外投资者更多参与，东方精工科技股份有限公司（以下简称“公司”）为更好地服务越来越多的境外投资者，让境外投资者更便捷地获取公司经营与财务等方面信息，同时也更充分地向境外投资者传递公司的投资价值，提升公司国际化水平，公司发布披露《2019年年度报告》的英文版本。

本次英文版年报翻译中，涉及众多瓦楞包装机械行业和财会方面的专业术语。虽然公司已尽力确保原文内容得到准确的转译，但仍可能会存在不恰当之处。公司在此声明：如果您在阅读《2019年年度报告》的中文、英文文本的过程中，在对文本的理解上发生歧义时，以中文文本为准。

In recent years, China's capital market continues to open to the outside world and encouraged foreign investors to participate in the financial market of China. Guangdong Dongfang Precision Science & Technology Co., Ltd. (hereinafter referred to as "the company") discloses its 2019 Annual Report in English for the first time, that we believe can enables for foreign investors to obtain information about the company's operation and finance more conveniently, and fully convey the investment value of the company to them, and at the same time help continuously improving the company's international level.

As the annual report involves many professional terms translation of Corrugated packaging machinery industry and financial accounting, the company has made great efforts to ensure the accurate translation of the original content, but there may still be some inadequacies.

The company hereby declares that in case of any ambiguity in your understanding of the Chinese version and English version of the 2019 annual report, the Chinese version shall prevail.



Guangdong Dongfang Precision Science&Technology Co.,Ltd.
2019 Annual Report

April 2020

Section 1 Important Notes, Table of contents and Interpretation

The company's board of directors, board of supervisors, directors, supervisors, and senior management ensure that the contents of the annual report are true, accurate, and complete, that there are no false records, misleading statements, or major omissions, and if there are any, we shall bear individual and joint legal responsibilities.

Tang Zhuolin, person in charge of the company, Qiu Yezhi, chief in charge of accounting work, and Qiu Yezhi, head of accounting institution (accounting officer) hereby confirm that the financial report in the annual report is true, accurate and complete.

Apart from the following director, other directors attended the board meeting to review this annual report in person.

The name of director who did not attend in person	The post of director who did not attend in person	Reasons for not attending the meeting in person	Consignee's name
Peng Xiaowei	Independent Director	To take care of his own work	Mai Zhirong

The forward-looking statements such as the prediction of future operating performance involved in this annual report are all planned matters of the company and do not constitute a substantial commitment of the company to investors. There are certain uncertainties. Investors are advised to pay attention

to investment risks.

The relevant risks that may exist in the company's operation and development are described in detail in “4.The risks that the company may face in the development process” in “IX. Prospects for the company's future development” in Section 4 “Discussion and Analysis of Business Situation” of this report. Investors are advised to read this part.

The company plans not to distribute cash dividends, neither give away bonus shares, nor capitalize from public reserve.

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Interpretation

Interpretation Item	Refers to	Interpretation
Company, Dongfang Precision, the company	Refers to	Guangdong Dongfang Precision Science&Technology Co.,Ltd.
Dongfang Precision (China)	Refers to	Guangdong Dongfang Precision Science&Technology Co.,Ltd. Corrugated Box Printing Machine Division
Fosber Group	Refers to	Fosber S.p.A.
Fosber Asia	Refers to	Guangdong Fosper Intelligent Equipment Co., Ltd.
Fosber US	Refers to	Fosber America, Inc.
Fosber Tianjin	Refers to	Fosberg (Machinery) Tianjin Co., Ltd.
Tiruna Group	Refers to	Tiruna Group Industrial, S.L.
Tiruna S.L.U	Refers to	Tiruna S.L.U.
Tiruna US	Refers to	Tiruna America inc.
Dongfang Precision (Europe) /Italy EDF	Refers to	EDF Europe s.r.l.
Dongfang Precision (Netherland)	Refers to	Dong Fang Precision (Netherland) Cooperatief U.A.
Dongfang Precision (HK)	Refers to	Dongfang Precision (Hong Kong) Co., Ltd.
Parsun Power	Refers to	Suzhou Parsun Power Machine Co.,Ltd.
Shunyi Investment	Refers to	Suzhou Shunyi Investment Co., Ltd.
Yinglian Digital	Refers to	Foshan Yinglian Digital Printing Equipment Co., Ltd.
Jiateng Robot	Refers to	Guangdong Jiateng Robot Automation Co., Ltd.
Pride, Beijing Pride	Refers to	Beijing Pride New Energy Battery Technology Co., Ltd.

Changzhou Pride	Refers to	Changzhou Pride New Energy Battery Technology Co., Ltd.
Pulead	Refers to	Pulead Technology Industry Co.,Ltd.
BAIC	Refers to	Beijing Automotive Group Industry Investment Co.,Ltd.
CATL	Refers to	Contemporary Amperex Technology Co. Limited
Foton Motor	Refers to	Beiqi Foton Motor Co., Ltd.
Qinghai Puren	Refers to	Qinghai Puren Intelligent Technology R & D Center (Limited Partnership)
BJEV	Refers to	Beijing Electric Vehicle Co., Ltd.
Corrugated box	Refers to	Corrugated cardboard is made into corrugated boxes by printing, grooving, die-cutting and sticking boxes; corrugated boxes are the most widely used packaging products.
Corrugated box printing complete production line	Refers to	A complete set of corrugated paper box printing machinery equipment that integrates all or part of the functions of leading edge paper feeding, printing, grooving, die cutting, and forming. It has the characteristics of highly integrated functions, high automation level, and intensive technology. It can save capital investment, manual investment, reduce labor intensity and increase production efficiency of carton production enterprises. This type of product has strong requirements on equipment manufacturers' design level, scientific research and innovation capabilities, assembly technology, and spare parts finishing.
Corrugated board production line	Refers to	The roll base paper goes through a production line consisting of corrugating, gluing, bonding, paper-dividing and lining, and cutting into specification paperboard. It is mainly composed of two relatively independent process sections: wet-end equipment and dry-end equipment.

Outboard motor	Refers to	Refers to the propulsion engine installed on the outside of the hull (side of the ship), usually suspended on the outside of the transom, also known as the outboard engine.
Power Battery	Refers to	A chemical power source that provides electrical energy for devices such as power tools, electric bicycles, and electric cars. Commonly used power batteries include lead-acid batteries, nickel-metal hydride batteries, and lithium-ion batteries.
PACK	Refers to	The process of connecting a single battery cell in series or parallel and connecting it to a BMS makes the single battery cell an integrated product with functions such as intelligent charge and discharge control. As the key link of the power battery system industry chain, PACK's core difficulty lies in customized development technology. High-quality PACK plays an important role in the safety, performance debugging, energy density, reliability, environmental adaptability of the power battery system and the performance of the power battery system and the vehicle.
CSRC	Refers to	China Securities Regulatory Commission
Shenzhen Exchange, Exchange	Refers to	Shenzhen Stock Exchange
Yuan, 10,000 yuan, 100 million yuan	Refers to	RMB Yuan, RMB 10,000 yuan, RMB 100 million yuan
Reporting period, this reporting period	Refers to	January 1, 2019 to December 31, 2019

Section 2 Company Profile and Main Financial Indicators

I. Company Information

Stock abbreviation	Dongfang Precision	Stock code	002611
Stock exchange where the stock is listed	Shenzhen Stock Exchange		
The Chinese name of the company	广东东方精工科技股份有限公司		
The Chinese abbreviation name of the company	东方精工		
The company's foreign name (if any)	GUANGDONG DONGFANG PRECISION SCIENCE & TECHNOLOGY CO., LTD		
Abbreviation of the company's foreign name (if any)	DONGFANG PRECISION		
The company's legal representative	Tang Zhuolin		
Registered address	No. 2 Qiangshi Road, Shishan Town, Nanhai District, Foshan City, Guangdong Province (office building, plant A, plant B)		
Registered address postal code	528225		
Office address	25th Floor, Hisense South Building, 1777 Chuangye Road, Nanshan District, Shenzhen, Guangdong		
Office address postal code	518000		
Company website	http://www.df-global.cn/		
email	ir@vmtdf.com		

II. Contact person and contact information

	Secretary of the Board	Securities Affairs Representative
Name	Zhou Wenhui	Zhu Hongyu
Contact address	25th Floor, Hisense South Building, 1777 Chuangye Road, Nanshan District, Shenzhen, Guangdong	25th Floor, Hisense South Building, 1777 Chuangye Road, Nanshan District, Shenzhen, Guangdong
Phone	0755-36889712	0755-36889712
Fax	0755-36889822	0755-36889822
Email	ir@vmtdf.com	ir@vmtdf.com

III. Information Disclosure and Preparation Location

Name of information disclosure media selected by the company	"China Securities News", "Securities Times"
URL of website designated by China Securities Regulatory Commission to publish annual report	http://www.cninfo.com.cn
Where to prepare the company's annual report	Corporate Securities Department

IV. Registration Changes

Organization Code	914406002318313119
Changes in the main business of the company since its listing (if any)	No change
Changes of previous controlling shareholders (if any)	No change

V. Other Relevant Information

Accounting firm hired by the company

Name of accounting firm	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP.
Office Address of accounting firm	16th Floor, Building A, CIC International Business Center, 1061 Xiangmei Road, Futian District, Shenzhen (Headquarters Address: No. 61 Nanjing East Road, Shanghai)
Name of the signed accountant	Chen Yanbai, Song Baojun

Sponsors hired by the company to perform continuous supervision responsibilities during the reporting period

☐ Applicable ☒ Not applicable

Financial consultants employed by the company to perform continuous supervision duties during the reporting period

☒ Applicable ☐ Not applicable

Name of Financial Advisor	Office Address of Financial Advisor	Name of person-in-charge of Financial Advisor	Continuous supervision period
CITIC Construction Investment Co., Ltd.	No. 188 Chaoyangmen Nei Street, Dongcheng District, Beijing	Zhu Lin, Gu Zhongjie	December 25, 2019 to December 31, 2020

VI. Main Accounting Data and Financial Indicators

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

☐ YES ☒ NO

	2019	2018	Increase or decrease by...than the previous year	2017
Operating income (yuan)	9,973,503,602.19	6,621,349,618.40	50.63%	4,684,845,398.24

Net profit attributable to shareholders of listed companies (yuan)	1,838,018,805.50	-3,875,995,219.91	147.42%	490,498,337.12
Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses (yuan)	438,715,870.86	-3,905,407,016.45	111.23%	353,115,982.47
Net cash flow from operating activities (yuan)	281,297,787.01	721,724,801.12	-61.02%	-95,224,885.04
Basic earnings per share (yuan / share)	1.01	-2.11	147.87%	0.31
Diluted earnings per share (yuan / share)	1.01	-2.11	147.87%	0.31
Weighted average return on net assets	36.87%	-67.71%	104.59%	8.85%
	End of 2019	End of 2018	Increase or decrease by...than the previous year	End of 2017
Total assets (yuan)	6,273,516,157.31	8,986,973,675.89	-30.19%	12,437,799,208.64
Net assets attributable to shareholders of listed companies (yuan)	4,337,064,607.87	4,026,565,236.20	7.71%	7,670,809,269.32

VII. Differences in accounting data under domestic and foreign accounting standards**1.The difference between net profit and net assets in financial reports disclosed in accordance with international accounting standards and in accordance with Chinese accounting standards at the same time**

☐ Applicable ☒ Not applicable

During the reporting period, there was no discrepancy between the net profit and net assets in the financial reports disclosed in accordance with international accounting standards and in accordance with Chinese accounting standards.

2.The difference between net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards at the same time

☐ Applicable ☒ Not applicable

There was no discrepancy between the net profit and net assets in the financial report disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards during the reporting period.

VIII. Major financial indicators by quarter

Unit: yuan

	Q1	Q2	Q3	Q4
Operating income	1,199,609,998.96	3,191,739,295.93	3,360,816,595.53	2,221,337,711.77
Net profit attributable to shareholders of listed companies	26,225,836.51	156,165,299.88	212,791,166.02	1,442,836,503.09
Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses	23,381,604.22	142,773,952.59	198,631,530.02	73,928,784.03
Net cash flow from operating activities	419,627,201.97	999,613,550.00	101,010,721.08	-1,238,953,686.04

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

☐ Yes ☒ No

IX. Non-recurring items and amounts

☒ Applicable ☐ Not applicable

Unit: yuan

Item	2019 amount	2018 amount	2017 amount	Explanation
Gains and losses from disposal of non-current assets (including write-offs of asset impairment provisions)	-95,745,648.97	1,792,860.48	95,244,311.61	Mainly to deal with the profit and loss of 100% equity of Pride
Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except for government subsidies that are fixed or quantified according to the national unified standard)	22,854,061.39	9,052,705.37	25,140,802.38	For details, please refer to notes VII.46 and VII.52 of the financial report
In addition to the effective hedging business related to the company's normal business operations, holding transactional financial assets, derivative financial assets, transactional financial liabilities, fair value changes in derivative financial liabilities, and disposal of transactional financial assets and derivative financial investment income from assets, trading financial liabilities,	1,473,114,508.83	24,082,095.44	13,705,471.69	Mainly for the performance compensation of Pride's original shareholders and bank wealth management income

derivative financial liabilities and other debt investments				
Other non-operating income and expenses other than the above	9,007,522.57	890,902.50	31,772,720.83	
Deduct: the amount of income tax impact	9,881,032.32	6,371,800.11	28,467,463.96	
Minority shareholders' equity impact (after tax)	46,476.86	34,967.14	13,487.90	
In total	1,399,302,934.64	29,411,796.54	137,382,354.65	--

For the company's non-recurring gains and losses items defined by the "Announcement No. 1 of Information Disclosure by Companies Offering Securities to the Public — Non-recurring Gains and Losses" and the non-recurring gains and losses items defined by "Announcement No. 1 of Information Disclosure by Companies Offering Securities to the Public — Non-recurring Gains and Losses" as recurring gains and losses, the reasons should be explained

☐ Applicable ☒ Not applicable

During the reporting period of the company, there were no situations in which the non-recurring gains and losses items listed in accordance with the definition of "Announcement No. 1 of Information Disclosure by Companies Offering Securities to the Public — Non-recurring Gains and Losses" were defined and listed as recurring gains and losses.

Section 3 Company Business Overview

I. The main business of the company during the reporting period

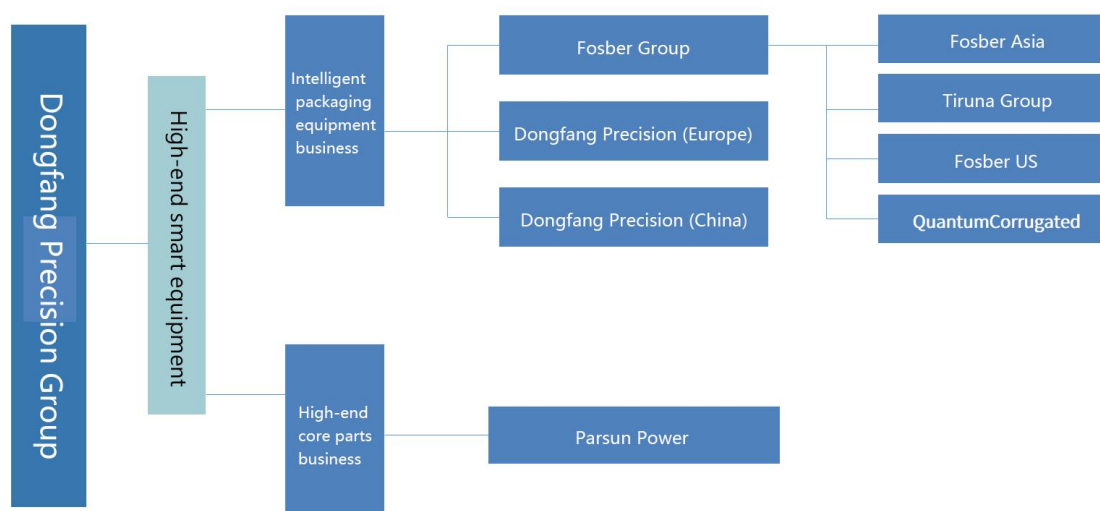
The current global economic system is facing profound changes and reconstruction. The new generation of information technology is showing explosive growth. Emerging technologies represented by cloud computing, big data, artificial intelligence and 5G communication technology are booming. Manufacturing and the new generation of information technology witnesses deep integration, and a new round of industrial revolution is being conceived.

Intelligent manufacturing based on the deep integration of new generation information communication technology and advanced manufacturing technology runs through the design, production, management and service of manufacturing activities. Its technology includes automation, informatization, Internet and intelligence.

The "Made in China 2025" issued by the State Council indicates that it will focus on implementing the strategy of making China a manufacturing power, and intelligent manufacturing is the top priority. Smart manufacturing-related industries will not only become key industries supported and developed by China, but also be the backbone of China's economic transformation and upgrading, innovative development, and the realization of building China a "manufacturing power". With its superior geographic location, strong national support and strong manufacturing base, Guangdong Province has great advantages in the transformation and upgrading of manufacturing industries and the implementation of intelligent manufacturing.

Dongfang Precision takes "smart manufacturing" as its strategic vision and business core, and is one of the earliest companies engaged in R&D, design and production of intelligent corrugated carton packaging equipment in China. Since its listing in 2011, the company has used the capital market to expand the industry chain of corrugated box packaging equipment. At present, it has become a leading domestic and international leading supplier of intelligent corrugated box packaging equipment. In 2019, the company carried out various business activities around the core smart corrugated box packaging equipment business and the annual business plan. The layout and

operation of the main business sectors are as follows:



1. Smart packaging equipment business

During the reporting period, the company's business of intelligent packaging equipment focused on the design, R & D, production, sales and service of "intelligent corrugated box packaging automation equipment and production lines". It has business entities focusing on the field of smart packaging equipment, such as Dongfang Precision (China), Dongfang Precision (Europe), Fosber Group, and Fosber Asia.

1.1 Main products and uses

As a typical midstream industry, the corrugated cardboard packaging industry uses corrugated cardboard base paper produced by upstream paper companies as raw materials to produce corrugated cardboard finished products, which are widely used in household appliances, electronic products, IT, food and beverage, books, daily chemical, textile and other downstream consumer industries and logistics express companies. Compared with metal, plastic, and glass packaging products, corrugated cardboard boxes are degradable, easy to recycle and reuse, and are recognized as "green packaging products".

Dongfang Precision is the earliest company engaged in the R&D, design and production of intelligent corrugated box packaging equipment in China. It provides high-tech content, high performance and high-quality cardboard production and printing and packaging equipment.

At present, the company has expanded from the corrugated box printing equipment in the initial stage of listing to three major product lines that can provide customers with high-end corrugated cardboard production lines, corrugated cardboard printing slotting die-cutting machines, and corrugated cardboard printing slotted sticking box linkage lines and the solution of the whole industrial chain equipment including pre-press and post-press intelligent automatic packaging equipment.

Schematic diagram of a corrugated carton packaging intelligent model factory

(1-10 are the company's existing products, 11 is the company's strategic expansion link)



The main products of the company's intelligent packaging equipment business include: corrugated cardboard production line, corrugated box printing complete production line, pre-press and post-press intelligent automation equipment (including multi-color complete printing slotting die-cutting machine, pre-feeder, waste conveying equipment, intelligent stack Stacking equipment, gluing equipment, etc.), as well as automated logistics systems.

1.1.1 Corrugated board production line

The company's complete production line for corrugated cardboard includes raw paper holders and splicing machines, single-sided machines, glue coating machines, double-sided machines, rotary

cutters, slitting and crimping machines, cross-cutting machines, stacking machines, production line intelligent management systems, and noise prevention units. The complete production line of corrugated cardboard is a large-scale automation equipment, and the average unit price of the entire production line ranges from 30 million to 60 million yuan (3.5 million to 7.5 million euros).

The company's corrugated board production line is positioned at the high end, and it is superior to domestic counterparts in terms of speed, width, energy saving, safety, and operation automation, and has reached the world's leading level. The intelligent design and smooth linear process included in the company's products can effectively reduce labor costs for downstream corrugated board manufacturers, greatly improve production efficiency, reduce management pressure, and improve business efficiency.

The company's corrugated board production line business is facing the global market. The company develops, produces and sells corresponding products for the performance requirements of different customers in the Asian, European and American markets.

Schematic diagram of the company's corrugated board production line



1.1.2 Complete production line for corrugated box printing

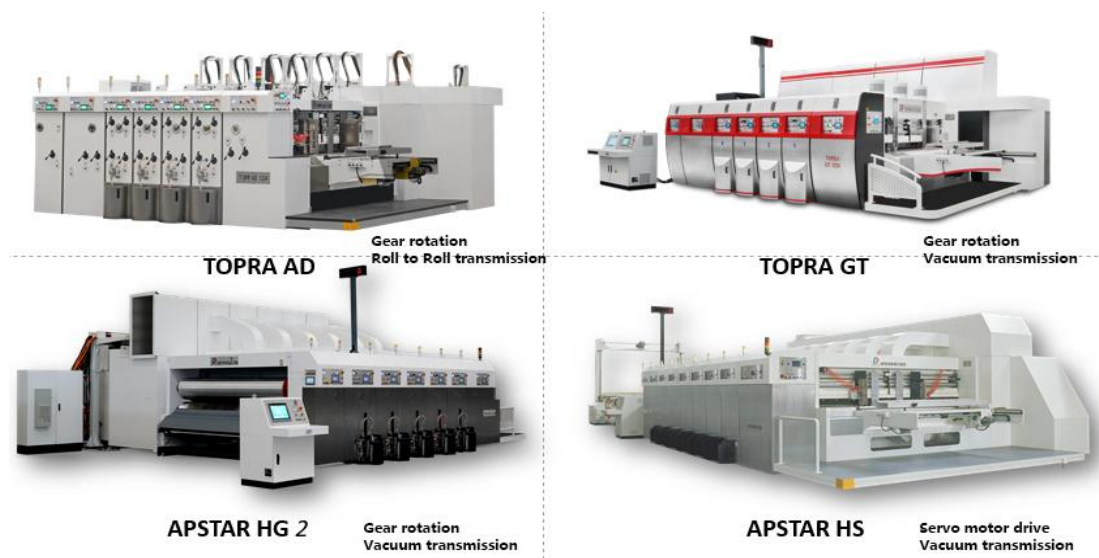
The company's corrugated box printing complete production line products include corrugated box printing linkage line, printing stand-alone products, and intelligent automatic equipment before and after printing.

Corrugated box printing linkage line is divided into sticking box linkage line and fully automatic printing linkage line according to the linkage of pre-press and post-press automation equipment.

The average selling price of the company's corrugated box printing complete production line is 4 million to 15 million yuan. At present, the company develops and produces two series of production and sales for different customers in Asia, Europe, and the United States. Corrugated carton printing complete production line equipment, including: Asia-Pacific Star Series (APSTAR), mainly

exported to Europe and the United States and other developed markets; TOPRA series (TOPRA), mainly for domestic large and medium-sized group customers or listed companies. At present, the company's printing equipment business revenue is basically the same in domestic and overseas markets.

Schematic diagram of the company's printing equipment stand-alone products



Schematic diagram of the company's up-printing fixed sticky box linkage line (left)

and down-printing open and closed sticky box linkage line (right)



Schematic diagram of the company's down-printing automatic printing linkage line product



The company's two series of products have the characteristics of leading design concepts, highly integrated functions, higher automation, less manpower investment, lower labor intensity, energy saving and environmental protection, etc. They have obvious competitive advantages in the aspects of printing quality, printing efficiency, overprint accuracy, printing width and other overall performance and product cost performance.

The company's complete production line for corrugated box printing is exported to more than 30 countries and regions in Europe, America, Southeast Asia and India. At present, the company has become a high-profile corrugated box printing equipment manufacturer in the global market and China.

1.2 Main business model

1.2.1 Business model summary

Dongfang Precision's intelligent packaging equipment business adopts the "design and development + production + sales + service one-stop" business model, and implements "differentiated" operation and service-oriented manufacturing.

Fosber Group, Fosber Asia's corrugated board production line business under Dongfang Precision, and corrugated box printing equipment business of Dongfang Precision (China) and Dongfang Precision (Europe), all have mastered the core technology of the product, have the product design and R&D strength, and have the production capacity to meet sales demand.

In terms of "differentiated" operation, on the one hand, the company's corrugated board production line business and corrugated box printing complete production line business are positioned at the mid-to-high end, and the market is oriented to large and medium-sized customers. The product has high technical content, high intelligence, stable quality and good reliability; On the one hand, the

company provides high-quality after-sales services to customers through professional technical teams, spare parts preparation, remote monitoring, and technical support, and uses services to empower manufacturing.

The company has been working hard in the industry for many years. Both the Fosber corrugated cardboard production line brand and Dongfang Precision corrugated box printing equipment brand have high visibility and brand influence in the industry, which helps the company obtain a premium for brands, products and services from the market.

1.2.2 Procurement model

The company mainly purchases electrical components, standard parts, raw materials and auxiliary materials from external suppliers; the core machining parts are produced by the company itself; the equipment automation control program is developed by the company itself.

1.2.3 Production model

The company adopts 90% of orders to organize production according to customer orders and 10% according to market forecast orders. Through the combination of the two production modes, the company can not only better meet the customer's order needs, but also adjust the production rhythm through reasonable warehouse regulation to ensure that the company can respond in a timely manner and meet customer needs.

1.2.4 Sales model

The company mainly adopts the direct sales model in the domestic market, and adopts the direct sales plus channel agent sales model in the foreign market to carry out business sales.

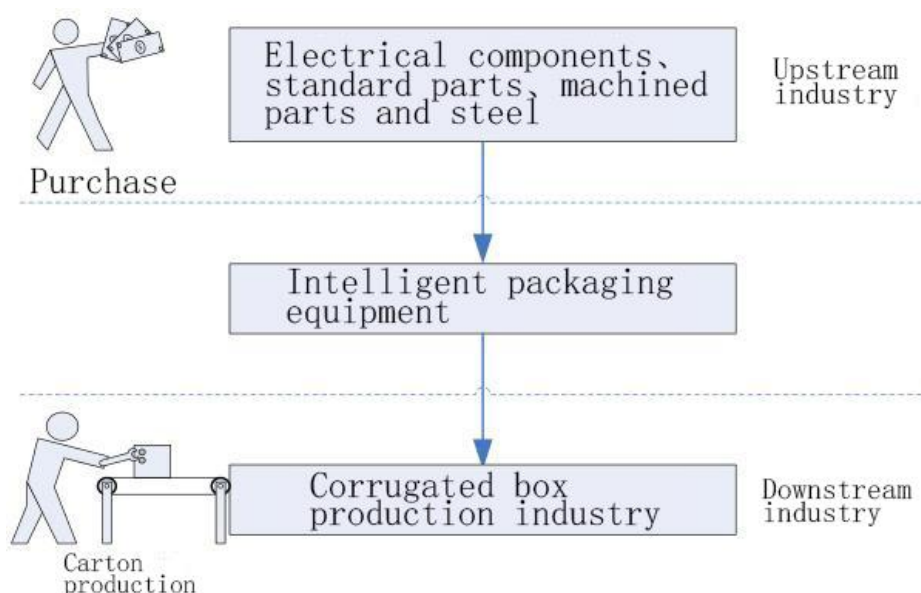
From the perspective of payment and settlement methods, the company is a professional equipment supplier and has a high brand awareness in the industry. Both domestic and foreign corrugated box printing equipment sales adopts the payment and settlement method of the customer first prepay, pay another part when delivery, and pay for the remaining part after installation and commissioning.

From the perspective of product form, the company simultaneously sells the whole machine and the sales of accessories and services, each of which has its own value. The whole machine is a one-time sale with a large single amount; accessories and services can be sold repeatedly in the life cycle of

the whole machine, with a higher gross profit margin. The increasing market share of the company's machine products has led to a rigid increase in the demand for accessories and services; at the same time, high-quality after-sales service in turn promotes the sales of machine products. The two complement each other and achieve mutual success, driving the continuous growth of the company's overall business.

1.3 Key performance drivers

The downstream industry of the company's smart packaging equipment business has provided strong support for the corrugated box production industry. In turn, the growth of corrugated box production and consumption has provided strong support for the demand for smart corrugated box packaging equipment.



With the rapid development of online shopping, express delivery and other industries, the continuous improvement of environmental standards, the international advocacy of circular economy (such as the domestic "plastic restriction order"), and the huge gap between the domestic per capita consumption of corrugated packaging and that of developed countries, the market demand for carton packaging products represented by corrugated carton packaging has steadily increased.

In recent years, China's demographic dividend has gradually disappeared, labor costs have continued to rise, and supply-side reforms, environmental protection, production limits, industrial

upgrades, and centralized industrial production capacity have gradually become the trend. The production equipment of the downstream paper product printing and packaging industry has a large demand for upgrading to middle and high-end intelligent corrugated box packaging equipment. In both the domestic market and the emerging markets at home and abroad, there is a considerable demand for upgrading of existing equipment and incremental equipment. In addition, with the expansion of the company's operating scale, the stock of equipment sold by the company in the market has increased, and the customer's demand for equipment spare parts and technical support is increasing. At the same time, as the proportion of spare parts sales and technical support services in the company's business structure increases, its higher gross profit margin will drive the company's overall gross profit margin.

The downstream industry's continuous upgrade demand for smart packaging equipment, incremental demand in emerging markets, customer demand for spare parts and technical support, after-sales service and the resulting increase in the company's overall profitability have become the main driver of business growth for the company's smart packaging equipment.

2. Outboard motor business

The main body of the company's outboard motor business is Parsun Power. Parsun Power is a high-tech enterprise focused on providing high-quality, cost-effective water power products for the global market, and is currently the largest manufacturer of outboard motor products in China.

2.1 Main products and uses

Parsun Power's main products are outboard motors, which mainly include four-stroke, two-stroke, electric and special-purpose water-jet propulsion outboard motors. There are currently more than 20 categories and more than 200 models, of which four-stroke covers 2.6 horsepower -115 horsepower, two strokes cover a full range of 2hp-90hp outboard motors. It is the manufacturer with the most complete models and the largest power range among domestic brands. Some models have maturely used EFI technology, and the product performance indicators have reached the international advanced level and can meet the needs of high-end customers in Europe and America. In addition, Parsun Power continues to develop new products with higher horsepower outboard motors, so as to break the monopoly of foreign outboard motors on medium-horsepower outboard motors.

All outboard motor products of Parsun Power are independently developed. The company has passed the ISO9001 quality management system certification and ISO14001 environmental management system certification. The products have passed the EU CE certification, the US EPA certification, and the CCS certification of the authoritative unit China Classification Society. The company is also the first drafting unit of the domestic outboard engine industry standard "Technical Conditions for Outboard Engine Gasoline Engines" (JB/T11875-2014).

Outboard motors can be widely used in leisure and entertainment industries (yachts, speedboats, etc.), maritime patrols (patrol boats, etc.), military uses (assault boats, landing craft), fishing, and water transportation.

Schematic diagram of outboard motor products



2.2 Main business model

Parsun Power's outboard motor business adopts the "design R&D + production + sales" business model, and implements a "differentiation + cost-leading" business strategy, and adopts a direct sales plus channel agent sales model to carry out business sales.

Parsun Power can independently develop and produce various types of outboard motor products, and focus on small and medium horsepower outboard motor products. At the same time, it can make full use of the domestic perfect manufacturing industry chain and its own production experience to provide customers with cost-effective water power products to seize the market.

2.3 Key performance drivers

With economic development and growth in per capita income, emerging markets such as Asia, Africa, Oceania, and Latin America (especially China) will gradually become the main incremental markets for outboard motors and their applications. In addition, various specialized markets (such as emergency rescue, military) also have considerable market potential in the future.

The continued growth in the demand for outboard motors and downstream watercraft in emerging markets and specialized markets is the main performance driver of Parsun Power's main business development.

3. Automotive core parts business

During the reporting period, the company's core auto parts segment focused on new energy vehicle power battery systems, and its main business was Pride. Pride specializes in the design, development, production, sales and service of new energy vehicle power battery pack systems, and is committed to providing new energy vehicle manufacturers with integrated power battery solutions.

The company sold 100% equity of Pride in December 2019, and will no longer operate the new energy vehicle power battery system business.

3.1 Main products and uses

Pride's main products are power battery pack products, which are used in various types of new energy vehicles such as passenger cars and commercial vehicles. In addition, the power battery pack can also be used in fields such as energy storage and step utilization.

3.2 Main business model

Pride's power battery pack business adopts the "R&D + production + sales" business model.

Pride itself has certain Pack design and R&D capabilities, and can support different models and different types of models from the OEM to provide corresponding Pack products.

As for the production mode, Pride, as a third-party Pack manufacturer, does not produce batteries itself, and all rely on outsourcing. Its own production mode focuses on the module design, assembly and integration of Pack products.

The sales model mainly adopts the direct management model.

II. Major changes in major assets

1. Major changes in main assets

Main assets	Major changes
Equity assets	The balance of long-term equity investment decreased by 9.28% compared with the end of last year, mainly due to the acquisition of 70% equity of Tiruna Group, and the joint venture company Tiruna USA was included in the merger.
Fixed assets	The balance of fixed assets decreased by 14.52% compared with the end of last year, which was mainly due to the disposal of 100% equity of Pride.
Intangible assets	The balance of intangible assets decreased by 26.73% compared with the end of last year, mainly due to the disposal of 100% equity of Pride.
Construction in progress	The balance of construction in progress decreased by 53.82% from the end of last year, which was mainly due to the reduction of construction in progress caused by the disposal of 100% equity of Pride, and the completion of the office decoration project carried forward this year.
Trading financial assets	Trading financial assets increased by 100% compared with the end of last year, mainly due to the purchase of bank wealth management products at the end of the year.
bill receivable	The balance of bill receivable decreased by 100% compared with the end of last year, which was mainly due to the disposal of 100% equity of Pride and the reclassification of the balance of bill receivable to receivable financing.
Receivable financing	The balance of receivable financing increased by 100% compared with the end of last year, mainly due to the reclassification of the balance of bills receivable to receivable financing.
accounts receivable	The balance of accounts receivable decreased by 60.07% from the end of last year, which

	was mainly due to the disposal of 100% equity of Pride.
stock	The inventory balance decreased by 28.25% from the end of last year, mainly due to the disposal of 100% equity of Pride.
Other current assets	The balance of other current assets decreased by 59.10% compared with the end of last year, mainly due to the disposal of 100% equity of Pride.
Goodwill	The balance of goodwill decreased by 54.25% compared with the end of last year, which was mainly due to the disposal of 100% equity of Pride to reduce goodwill and the provision of goodwill impairment provision for EDF.
Deferred tax assets	The balance of deferred income tax assets decreased by 58.86% from the end of last year, mainly due to the disposal of 100% equity of Pride.

2. Main overseas assets

✓ Applicable □ Not applicable

Asset specific content	Cause of formation	Asset size	Location	Operating model	Control measures to ensure asset security	Income status	The proportion of overseas assets in the company's net assets	Whether there is a significant risk of impairment
Holds 100% equity of Fosber S.p.A.	M & A investment	1,239,337,572.33	Italy	produce and market all by oneself	Operation management	good	10.10%	No
Holds 100% equity of EDF S.R.L	M & A investment	173,485,999.38	Italy	produce and market all by oneself	Operation management and performance commitment	general	0.96%	No

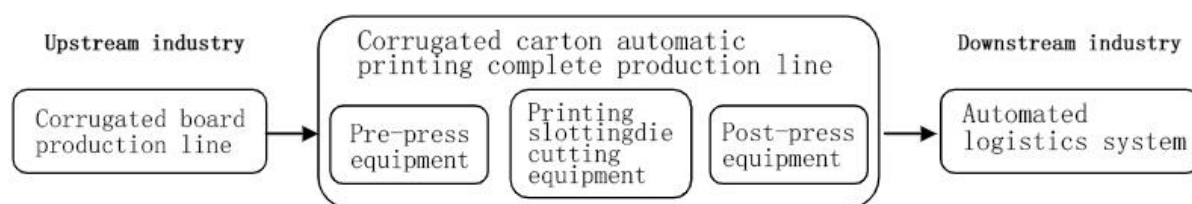
III. Analysis of core competitiveness

1. Comprehensive industrial chain layout, providing overall solutions

Dongfang Precision is one of the global leaders in the field of intelligent corrugated box packaging equipment. It has a full industry chain layout within the industry and has the ability to provide high-end intelligent corrugated box packaging equipment solutions.

Dongfang Precision undertakes corrugated board production line and unit equipment business through its subsidiaries Fosber Group, Fosber Asia and Fosber Group's holding subsidiary Tiruna Group; undertakes corrugated box printing complete production line business through Dongfang Precision (China) and Dongfang Precision (Europe); through joint stock company Jiateng Robot to lay out an automated logistics system business.

Schematic diagram of the overall solution of the company's intelligent corrugated packaging equipment



1.1 Medium and high-end printing equipment has been deeply cultivated for many years, with complete product types and specifications

As the main business of Dongfang Precision when it went public, the corrugated box printing complete production line is the cornerstone of the company's business development. After more than 20 years of hard work, the company has continuously carried out independent innovations on mid-to-high-end corrugated box packaging equipment, and has continuously upgraded, expanded, and extended products and can be able to meet the extensive needs of customers in the global market.

Other competing companies are not capable of designing and producing products in some links. International peer companies can provide lower-print products suitable for markets in Europe, America, and Japan, but basically no upper-print products suitable for Asian markets.

In addition, like Dongfang Precision, the Swiss Bobst company also has the ability to provide major

products in the industrial chain, but its specifications and quantity in each type of product are not as complete as Dongfang Precision products. Taking the product specifications of the above printer as an example, Dongfang Precision can provide 26 different sizes of machine products, while Bobst can only provide 2 specifications.

The above-mentioned product advantages of Dongfang Precision are the result of the company's hard work and aggressiveness in the industry over the years. It is difficult for other competitors to copy and build in the short term. It is one of the core competitive advantages of Dongfang Precision.

1.2 Entering high-end corrugated cardboard production line and its components, efficiently integrated with Fosber Group's overseas mergers and acquisitions

In March 2014 and September 2017, Dongfang Precision acquired 60% and 40% shares of Fosber Group, respectively, and entered the field of high-end corrugated board production lines. Fosber Group's products are mainly sold to Europe, the United States, and Asia and other countries. It is the world's top two brands in the corrugated board production line industry.

In 2014, Dongfang Precision and the original shareholders of Fosber Group jointly invested to set up a joint venture Fosber Asia in Foshan City, Guangdong Province. Its main business is mid-to-high-end corrugated board production lines, mainly for Asian markets, especially China and India. Fosber Asia's R&D team completed the drawing design of the entire corrugated board production line in a short period of time through continuous on-site learning and communication at Fosber Group, and made special designs and adjustments to meet the needs of customers in the Asian market to achieve localization. The new product was launched on the market in 2017 and has been highly recognized by customers.

The overseas M&A model of "acquisition + joint ventures" has realized the localization and effective transfer of overseas high-quality technological assets, which is an important manifestation of Dongfang Precision's strategic thinking and an effective method to promote the transformation and upgrading of China's industries.

At the same time, in order to further improve the company's "smart packaging equipment" industry chain layout, at the end of May 2019, Fosber Group completed the acquisition of 70% of the

corrugated roll supplier Tiruna Group. The amount of the merger and acquisition transaction was approximately 16.1 million euros, which did not meet the information disclosure standards stipulated in the "Shenzhen Stock Exchange Stock Listing Rules", and the company has performed the necessary internal approval procedures for the merger and acquisition.

Tiruna Group is a company with a long history and specialized in providing corrugated rollers, pressure rollers and other key core components for the corrugated equipment industry. It has production bases in Europe and the United States and is the second largest corrugated roller supplier in the world. Tiruna Group and Fosber Group have decades of strategic partnership. Through this acquisition, the Fosber Group further strengthened its cooperation with the Tiruna Group, so that the supply of key components for its corrugated board production line business was firmly guaranteed.

1.3 Deepen the global R&D layout, research and upgrade the high-end corrugated box printing complete production line

In July 2016, the company completed the acquisition of 100% equity of EDF in Italy, and adjusted the company's position within the group, renamed it as Dongfang Precision (Europe), and used it as the research and development of Dongfang Precision high-end corrugated box printing complete production line in Europe And production base, not only realize the research and development and upgrade of the company's existing printing equipment series products, but also realize the research and development and production of high-end models in Europe, further drive the company's global sales of products, practice the company's positioning in the high-end market, and look at the international Development strategy for a global layout and balanced allocation of global assets.

1.4 Equity participation in Jiateng robot to layout intelligent logistics, "packaging-intelligent logistics" integration is ready to go

In July 2014, the company acquired a 20% stake in Jiateng Robot, and deployed in the field of intelligent logistics. After years of resource integration and R&D support, the company has accumulated more experience and strength in the field of "package-intelligent logistics" integrated solutions. As downstream customers' demand for subsequent logistics automation equipment for printing equipment production lines increases, the company's advantage in the layout of smart

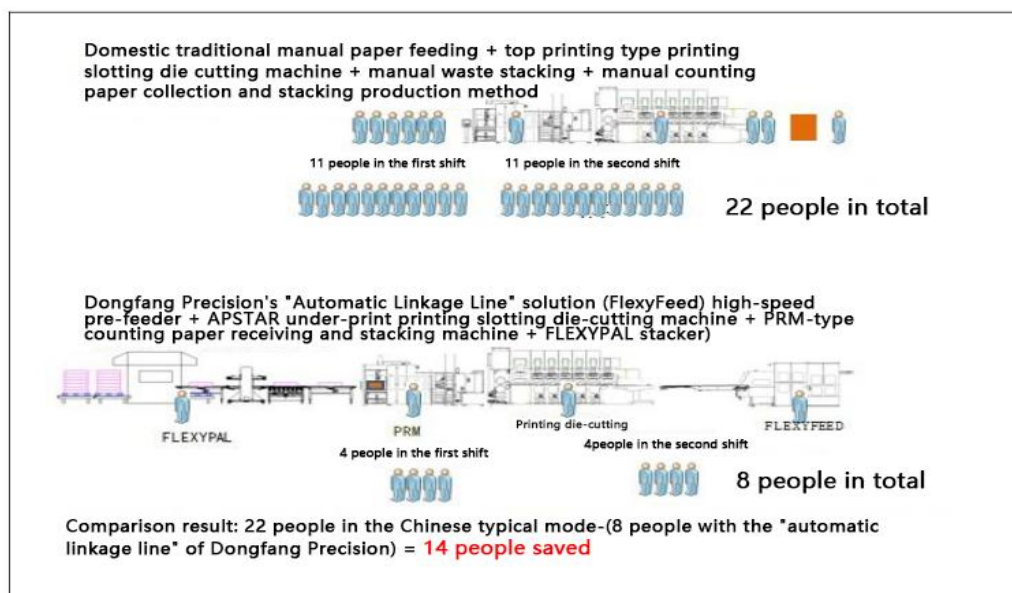
logistics in advance will gradually emerge.

2. Efficient and reliable, intelligent leading products, promote the transformation of intelligent manufacturing

The company's intelligent packaging business segment's corrugated box printing complete production line has leading design concepts, highly integrated functions, high degree of automation, and advanced overall performance. Leading competitors in terms of overall performance and product cost performance such as operating stability and life, printing quality, printing efficiency, overprint accuracy, and printing width.

At the same time, the company independently develops a production management system embedded in the corrugated box printing complete production line, links with the customer's ERP system, performs intelligent automated order and production management on the corrugated box printing, and fully improves the production efficiency of customers. After years of practice and iterative updates, the system has mature functions and is currently sold separately as a company's featured product.

The company's automatic corrugated box printing complete production line greatly saves labor costs



Fosber Group, a subsidiary of the company's Intelligent Packaging Equipment segment, focuses on corrugated cardboard production lines and equipment. It is an important high-end corrugated cardboard production line manufacturer in the European and American markets. It is one of the

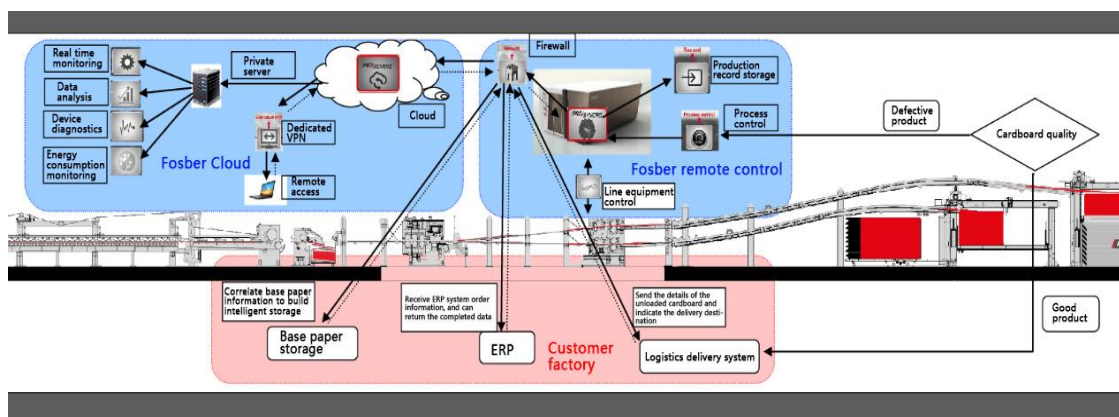
world's two largest companies in the field of high-speed wide-width corrugated cardboard production lines . Its simple equipment design, stable performance, low failure rate, and high degree of intelligence reflect the characteristics of its equipment design leadership, high degree of mechanical and electrical integration, energy saving and environmental protection, and is in a leading position in the industry in Europe and North America.

At the same time, Fosber Group actively promotes the upgrade of smart manufacturing. Its corrugated cardboard production line has a brain that collects and analyzes data, and can solve problems autonomously through algorithms like human brains and continuously learn.

Pro-Syncro, which is embedded in the corrugated cardboard production line by Fosber Group, is the core control system of the production line, and can interact with highly automated equipment units. Through more than 200 various sensors installed on the corrugated cardboard production line, it monitors and collects the production data of the entire line in real time. According to the collected real-time data and the designed parameter settings, the equipment automatically makes necessary adjustments; Each client in the laboratory computer or production line issues instructions to control the target equipment to make corresponding adjustments. According to the production data collected in real time and the setting of the program algorithm, the machine can identify abnormal production data in real time and make a diagnosis, and immediately, the system automatically realizes the alarm. In addition, the system will predict and provide corresponding solutions to the development of the problem. At the same time, Fosber Group's remote technical support team Pro team continuously solves problems and provides corresponding solutions to the system. Supported by the accumulation of a large number of cases and data, the system can realize intelligent identification, intelligent diagnosis, intelligent correction and self-learning.

Fosber Group corrugated board production line intelligent manufacturing application

related links and process diagram



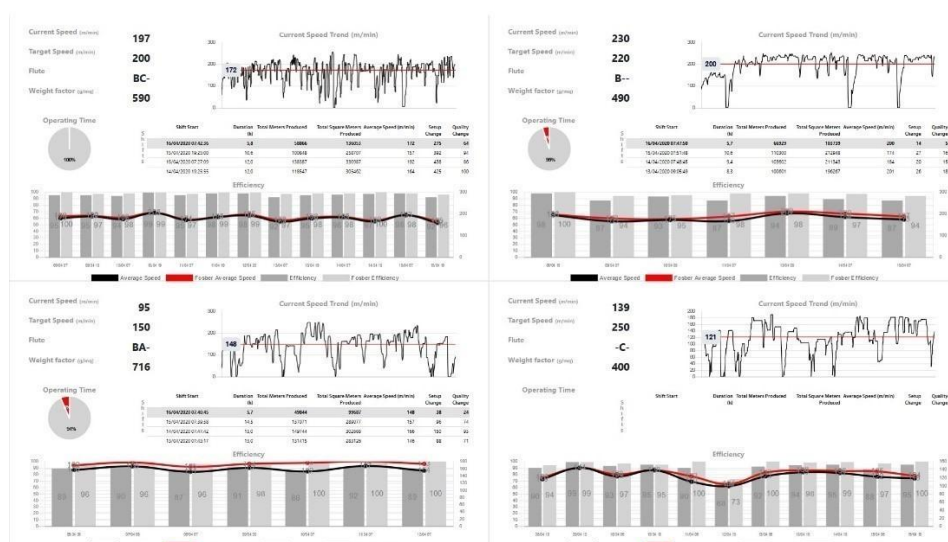
3. Advanced after-sales service solutions to promote service manufacturing transformation

By combining traditional corrugated cardboard production equipment with advanced artificial intelligence, virtual reality, 3D simulation and other technologies, Fosber Group has developed intelligent systems such as Pro Care and Pro Syncro to realize the operation of the entire production line and individual equipment Intelligent monitoring and control. Based on the application of intelligent manufacturing in the corrugated cardboard production line, Fosber Group realizes intelligent diagnosis, automatic production planning and management equipment maintenance by automatically analyzing the collected machine operation data.

Fosber Group remotely helps customers monitor the running status of equipment and machines in real time. It can detect the operating parameters obtained through the remote control service before the customer finds the problem, detect and predict possible problems in advance, contact the customer in advance, and then provide customers with more efficient and better technical support services.

In order to ensure the timely and professional service, Fosber Group provides 24/7 telephone and remote technical support services, and has an expert team composed of mechanical engineers, electrical engineers and software development engineers, which provide comprehensive technical solutions in accordance with customer requirements worldwide.

Schematic diagram of Fosber remote real-time monitoring system interface



For the high-tech and high-value corrugated board production line special equipment sold by Fosber Group, the service manufacturing model based on intelligent manufacturing is a very important and unique business model, which improves customer efficiency and experience while bringing an increase of added value of the company's products.

4. International brand competitiveness and industry influence

Dongfang Precision's intelligent packaging equipment products have considerable brand awareness and industry influence through its precise product positioning and stable product quality. Its Dongfang Precision corrugated box printing equipment, Fosber, Tiruna, etc., among which Dongfang Precision corrugated box printing equipment are domestic first-line brand in the industry, which enjoys a high reputation in the relevant global market; the Fosber brand is one of the leading brands in the global corrugated board production line industry; the Tiruna brand also has considerable visibility and influence in the corrugated roller segment.

The company's intelligent packaging equipment products are well-known in the industry for high performance, high stability and reliability. At the same time, the service-based manufacturing model based on intelligent manufacturing brings high-quality technical support and after-sales service to customers, allowing the company's products to obtain better brand premium.

5. High-quality customer resources and solid strategic cooperation relations help the company's sustainable development

Dongfang Precision's smart corrugated box packaging equipment business adheres to the market positioning for mid- to high-end customers. As the business model develops from a single product manufacturing to an integrated overall solution provider model, end customers have placed higher and stricter requirements on product quality, timeliness of delivery, and sustainability of long-term cooperation. The company continues to increase R & D and innovation efforts to improve the quality of products and services, so as to establish a long-term and stable strategic cooperative relationship with well-known domestic and foreign brands.

In the "smart packaging equipment" business area, the company focused on specialization, implemented solution delivery, and realized a differentiated competitive strategy, and established a close and stable cooperative partnership with major domestic and foreign customers and large groups such as Hexing Packaging, Hezhong Chuangya, Shanying Paper, Xintonglian, Shengda Packaging, Zhengye International, International Paper, Smurfit Kappa, Mpact, Modern, and Orora.

6. The management team with rich management experience and professional technical talent team lays the foundation for the stable development of the company

Dongfang Precision has an experienced management team with rich industry accumulation and a deep understanding of the company's product development, design, and manufacturing. The experienced and broad management team enables the company to have forward-looking deployments in the global economic operating cycle and the overall development trend of the intelligent packaging equipment manufacturing industry.

At the same time, Dongfang Precision is a company with standardized operation and stable operation. It has been strengthened through a variety of methods (including core senior management team building, organizational structure design, management and control system, financial management system, leadership, mid- and long-term incentives, corporate culture construction, etc.) The construction and upgrading of the company's organizational capabilities, continue to improve the management capabilities, resource integration capabilities of various functional departments and the ability to help subsidiaries' businesses, and improve the company's overall management and operational efficiency.

The company has established a sound long-term incentive and restraint mechanism. In order to fully

eliminate the negative impact of the Pride incident on the company, attract and retain excellent talents, and fully mobilize the enthusiasm of the company's senior management personnel and core technology and business backbone personnel, lay the foundation for the company's future healthy and sustainable development and improve the company's operating performance and value creation capabilities, the company launched its 2020 restricted stock incentive plan in March 2020. The incentive plan sets strict conditions for the realization of incentive income, and deeply binds the core backbone team's self-interest with the company's healthy and sustainable development, operating performance, and shareholder return in the next three years, thereby achieving the goal of the incentive plan to have a "stable team".

Section 4 Discussion and Analysis of Business Situation

I. Overview

In 2019, China's GDP growth rate reached 6.1%. The GDP growth rate remained within a reasonable range. The overall operation of the national economy was stable, progressed steadily, and the effects of economic structural transformation and upgrading showed. According to data from the National Bureau of Statistics, the cumulative growth rate of industrial added value in 2019 was 5.7% year-on-year, lower than 0.5 percentage points in 2018; the cumulative growth rate of manufacturing investment in 2019 was 3.1% year-on-year, a drop of 6.4 percentage points from 2018. Overall manufacturing investment slid at the beginning of the year to maintain a low volatility. Against the backdrop of the global economic slowdown leading to continued decline in external demand and continued decline in domestic demand due to debt structural problems, China's manufacturing industry is in a process of sustained low bottoming.

During the reporting period, facing the complex internal and external environment, under the leadership of the company's management, Dongfang Precision continued to insist on the business purpose of committed to becoming the world's leading provider of integrated solutions for intelligent packaging equipment and the supply of high-end core components, fully grasp the internal and external positive factors in the development process, with strong perseverance and determination to deal with the problems encountered in the development process, with a positive and pragmatic attitude to promote all aspects of work, keeping in mind the original intention and marching forward.

During the reporting period, the company's consolidated statements achieved a total operating income of about 9.974 billion yuan. After deducting the sold Pride from January to November 2019, it will be included in the consolidated range of about 7.106 billion yuan in revenue. It achieved operating income of approximately 2.868 billion yuan, a growth rate of approximately 20.64% compared to 2018, and achieved steady growth.

The company achieved a net profit attributable to shareholders of listed companies of approximately 1.838 billion yuan, which turned losses into profit year-on-year. The implementation

of a package solution increased the company's total profit in 2019 to approximately 1.355 billion yuan (including the sale of Pride and the cancellation of performance compensation shares Income). The company's "high-end smart equipment" business segment benefited from the increased market concentration of the downstream industry and the trend of increasing demand in the international market, continuing the growth momentum since 2018, and achieving steady growth in revenue and profits.

Since 2019, Dongfang Precision has mainly focused on the promotion of the following work:

1. Getting off burden and starting again, Pride's performance compensation dispute was successfully resolved

In 2019, the company had disputes with Pride and the original shareholders of Pride about the completion of Pride's 2018 annual performance commitments and profit compensation matters. In the course of disputes, the board of directors and management of Dongfang Precision have endured tremendous pressure from the inside and outside of the company, but they have always adhered to the bottom line, adhered to principles, overcome various difficulties, and actively took the premise of respecting the principles of marketization and legalization of the securities market to carry out communication with the government, supervision, arbitration tribunal and investors, present the true situation and seek understanding and support. It adhered to the premise of legal compliance, properly sought dispute resolution solutions, resolved the potential huge risks of listed companies, and protected the legitimate interests of listed companies and the company's large and small investors. On November 25, 2019, Dongfang Precision and Pride and the original shareholders of Pride signed the "Agreement" to reach a "package solution" to resolve the previous Pride performance compensation dispute. The plan was approved by the December 2019 interim general meeting of shareholders, and the company and relevant parties confirmed on December 25, 2019 that the delivery items agreed in the "Agreement Package" of the "Package Solution" have been implemented. 1.5 billion yuan transfer of 100% equity of Pride by Dongfang Precision; on January 8, 2020, the company received a notice from Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. that five former Pride shareholders held 293,520,139 A share ordinary stock of Dongfang Precision perform performance compensation obligations to Dongfang Precision, and the relevant performance compensation shares repurchase and cancellation work of Dongfang Precision

at a consideration of 1 yuan have all been implemented. On the delivery date, Dongfang Precision also exempted Pride's original shareholders under the "Profit Compensation Agreement" for the 2019 performance commitment and the end of 2019 impairment test compensation obligations.

The completion of the implementation of the above-mentioned package solution has had the following positive impact on the company's subsequent operations:

1.1 Get cash back, effective improvement of financial situation and profitability

First, the implementation of the package solution increased the company's total profit in 2019 by approximately 1.355 billion yuan (including the proceeds from the sale of Pride and the cancellation of performance compensation shares), which has effectively mitigated the negative impact of the company's provision of Pride's goodwill impairment provision on undistributed profits in 2018.

Secondly, through this transaction, the company stripped off the core auto parts business and recovered 1.5 billion yuan in cash, which greatly improved the company's financial situation. After the sale of Pride, the company's net assets have further increased in size, its asset-liability structure has been further optimized, and its solvency indicators such as current ratio and quick ratio have been enhanced.

Again, as shown in the following table, although the company's operating income has decreased after the completion of this transaction, the company's operating efficiency and quality have been significantly improved, and its gross profit margin has increased significantly.

Item	2019 (including Pride)	2019 (excluding Pride)
Operating income (ten thousand yuan)	997,350.36	286,740.63
Operating cost (ten thousand yuan)	828,643.21	205,647.77
Operating gross profit (ten thousand yuan)	168,707.15	81,092.86
Gross margin	16.92%	28.28%

1.2 Protect shareholders' rights and resolve potential major risks

Since the performance compensation dispute between Dongfang Precision and the original shareholders of Pride, the two parties have continued to show contradictions and confrontation. If the performance compensation disputes cannot be properly resolved in a manner acceptable to all parties, and the contradiction between the two parties will continue until 2020, the company will face the possibility of continuing to respond to the risk of litigation and arbitration that is indefinite and undetermined. Under such circumstances, the normal operating activities, financial status, operating performance and even team members of Dongfang Precision will be severely and negatively affected, which in turn may cause the company's stock price to fluctuate and damage the vital interests of the majority of small and medium investors.

The company adheres to principles, overcomes all kinds of difficulties, and on the premise of legal compliance, in 2019, a package of solutions was used to properly resolve the performance compensation dispute with Pride, which resolved the potential huge risks of listed companies and safeguarded the majority of listed companies and companies. The legitimate interests of small and medium investors.

1.3 Adjust the layout to focus on high-end smart equipment

During the reporting period, Dongfang Precision was mainly engaged in the business of "intelligent packaging equipment" and "outboard machinery equipment", and the business of "automobile core parts" was mainly the business of "power battery system" (sold at the end of the reporting period).

Although the revenue of the sold power battery system segment accounted for a relatively high revenue in the reporting period, the gross profit margin of this type of business was low, which lowered the company's overall operating gross profit margin. After selling 100% equity of Pride, Dongfang Precision will, on the one hand, divest the "power battery system" business with large fluctuations in operating performance and low profitability, on the other hand, it will still be engaged in "smart packaging equipment" and "outboard machinery equipment " business, and this kind of business will be more concentrated and prominent.

The company successfully adjusted its main business development strategy in a timely manner through this successful settlement of Pride's performance compensation disputes, returned to focus

on high-end smart equipment business, and further became bigger and stronger, which in turn was beneficial to the future long-term healthy and sustainable development of Dongfang Precision to improve the company's operating performance and company quality; and then help to protect the interests of the company's majority of small and medium investors.

2.Focus on the core business and build a global leading enterprise in the field of intelligent corrugated box packaging equipment

After the sale of Pride, Dongfang Precision focused on its core main business—smart packaging equipment business, and provided complete solutions for high-end smart corrugated packaging equipment to downstream customers with a complete entire industrial chain layout, high-end intelligent products, and a leading service model.

As an equipment supplier of downstream corrugated box packaging manufacturers, the company has the characteristics of business focus, resource advantages (research and development and innovation capabilities), stable performance growth, and leading market share. This makes Dongfang Precision the number one domestic leader in the field of intelligent corrugated box packaging equipment and the top three leading companies in the world.

2.1 Corrugated board production line business

The company's corrugated board production line business consists of Fosber Group and Fosber Asia. During the reporting period, the corrugated board production line business achieved operating income of approximately 2.064 billion yuan, accounting for a relatively large proportion of the company's high-end intelligent equipment business segment.

Fosber Group is the world's leading supplier of corrugated board production lines, focusing on technological innovation and product design. In a constantly changing and increasingly competitive market, Fosber Group can provide customers with the most advanced technology to ensure that customers achieve corrugated board production. At the same time as high efficiency, it can greatly achieve high-quality flexible production.

2.1.1 Operating performance

In 2019, Fosber Group continued the momentum of steady growth in operating income and net

profit in 2018, and revenue and profit hit a new high. Operating income reached 239 million euros, a year-on-year increase of approximately 24%, and net profit of approximately 22.17 million euros, a year-on-year increase of approximately 21%.

2.1.2 Income composition

From the perspective of revenue type, during the reporting period, Fosber Group's various types of corrugated cardboard production lines have a total line product and stand-alone product sales revenue of approximately 160 million euros, accounting for approximately 67% of revenue. The income ratio contributed by spare parts sales and technical support services remained at around 30%, and the overall gross profit margin remained stable compared with 2018.

The achievements of Fosber Group in the sales of the entire line of products in 2019 fully illustrate its competitiveness and market position in the global corrugated packaging equipment market, and its global market share has steadily increased to about 30%.

From the perspective of regional revenue sources, Fosber Group has maintained steady growth in the two major markets of the United States and Europe by virtue of its global layout of R & D, production and services during the reporting period, and has not been negatively affected by changes in the international trade environment. It has maintained relatively stable cooperative relations with major global corrugated board manufacturers such as Smurfit, IP, DS Smith, etc.

Fosber US maintained its leading position in the US market in 2019. In 2019, its market share in the North American high-end tile line market reached about 50%, and its operating income and order delivery increased by approximately 26% year-on-year.

Fosber Asia is committed to providing high-quality corrugated product production lines and related technical support services for the Chinese and Asian markets. It continued the sales growth momentum in 2019 and achieved operating income of approximately 190 million yuan, an increase of nearly 60% year-on-year. The order delivery volume in 2019 increased by 50% year-on-year. During the reporting period, Fosber Asia continued to promote and successfully realized the localization of the Pro-line, the mid-to-high-end product of the Fosber Group, reducing manufacturing costs by approximately 25%. At the same time, Fosber's overseas business in Asia has also developed rapidly, with a breakthrough in overseas orders from scratch in 2019.

2.2 Corrugated box printing complete production line business

The corrugated box printing complete production line business is composed of Dongfang Precision (China) and Dongfang Precision (Europe). During the reporting period, the company's corrugated box printing complete production line business contributed a total of approximately 622 million yuan in operating income.

Corrugated box printing complete production line business is the cornerstone of the company's main business development. During the reporting period, Dongfang Precision (China) achieved revenue of 454 million yuan in its main business, which increased steadily. Such business results are hard to come by in the context of the domestic macroeconomic downturn in 2019 and the continued severe international trade situation.

From the perspective of revenue product composition, during the reporting period, the sales of spare parts and technical support services for the corrugated box printing complete production line business maintained relatively rapid growth, which also drove the company's corrugated box printing complete production line operation growth; the company's corrugated carton printing linkage line product sales increased by more than 30% year-on-year. In terms of market expansion, during the reporting period, the company's corrugated box printing complete production line business continued to grow in the international market, especially in Southeast Asia and Africa and other emerging countries. During the reporting period, the company made breakthroughs in cooperation with large enterprises in the domestic paper product packaging and printing industry, and successfully reached cooperative relations with Meiyingsen, Yongfengyu and other group customers.

During the reporting period, Dongfang Precision (Europe) achieved operating income of approximately 168 million yuan and achieved steady growth. During the reporting period, several high-end new product designs were completed. In terms of market expansion, while continuing to consolidate and increase its European market share, Dongfang Precision (Europe) actively explores the US market through various measures to achieve new revenue growth points.

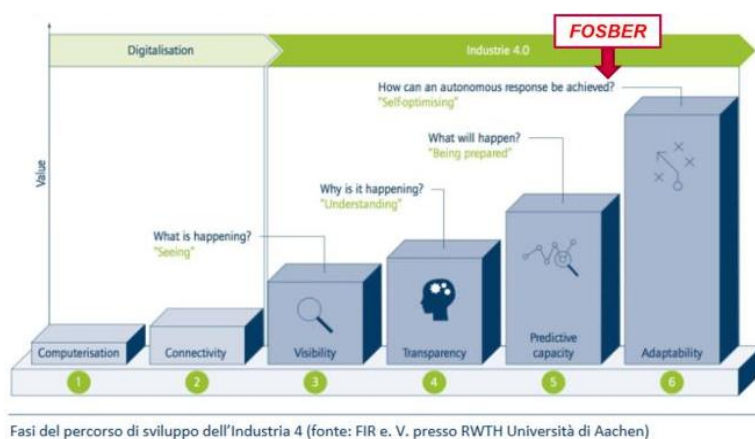
3.Focusing on Industry 4.0, leading the "new infrastructure" of the corrugated box industry

During the reporting period, Fosber Group actively implemented the Industry 4.0 model. With the

help of Fosber Group's industrial 4.0 technology layout in the four fields of intelligent recognition, intelligent diagnosis, intelligent correction and self-learning, it uses hard and soft integration and integrated output to provide key support for new infrastructure construction and integration of innovative applications in the downstream corrugated packaging industry.

Industry 4.0 is based on the foundation of computerization and network connection, and uses big data and algorithms as means to realize the self-learning and intelligent production of machines. The machine's self-learning and intelligent production are divided into four stages: visualization stage (intelligent identification problem), transparency stage (intelligent analysis problem), prediction stage (intelligent prediction problem trend), and adaptive stage (artificial intelligence provides solutions). At present, Fosber has completed the functional design of the above four stages.

Schematic diagram of Fosber Group's stage in the application of Industry 4.0 technology



Fosber Group Industry 4.0 products include PRO series family products, in which PRO/ SYNCRO collects production data of corrugated cardboard production line; PRO/CARE conducts in-depth analysis based on relevant data; PRO/QUALITY monitors products in real time to ensure quality; PRO/REMOTE realizes the secure connection of data through the Internet of Things communication technology, so that the machine data is no longer an island; PRO/SERVICE online and offline continue to support and extend all the functions of the Fosber Group Industry 4.0 PRO/ series of family products at the beginning, and finally achieve smart and sustainable production.

At the same time, after diagnosing production line problems, the system will directly issue corresponding parts replacement suggestions and operation guidelines and deliver them to Fosber

Group customers in a timely manner. Fosber Group uses virtual reality, 3D technology, visual recognition and other corresponding technologies to provide a good guarantee for the operation of the corrugated cardboard production line.

In addition to the data cycle and artificial intelligence learning inside the machine, Fosber Group Industry 4.0 has also strengthened the connection between the machine and humans, while maximizing the stability of the machine, greatly reducing the dependence on the operator's personal level and improving production flexibility and adaptability, reducing customer cost input.

4. Leading service manufacturing, building an industrial ecological closed loop

With the emergence of a new round of industrial revolution, service-oriented manufacturing has become a world trend. The United States has put forward strategies such as revitalizing manufacturing, "re-industrialization", and "jobs returning to US". Germany proposes Industry 4.0 to enhance the manufacturing level through the in-depth application of CPS new technologies such as the Internet and the Internet of Things. China's manufacturing industry is facing huge challenges: first, China's manufacturing industry is large but not strong, and it is at the low end of the global industrial value chain; second, under the new normal, it enters a strategic period of industrial restructuring. Carrying out service-oriented manufacturing is an important path for Chinese manufacturing companies, especially leading companies in the industry, to break through the low-end lock-in and extend to the high-end of the value chain, improve the closed-loop of the manufacturing ecosystem, and strengthen the control and voice of the international market. It is also a key way for China to transform from big to strong in manufacturing.

Fosber Group continues to strive to improve the reliability and automation of its products, and to provide customers with high-level technical support and after-sales service. In the context of Industry 4.0 becoming the future development trend of the manufacturing industry, Fosber Group continues to increase the level of intelligence in its products and technical services. The PRO/CARE intelligent technical support service it launched, based on Internet intelligent monitoring technology, can capture and collect data related to machine operation and cardboard production in real time and continuously during the operation of the machine, which can be used for each equipment unit on the entire line to plan and manage all necessary maintenance work, so as to

achieve the replacement of traditional manual production line maintenance.

During the reporting period, Fosber Group focused on building customer service centers, simplifying work processes, improving after-sales service efficiency, and providing customers with more "specialized" after-sales service, spare parts supply, and technical support.

Fosber Group's high level of technical support and customer service



In order to ensure the timely and professional service, Fosber Group provides 24/7 telephone and remote technical support services, and has a technical support team composed of highly specialized and experienced technical experts to provide comprehensive technical solutions and customized services according to customer requirements worldwide.

In terms of spare parts supply, in the past few years, Fosber Group and Toyota Academy have continued to cooperate in depth, implement the JIT (lean production management) concept in production and customer service, with its innovative fully automated spare parts inventory management system, and forms a good partnership with major transportation companies and postal companies, so as to achieve a variety of spare parts products to customers at any time of the day.

5. Improve industrial puzzles and continue to lay out the “Belt and Road” initiative

In order to further improve the company's "smart packaging equipment" industrial chain layout, at the end of May 2019, the company's wholly-owned subsidiary Fosber Group completed the acquisition of a 70% stake in corrugated roll supplier Tiruna Group, continuously improving the company's industrial distribution in smart packaging equipment field.

In addition, during the reporting period, in order to cope with the decline in sales in the US market caused by changes in the global trading environment, the company's corrugated box printing complete production line business has also made breakthrough progress in the expansion of

emerging country markets and the Belt and Road countries. The direct sales in Africa, Southeast Asia and South Asia markets have doubled compared with 2018, and the growth momentum is expected to continue.

The company seizes a historic opportunity provided by the "Belt and Road" initiative for the internationalization of China's manufacturing industry, and takes advantage of China's equipment manufacturing industry in countries and regions along the "Belt and Road" to continue to deploy in emerging markets and deliver high-end smart packaging equipment products and services to the "Belt and Road" countries and regions to further expand the company's business market space.

Facing the new challenges brought by Chinese enterprises' "going global" to product R&D, management, manufacturing and marketing, the company has continuously improved its product power, technological innovation and marketing capabilities, and further promoted the transformation and upgrading and high-quality development of the smart packaging equipment industry.

6.The outboard motor business develops steadily, accumulating strength for future development

During the reporting period, the subsidiary Parsun Power maintained the industry position of the largest domestic outboard supplier. Under the guidance of the business purpose of providing high-quality, highly reliable and cost-effective water power products for the Chinese market and the international market, Parsun Power focuses on outboard motor series products. Its operating performance maintained a stable development trend and its outboard engine production and sales hit a record high, and its operating performance maintained a steady growth. The annual operating income achieved was 299 million yuan.

In 2019, Parsun Power actively responds to market changes and adjusts its strategies to increase the development of the domestic market. During the reporting period, domestic market sales increased by 30%. From the perspective of product type, the sales revenue of outboard motor products with a power of over 40 horsepower sold by Parsun Power during the reporting period increased by 30% compared with last year.

While continuing to consolidate and enhance the market share and status of small and

medium-horsepower outboard motor products, Parsun Power is also orderly advancing the research and development of high-horsepower outboard motors. During the reporting period, Parsun Power's high-power F115 outboard motor with independent intellectual property rights was successfully ignited. It is the largest horsepower model among domestic outboard motors. It has made breakthroughs in advanced technologies such as electronic fuel injection technology and cylinder-less technology, and is expected to become Parsun Power's new sources of performance growth in the future.

Outboard planes are also widely used in military equipment. With the implementation of the national military-civilian integration policy, in 2019 Parsun Power will continue to develop the military market, and has made significant progress in products and orders. In the future, military products business will also become an important support for Parsun Power's development.

II. Main Business Analysis

1. Overview

See "1. Overview" in "Discussion and Analysis of Business Situation".

2. Income and cost

2.1 Operating income composition

unit: yuan

	2019		2018		YoY increase and decrease
	Amount	% Of operating income	Amount	% Of operating income	
Total operating income	9,973,503,602.19	100%	6,621,349,618.40	100%	50.63%
By sector					
High-end smart	2,867,406,250.70	28.75%	2,376,890,214.84	35.90%	20.64%

equipment					
Automobile core parts (already sold)	7,106,097,351.49	71.25%	4,244,459,403.56	64.10%	67.42%
By Product					
Intelligent packaging equipment and related parts	2,374,061,883.51	23.80%	1,971,434,963.29	29.77%	20.42%
Power plant	287,420,038.60	2.88%	236,275,034.15	3.57%	21.65%
Other main business	105,982,490.24	1.06%	96,272,779.85	1.45%	10.09%
Power battery system (already sold)	7,080,281,233.19	70.99%	4,223,547,366.49	63.79%	67.64%
Other business	125,757,956.65	1.26%	93,819,474.62	1.42%	34.04%
By region					
Domestic	7,496,120,829.52	75.16%	4,594,127,918.26	69.38%	63.17%
Overseas	2,477,382,772.67	24.84%	2,027,221,700.14	30.62%	22.21%

2.2 Industry, product or region that accounts for more than 10% of the company's operating income or operating profit

✓ Applicable □ Not applicable

unit: yuan

	Operating income	Operating cost	Gross margin	Operating income increased or decreased compared with the same period	Operating cost increased or decreased compared with the same period	Gross margin increased or decreased compared with the same period

				of last year	of last year	of last year
By sector						
High-end smart equipment	2,867,406,250.70	2,056,477,689.76	28.28%	20.64%	20.71%	-0.04%
Automobile core parts (already sold)	7,106,097,351.49	6,229,954,385.16	12.33%	67.42%	65.18%	1.19%
By Product						
Intelligent packaging equipment and related parts	2,374,061,883.51	1,704,614,629.96	28.20%	20.42%	20.89%	-0.28%
Power battery system (already sold)	7,080,281,233.19	6,229,240,701.90	12.02%	67.64%	65.23%	1.28%
By region						
Domestic	7,496,120,829.52	6,431,409,520.24	14.20%	63.17%	61.74%	0.76%
Overseas	2,477,382,772.67	1,855,022,554.68	25.12%	22.21%	23.76%	-0.94%

When the statistical caliber of the company's main business data is adjusted during the reporting period, the company's main business data adjusted in accordance with the caliber of the end of the reporting period in the past year

☐ Applicable ☒ Not applicable

2.3 Whether the company's sales revenue in kind is greater than the labor service income

☒ Yes ☐ No

Category	Item	Unit	2019	2018	YoY increase and

					decrease
High-end smart equipment	Sales	set	210,542	174,599	20.59%
	Production	set	212,800	174,516	21.94%
	Inventory	set	11,451	9,209	24.35%
Automobile core parts	Sales	set	116,735	85,541	36.47%
	Production	set	123,769	84,597	46.30%
	Inventory	set	3,063	1,414	116.62%

The reason why the relevant data has changed by more than 30% year-on-year

✓ Applicable □ Not applicable

During the reporting period, the company's core auto parts segment focused on new energy vehicle power battery systems. Its main business was Pride, and its business growth was driven by the growth of domestic new energy vehicle power battery installed capacity.

2.4 The performance of the company's signed major sales contract as of the reporting period

□ Applicable ✓ Not applicable

2.5 Operating cost composition

Industry and product classification

unit: yuan

Industry Category	Item	2019		2018		YoY increase and decrease
		Amount	% Of operating costs	Amount	% Of operating costs	
High-end smart equipment	Operating cost	2,056,477,689.76	24.82%	1,703,700,112.89	31.12%	20.71%
Automobile core	Operating cost	6,229,954,385.16	75.18%	3,771,595,245.35	68.88%	65.18%

parts (already sold)						

unit: yuan

Product Category	Item	2019		2018		YoY increase and decrease
		Amount	% Of operating costs	Amount	% Of operating costs	
Intelligent packaging equipment and related parts	Operating cost	1,704,614,629.96	20.57%	1,410,006,919.35	25.75%	20.89%
Power plant	Operating cost	220,349,507.12	2.66%	170,713,125.22	3.12%	29.08%
Other main business	Operating cost	74,318,981.15	0.90%	60,353,779.91	1.10%	23.14%
Power battery system (already sold)	Operating cost	6,229,240,701.90	75.17%	3,769,972,041.68	68.85%	65.23%
Other business	Operating cost	57,908,254.79	0.70%	64,249,492.08	1.17%	-9.87%

Explanation

2.6 Whether the scope of consolidation has changed during the reporting period

√ YES ☐ NO

1. During the reporting period, the company sold 100% of Pride's equity. The delivery of the relevant equity sale was completed on December 25, 2019. After the completion of the delivery, Pride will not be included in the company's consolidated financial statements for the 2019 annual financial report.

2. The subsidiary Fosber Group acquired 70% of the equity of the Spanish Tiruna Group. The delivery of the equity acquisition was completed on May 30, 2019. After the completion of the delivery, the Tiruna Group was included in the company's consolidated

financial statements for the 2019 annual financial report.

3. In March 2019, Parsun US completed the cancellation and will no longer be included in the company's consolidated financial statements for the 2019 annual financial report from the date of cancellation.

4. In October 2019, Guangdong Flando completed the cancellation and will no longer be included in the company's consolidated financial statements for the 2019 annual financial report since the date of cancellation.

2.7 Significant changes or adjustments in the company's business, products or services during the reporting period

✓ Applicable ☐ Not applicable

In the first 11 months of 2019, Dongfang Precision's main business has a "dual main business" structure: high-end smart equipment business segment (including "smart packaging equipment" and "outboard machine equipment" business, and "automobile core parts business segment" , The main business is Pride's "power battery system" business.

After the sale of Pride at the end of December 2019, the company's overall main business has undergone major changes, and the previous "dual main business" structure has become focused on the "high-end intelligent professional" main business, and the products and services provided have also changed to provide intelligent packaging equipment related products and services, as well as outboard machine products and related services.

2.8 Main sales customers and main suppliers

The company's main sales customers

Total sales amount of the top five customers (yuan)	7,624,070,010.26
The proportion of the total sales of the top five customers to the total annual sales	76.44%
The sales of related parties accounted for the proportion of total annual sales in the sales of the top five customers	72.46%

Top 5 customer information of the company

Serial number	Client's name	Sales (yuan)	% Of total annual sales
1	Customer One	7,035,281,416.23	70.54%
2	Customer Two	234,382,839.09	2.35%
3	Customer Three	191,309,657.54	1.92%
4	Customer Four	82,311,942.12	0.83%
5	Customer Five	80,784,155.28	0.81%
In total	--	7,624,070,010.26	76.44%

Major customers' other information

☐ Applicable ☒ Not applicable

The company's main suppliers

Total purchase amount of the top five suppliers (yuan)	6,578,523,590.96
The proportion of the total purchase amount of the top five suppliers to the total annual purchase	71.71%
Proportion of purchases by related parties in the top five suppliers' purchases as a percentage of total annual purchases	65.42%

Company Top 5 Supplier Information

Serial number	Supplier name	Purchase amount (yuan)	Percentage of total annual purchase
1	Supplier One	6,001,951,518.81	65.42%
2	Supplier Two	271,302,082.89	2.96%
3	Supplier Three	129,880,736.26	1.42%

4	Supplier Four	91,640,559.19	1.00%
5	Supplier Five	83,748,693.81	0.91%
In total	--	6,578,523,590.96	71.71%

Other facts about major suppliers

☐ Applicable ☒ Not applicable

3. Cost

unit: yuan

	2019	2018	YoY increase and decrease	Description of major changes
Sales cost	414,527,474.88	520,723,396.56	-20.39%	This is mainly due to the consolidation of Beijing Pride's January-November 2019 data and the decrease in Pride's sales expenses this year.
Management cost	365,218,611.72	286,222,575.20	27.60%	Mainly due to the disposal of the related expenses incurred by Pride and the increase in management costs brought about by business growth this year.
Financial cost	-16,869,846.12	23,145,620.29	-172.89%	Mainly due to the increase in interest income this year.
R&D cost	156,654,915.42	218,476,516.42	-28.30%	This is mainly due to the merger of Beijing Pride's January-November 2019 data and the decrease in Pride's research and development expenses this year.

4.R&D Investment✓ Applicable ☐ Not applicable

Company R & D investment

	2019	2018	Change ratio
Number of R&D personnel (person)	392	447	-12.30%
Proportion of R&D personnel	23.99%	20.33%	3.66%
R&D investment amount (yuan)	169,319,720.80	229,067,274.61	-26.08%
R&D investment as a percentage of operating income	1.70%	3.46%	-1.76%
Amount of capitalized R&D investment (yuan)	12,664,805.38	10,590,758.19	19.58%
Capitalized R&D investment as a percentage of R&D investment	7.48%	4.62%	2.86%

The reason for the significant change in the proportion of total R & D investment in operating income compared with the previous year

✓ Applicable ☐ Not applicable

The main reason for the change in the ratio of R & D investment to operating income is that this year, only Pride's January-November 2019 data was merged and Pride's research and development expenses decreased.

The main reason for the decrease in the number of R & D personnel was that the company transferred Pride's equity during the reporting period and did not include Pride in the number of employees.

Reasons for the substantial change in the capitalization rate of R & D investment and its rationality

☐ Applicable ✓ Not applicable

5.Cash flow

unit: yuan

Item	2019	2018	YoY increase and decrease
Subtotal of cash inflow from operating activities	5,971,827,830.59	5,264,537,409.33	13.43%
Subtotal of cash outflow from operating activities	5,690,530,043.58	4,542,812,608.21	25.26%
Net cash flow from operating activities	281,297,787.01	721,724,801.12	-61.02%
Subtotal of cash inflow from investment activities	4,858,499,596.17	3,793,281,802.05	28.08%
Subtotal of cash outflow from investment activities	4,736,987,401.92	2,948,145,345.71	60.68%
Net cash flows from investing activities	121,512,194.25	845,136,456.34	-85.62%
Subtotal of cash inflows from financing activities	362,807,582.84	1,423,283,210.38	-74.51%
Subtotal of cash outflows from financing activities	605,506,468.14	1,830,987,393.84	-66.93%
Net cash flow from financing activities	-242,698,885.30	-407,704,183.46	40.47%
Net increase in cash and cash equivalents	168,727,295.04	1,158,966,100.91	-85.44%

Explanation of the main influencing factors of significant changes in relevant data year-on-year

√ Applicable □ Not applicable

1. The net cash flow generated by the company's operating activities decreased by 61.02%, which was mainly due to the increase in cash from Pride's procurement expenditure.
2. The net cash flow generated by the company's investment activities decreased by 85.62%, which was mainly due to the disposal of Pride to recover cash and purchase financial products at the end of the year.
3. The net cash flow generated by the company's financing activities increased by 40.47%, which was mainly due to the decrease in the bank acceptance deposit.
4. The company's net increase in cash and cash equivalents decreased by 85.44%, mainly due to the increase in cash outflows from operating activities and investment outflows.

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

✓ Applicable ☐ Not applicable

The main reason for the significant difference between the net cash flow generated by the company's operating activities during the reporting period and the current year's net profit was the disposal of 100% equity of Pride and the accounting treatment of the performance compensation of the original shareholders of Pride.

III. Non-main business analysis

✓ Applicable ☐ Not applicable

unit: yuan

	Amount	% Of total profit	Description of formation	Is it sustainable
Investment income	1,384,907,790.71	68.78%	It is mainly due to the disposal of 100% equity of Pride and the income generated by the performance compensation of the original shareholders of Pride, the	NO

			income recognized by the joint venture under the equity method and the income of wealth management products.	
Changes in fair value gains and losses	-302,415.26	-0.02%	Mainly due to changes in the fair value of derivative financial assets.	NO
Asset impairment	-109,839,858.68	-5.45%	Mainly due to the acquisition of EDF to form impairment of goodwill accrual and inventory depreciation reserve.	NO
Non-operating income	12,570,847.05	0.62%	Mainly due to the acquisition of Tiruna.	NO
Non-operating expenses	8,756,961.53	0.43%	Mainly due to Pride's disposal of fixed assets.	NO

IV. Analysis of assets and liabilities

1. Significant changes in asset composition

The company will implement the new financial instruments standards, new income standards or new lease standards for the first time since 2019 and adjust and implement the relevant items of the financial statements at the beginning of the year

✓ Applicable □ Not applicable

unit: yuan

	End of 2019		Early 2019		Increase or	Description of major changes
	Amount	% Of total	Amount	% Of total		

		assets		assets	decrease in proportion	
Money funds	2,356,703,434.60	37.57%	2,547,345,874.57	28.34%	9.23%	Mainly due to the disposal of 100% equity of Pride.
accounts receivable	597,431,210.02	9.52%	1,496,368,415.86	16.65%	-7.13%	Mainly due to the disposal of 100% equity of Pride.
stock	671,432,701.11	10.70%	935,775,074.07	10.41%	0.29%	No major changes
Investment real estate		0.00%		0.00%		
Long-term equity investment	72,372,355.03	1.15%	79,771,169.72	0.89%	0.26%	No major changes
Fixed assets	585,754,900.75	9.34%	685,262,087.53	7.63%	1.71%	No major changes
Construction in progress	4,839,241.48	0.08%	10,480,100.82	0.12%	-0.04%	No major changes
short-term loan	117,888,353.14	1.88%	250,525,029.95	2.79%	-0.91%	No major changes
long-term loan	224,146,667.48	3.57%	536,358,921.02	5.97%	-2.40%	Mainly due to the reclassification of loans due within one year to "non-current liabilities due within one year".
Trading financial	1,164,039,381.	18.55%	0.00	0.00%	18.55%	Mainly due to the purchase of bank wealth management products at the end

assets	59					of the year.
bill receivable	0.00	0.00%	1,835,883,950.01	20.43%	-20.43%	Mainly due to the disposal of 100% equity interest in Pride and the reclassification of the balance of bills receivable to receivables financing.
Goodwill	306,633,631.93	4.89%	670,286,756.52	7.46%	-2.57%	Mainly due to the disposal of 100% equity of Pride to reduce goodwill and accrued goodwill impairment provision for EDF.
Estimated liabilities	78,650,466.48	1.25%	452,856,804.45	5.04%	-3.79%	Mainly due to the disposal of 100% equity of Pride.

2.Assets and liabilities measured at fair value

√ Applicable □ Not applicable

unit: yuan

Item	Opening number	Profit and loss from changes in fair value in the current period	Accumulated changes in fair value included in equity	Impairment accrued in the current period	Current purchase amount	Current sales amount	Other changes	Final number
Monetary assets								
1. Transactional financial	0.00				4,442,648,750.00	3,279,648,750.00		1,163,000,000.00

assets (excluding derivative financial assets)								
2. Derivative financial assets	800,160.93	-302,415.26			541,635.92			1,039,381.59
Subtotal of financial assets	800,160.93	-302,415.26			4,443,190,385.92	3,279,648,750.00		1,164,039,381.59
In total	800,160.93	-302,415.26			4,443,190,385.92	3,279,648,750.00		1,164,039,381.59
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Other changes

Not applicable

During the reporting period, has the company's main asset measurement attributes changed significantly?

☐ YES ☒ NO

3. At the end of the reporting period, asset rights are restricted

Item	Book value at the end of the period	Restricted cause
Money funds	129,978,697.21	Margin
Fixed assets	11,981,751.80	Loan mortgage
In total	141,960,449.01	

V. Investment status analysis**1.Overall situation**

√ Applicable □ Not applicable

Investment during the reporting period (yuan)	Investment amount in the same period of last year (yuan)	Variation
123,995,066.16	35,840,000.00	245.97%

2.Significant equity investment during the reporting period

□ Applicable √ Not applicable

3.The major non-equity investments in progress during the reporting period

□ Applicable √ Not applicable

4.Financial assets measured at fair value

√ Applicable □ Not applicable

unit: yuan

Asset type	Initial investment cost	Profit and loss from changes in fair value in the current period	Accumulated changes in fair value included in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Cumulative investment income	Amount at the end of the period	Sources of funds
Financial derivatives	800,160.93	-302,415.26		4,443,190,385.92	3,279,648,750.00		1,164,039,381.59	private capital
In total	800,160.93	-302,415.26	0.00	4,443,190,385.92	3,279,648,750.00	0.00	1,164,039,381.59	--

5. Use of raised funds√ Applicable ☐ Not applicable**5.1 Overall use of raised funds**√ Applicable ☐ Not applicable

Unit: ten thousand yuan

Year raised	Ways to raise	Total funds raised	The total amount of raised funds used in this period	The accumulated use of raised funds	Total funds raised during the reporting period for changes in use	Accumulated total amount of funds raised for changing purposes	Proportion of total funds raised for cumulative changes in use	The total amount of funds raised has not been used	The purpose and destination of the raised funds have not been used	The amount of funds raised after being idle for more than two years
2011	Initial public offering	49,200.06	1,077.82	51,776.39		3,683.48	7.49%	0	Not applicable	0
2016	Non-public offering	48,699.47	1.57	49,674.6		20,356.56	40.81%	0	Not applicable	0
2017	Reorganization of supporting shares to raise	283,616.53	0	187,902.15				110,623.17	(1) The company uses part of the idle raised funds to	110,623.17

	funds								purchase capital-guaranteed wealth management products within the scope authorized by the board of directors. (2) In addition to the matters mentioned above, the remaining unused raised funds are deposited in a special account for raised funds. (3) The amount of raised funds received from Beijing Pride New Energy Battery	

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									Technology Co., Ltd. (hereinafter referred to as "Pride") was 61.8841 million yuan this year, and the net interest received from Pride's returned funds was 6.0403 million yuan, stored in a special account for raised funds.	
In total	--	381,516.06	1,079.39	289,353.14	0	24,040.04	6.30%	110,623.17	--	110,623.17
Description of the overall use of raised funds										
1. The initial public offering of shares as of December 31, 2019, the cumulative amount of funds raised by the company's raised funds was 517.7639 million yuan, of which: (1) The amount of accumulated use of raised funds in the previous year was 506.9857 million yuan, of which: the amount of the company's initial investment of raised funds with its own funds before the replacement of the raised funds was 63.3309 million yuan; In addition to the replacement of the initial investment of self-owned funds after the raised funds are in place, the										

cumulative use of raised funds is 443.6548 million;

(2) The company's initial public offering of shares raised funds investment projects have all been closed in 2017, and the surplus funds of related fundraising projects have also been permanently supplemented with working capital in 2017. The initial public offering of over-raised funds was 66.5306 million yuan, which was used in March 2014 to provide internal insurance coverage for the company's branch in Bank of China Foshan Branch, an overseas wholly-owned subsidiary, Dong Fang Precision (Netherland) Coöperatief UA. The security deposit of the loan business was released in March 2018 due to the expiration of the domestic guarantee and external loan contract and the company's repayment of the loan. On April 25, 2018, the twenty-third meeting of the third board of directors and the seventeenth meeting of the third board of supervisors reviewed and approved the "Proposal on the Permanent Use of Super Raised Funds to Replenish Liquidity", which will be issued for the first time. The over-raised funds of stocks amounted to 66.5306 million yuan and the interest accrued from its storage was 10.7782 million yuan, and the total amount of 77.3088 million yuan was used to permanently supplement working capital. The resolution was passed at the resolution of the company's 2017 annual shareholders' meeting held on May 17, 2018.

As of December 31, 2019, the net amount of bank deposit interest received by the company after deduction of bank handling fees, etc. was 41.3423 million yuan, and the balance of funds raised was RMB 0.

2. Non-public offering of shares in 2016:

As of December 31, 2019, the company's accumulated capital investment amounted to 496.746 million yuan, and the previous year's investment fund-raised amount was 496.746 million yuan.

As of December 31, 2019, the net amount of bank deposit interest received by the company after deduction of bank handling fees, etc. was 7.6856 million yuan, and the balance of funds raised was RMB 0 yuan.

3. As of December 31, 2019, the cumulative amount of funds raised by the company's raised funds was 1879.0215 million yuan, as follows: (1) The cumulative use of the raised funds in the

previous year was 1940.9055 million yuan; (2) Received in Beijing this year The amount of raised funds returned by Pride New Energy Battery Technology Co., Ltd. (hereinafter referred to as “Pride”) was 61.8841 million yuan.. As of December 31, 2019, the net amount of bank deposit interest received by the company after deduction of bank handling fees, etc. Was 79.2128 million yuan, and the net interest received from Praid returned by the raised funds was 6.0403 million yuan, and the balance of the raised funds It was 1106.2317 million yuan.

For details of the company ’s use of raised funds, please refer to the “Special Report on the Storage and Use of Raised Funds for 2019” disclosed by the company and the 2019 Annual Report and the “Guangdong Dongfang Precision Technology” issued by Lixin Certified Public Accountants (Special General Partnership) "Assessment Report on the Annual Deposit and Use of Raised Funds as of December 31, 2019."

5.2 Raised capital commitment project

√ Applicable □ Not applicable

Unit: ten thousand yuan

Commitment to investment projects and investment funds direction	Whether the item has been changed (including some changes)	Raised funds promised total investment	Adjusted total investment (1)	Amount invested during the reporting period	Cumulative investment amount as of the end of the period (2)	Investment progress as of the end of the period (3) = (2) / (1)	The date when the project reaches the intended usable status	Benefits achieved during the reporting period	Whether the expected benefits are achieved	Whether the project feasibility has changed significantly
Commitment to investment projects										
Corrugated box printing machinery and its complete	YES	37,100	40,421.25		42,751.34	105.76%	November		Not	NO

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equipment project							1, 2014		applicable	
R&D Center Construction Project	YES	1,400	180.25		180.25	100.00%	June 1, 2015		Not applicable	NO
Information construction project	NO	1,847	1,847		1,015.42	54.98%	June 1, 2017		Not applicable	NO
Technical transformation project of regional marketing center	YES	2,200	98.5		98.5	100.00%	June 1, 2015		Not applicable	NO
Supplementary liquidity	YES	48,699.47	28,342.91		29,318.04	103.44%			Not applicable	NO
Repayment of bank loans	YES		20,356.56		20,356.56	100.00%			Not applicable	NO
Pay cash consideration	NO	180,500	180,500		180,500	100.00%			Not applicable	NO
Pay intermediary fees	NO	9,500	9,500		7,402.15	77.92%			Not applicable	NO

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Pride Liyang Base New Energy Vehicle Battery R&D and Industrialization Project	NO	100,000	100,000		0	0.00%			Not applicable	NO
Subtotal of committed investment projects	--	381,246.47	381,246.47		281,622.26	--	--		--	--
Over-raised funds										
Payment of the deposit for the purchase of a 60% equity M&A loan from Fosberg (Italy)	NO									
Supplementary liquidity (if any)	--				7,730.88		--	--	--	--
Sub-total raised funds	--				7,730.88	--	--		--	--
In total	--	381,246.47	381,246.47	0	289,353.14	--	--	0	--	--
The situation and reasons for not reaching the planned progress or expected benefits (by specific projects)	NONE									

Description of major changes in project feasibility	NONE
The amount, purpose and use progress of over-raised funds	Applicable
	The company's initial public offering of shares actually raised net proceeds of 492,000,624.08 yuan, of which excess raised funds were 66,530,624.08 yuan. On February 21, 2014, the 11th meeting of the second session of the Board of Directors and the 8th meeting of the second session of the Supervisory Committee reviewed and approved the "Proposal on Using Super Raised Funds to Provide Overseas Guaranteed Loans for Payment of Bank Margins for Overseas Wholly-owned Subsidiaries". In order to smoothly promote the company's acquisition of 60% of the Italian Fosberg company's shares, expand the company's merger and acquisition funding sources, and reduce corporate financing, the board of directors and the board of supervisors agreed that the company is an overseas wholly-owned subsidiary, Dong Fang Precision (Netherlands) Company Coöperatief UA provides guarantees (internal guarantee and external loans) and uses over-raised funds of 66.5306 million yuan to pay bank deposits. The above matters were approved at the first extraordinary general meeting of shareholders in 2014. In March 2018, the pledge was released due to the expiration of the domestic insurance contract and the repayment of the loan by the company. The company held the twenty-third meeting of the third board of directors and the seventeenth meeting of the third board of supervisors on April 25, 2018, and reviewed and approved the "Proposal on the Permanent Replenishment of Liquidity Funds Using Over-raised Funds." The over-raised fund of public offering of shares was 66.5306 million yuan and the interest accumulated from it was 10.7782 million yuan, and the total amount of 77.3088 million yuan was used for permanent replenishment of working capital, which was approved by the resolution of the 2017 Annual General Meeting of Shareholders held on May 17, 2018.
Changes in the implementation location of investment projects	Not applicable

with raised funds	
The adjustment of the implementation method of the fund-raising investment project	Not applicable
Prophase investment and replacement of investment projects with raised funds	Applicable
	(1) The initial public offering of common stock raised funds in order to ensure the smooth progress of the raised capital investment project, the company invested in the corrugated box printing machinery and its complete equipment projects in advance with self-raised funds. As of August 31, 2011, a total of 63.3309 million yuan was invested. On September 21, 2011, the ninth meeting of the first board of directors of the company reviewed and approved the "Proposal on Using Raised Funds to Replace Self-Funded Funds That Have Been Pre-invested in Investment Projects." and invested self-raised funds of 63.3309 million yuan. On September 27, 2011, the company has completed the replacement. (2) In 2017, the non-public offering of shares raised funds. On September 25, 2017, the company held the 17th meeting of the third board of directors and reviewed and approved the "Proposal on the Use of Raised Funds to Replace Self-funded Funds that Have Been Pre-invested in the Raised Investment Project", Agreed that the company use the raised capital of 61.8841 million yuan to replace the self-raised funds that have been previously invested in the investment project, and the replacement was completed on September 28, 2017.
Use idle raised funds to temporarily supplement working capital	Not applicable

The amount and reason of the balance of funds raised during project implementation	Applicable The company's initial public offering raised funds to invest in four projects, namely "corrugated box printing machinery and its complete equipment project", "R & D center construction project", "informatization construction project" and "regional marketing center technical transformation project", of which Under the "Information Construction Project", the SAP information system was fully implemented. By June 2017, it had passed the operation test of the SAP information system after it went online, and reached the originally scheduled usable state. Because the project involves many aspects and links such as the company's finances, operations, human resources, and IT, the implementation period is long, and the market environment has also undergone major changes. The company's professional team has continuously strengthened the project through reasonable scheduling and optimized configuration. The control, supervision and management of expenses have reasonably reduced the cost of the project, thus resulting in savings in project capital investment. In July 2017, the fifteenth meeting of the third board of directors of the company and the eleventh meeting of the third board of supervisors reviewed and approved the "Proposal on the Closing of Initial Public Offering Projects and the Use of Surplus Raised Funds to Permanently Replenish Working Capital", The surplus raised funds and interest of 15.5563 million yuan for the initial public offering will be used to permanently supplement working capital.
The purpose and destination of the unused raised funds	The part of the unused raised funds of the non-public offering of funds in 2017 was used to purchase stable, low-risk, high-liquidity financial products within 12 months. As of December 31, 2019, all purchased wealth management products have expired, and the remaining unused raised funds are still deposited in the special account for raised funds.
Problems or other situations in the use and disclosure of raised funds	None

5.3 Raised funds to change projects

✓ Applicable □ Not applicable

Unit: ten thousand yuan

Changed items	Corresponding original commitment project	The total amount of funds to be raised by the project after the change (1)	Actual investment amount during the reporting period	As of the end of the period, the actual cumulative investment amount (2)	Investment progress as of the end of the period (3) = (2) / (1)	The date when the project reaches the intended usable status	Benefits achieved during the reporting period	Whether the expected benefits are achieved	Whether the feasibility of the changed project has changed significantly
Corrugated box printing machinery and its complete equipment project	Regional marketing center technical renovation project/R&D center construction project	40,421.25	0	42,751.34	105.76%	November 1, 2014		Not applicable	NO
Repayment of bank loan	Supplementary liquidity	20,356.56	0	20,356.56	100.00%			Not applicable	NO
In total	--	60,777.81	0	63,107.9	--	--	0	--	--

Explanation of reasons for changes, decision-making procedures and information disclosure (by specific items)	1. IPO raised funds change project One of the company's initial public offerings, one of the fundraising projects, the Corrugated Box Printing Machinery and Complete Equipment Project, mainly invested in the purchase of the company's new factory land, plant construction and decoration, and the purchase of fixed assets such as electromechanical power equipment and mechanical processing equipment. The new factory there has been ready for use on November 1, 2014. The project has a long construction period, considering the increase in construction costs such as labor and civil construction during the construction period, the price increase due to the selection of electromechanical power equipment and mechanical processing equipment, and considering the improvement of It is estimated that the total amount of the project payable and the warranty deposit, etc., will be approximately RMB 420 million, which exceeds the original investment promised by the funds raised. The company's first listing and investment project "Regional Marketing Center Technical Transformation Project" aims to serve the expansion of the company's production capacity and the development of domestic and foreign markets after the "corrugated box printing machinery and its complete equipment project" is put into production. After the company's listing, it gradually builds a perfect domestic Sales network, and through the acquisition of Italian Fosber Group and Italian EDF company to further deepen the international marketing network layout, including Europe and the Americas, can meet the future product sales volume and sales area expansion. The company's first listing and investment project "R & D Center Construction Project" aims to achieve "upgrading of existing products and strengthening the research and development of complete sets of CNC servo electromechanical equipment technology through investment in infrastructure to ensure the company's leading position in the industry." Strive for the

company's production technology to reach the world's advanced level. " Through the acquisition of the Italian Fosber Group and the establishment of a joint venture company, the company has made leaps and bounds in the introduction of international new technologies and research and development of new products by acquiring the Italian EDF company, and further deepened the company's leading position in the corrugated box machinery industry. The R & D project plan prepared at the time of the company's IPO.

Based on this, the company will "regional marketing center technical transformation project" as of January 31, 2015 remaining raised funds and accumulated interest of 23.3648 million yuan and "research and development center construction project" as of May 31, 2015 remaining raised funds and accumulated The interest was changed to 13.47 million yuan, and invested in the "Corrugated Box Printing Machinery and Complete Equipment Project" to use the raised funds more efficiently and maximize the economic benefits.

The above changes in the use of raised funds have been approved by the 22nd meeting of the second board of directors of the company, the 27th meeting of the second board of directors, the 2015 first extraordinary general meeting of shareholders and the third temporary shareholders of 2015 Approved by the General Assembly.

2. The situation of the change of non-public offering funds raised in 2016

According to the actual situation of the company's development, in order to improve the use efficiency of the raised funds, reduce the company's financial costs, and protect the interests of investors, the company changed the use of part of the funds raised from the non-public offering of shares in 2016 from "replenishing working capital" to "repaying bank loans." , To repay loans of Industrial Bank, Bank of China, China Merchants Bank and Far East Leasing Company totaling 203.5656 million yuan..

	This change in the use of funds raised has been approved by the company 's 35th meeting of the second board of directors and the 2016 second extraordinary general meeting of shareholders.
The situation and reasons for not reaching the planned progress or expected benefits (by specific projects)	Not applicable
Explanation of major changes in the project feasibility after the change	Not applicable

During the reporting period of the company, there was no change in the project of raised funds.

VI. Major asset and equity sale

1.Sales of major assets

☐ Applicable ☒ Not applicable

The company did not sell any significant assets during the reporting period.

2.Sale of major equity

✓ Applicable □ Not applicable

Counterparty	Sold equity	Sale day	Transaction price (ten thousand yuan)	Net profit contributed by the equity to the listed company from the beginning of the current period to the date of sale (ten thousand yuan)	The impact of the sale on the company	The proportion of the net profit contributed by the sale of equity to the listed company in the total net profit	Equity sale pricing principles	Whether it is a connected transaction	Relationship with counterparties	Whether the equity involved has been transferred	Whether it is implemented as planned, if it is not implemented as planned, the reasons and the measures the company has taken should be explained	Disclosure date	Disclosure index

Tianjin CDH Ruixiang Equity Investment Fund Partnership (Limited Partnership), Tianjin CDH Ruipu Equity Investment Fund Partnership (Limited Partnership)	Pride 100% equity	December , 25, 2019	150,000	31,081.34	The implementation of the package deal increased the company's total profit in 2019 by approximately 1.355 billion yuan (including the proceeds from the sale of Pride and the proceeds from the cancellation of performance compensation shares)	73.70%	Based on the equity value of the 100% equity of Pride assessed by the agency it has entrusted with securities business qualification on July 31, 2019, it is determined to sell the 100% equity of Pride at RMB 1.5 billion;	NO	Not applicable	YES	Not applicable	December, 26, 2019	Juchao Information Network

VII. Analysis of major holding companies

✓ Applicable □ Not applicable

Major subsidiaries and shareholding companies that affect more than 10% of the company's net profit

unit: yuan

Company name	Company type	Company type	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Fosber S.p.A.	Subsidiary	R&D, processing, manufacturing, sales: corrugated cardboard production line and accessories, and provide after-sales service.	1.56 million euros	1,239,337,572.33	492,141,725.74	1,873,185,800.77	222,258,167.45	173,792,809.89

Acquisition and disposal of subsidiaries during the reporting period

✓ Applicable □ Not applicable

Company name	Effect of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Pride	equity transfer	The implementation of a package transaction increased the company's total profit in 2019 by approximately 1.355 billion yuan (including the proceeds from

		the sale of Pride and the cancellation of performance compensation shares).

Description of major holding companies

VIII. The situation of the structured main body controlled by the company

☐ Applicable ☒ Not applicable

IX. Prospects for the company's future development

1. Industry pattern and trends

1.1 Industry pattern and company industry status

1.1.1 Industry development history and pattern

More than 160 years ago, the British discovered the corrugated structure and invented corrugated paper packaging. After more than half a century of perfection, the scientific development of the corrugated structure has become more perfect and mature, and finally occupied half of the commodity packaging.

China's corrugated box industry started late, and the use of corrugated boxes began to be promoted in 1954, 40 years later than Japan and 60 years later than the United States. At this stage, China's technical starting point was low. At the beginning, it used the single machine used in Japan in the early days. All the processes were connected by hand, and there was no pipeline operation. In 1975, Beijing Carton Factory took the lead in introducing the first automatic corrugated paper production line in China-D3 type double corrugated board production line to Uchida Manufacturing Co., Ltd. In 1982, the Capital Aerospace Machinery Company affiliated to the China Launch Vehicle Technology Research Institute successfully developed China's first 1.2-meter corrugated cardboard automated production line, and China's corrugated box industry began to take off.

Since the reform and opening up, China's corrugated box industry has developed rapidly, showing

great vitality, and the output value created by it has accounted for about 85% of the overall output value of China's paper packaging industry. The growth rate is also the highest among all countries. At present, the market volume has surpassed that of the United States, becoming the world's largest corrugated box market.

Corrugated cardboard packaging is widely used in downstream consumer industries such as home appliances, electronic products, IT, food and beverage, books, daily chemicals, textiles and logistics express companies.

With the rapid development of the global economy, the demand for commodity packaging is gradually increasing, and the demand is driving development. Corrugated carton factories continue to increase capital investment to transform backward production equipment and improve the quality of corrugated carton to meet consumer demand.

In terms of products, the corrugated board production line at the upstream of the industrial chain had global sales of approximately RMB 15 billion in 2018, and its main sales areas are concentrated in Europe, America and the Asia-Pacific region. Among them, the income in Europe and America is about 7.7 billion yuan, accounting for 51%; the revenue in the Asia-Pacific region is about 6.6 billion yuan, accounting for 44%; the other regions are 600 million yuan, accounting for 4%. From a global perspective, the corrugated board production line industry is highly concentrated. The main brands (ranked by revenue) are German BHS, Italian Fosber Group (a wholly-owned subsidiary of Dongfang Precision), and Marquip (a wholly-owned subsidiary of the American Barry-Wehmiller group) .

The corrugated box printing complete production line in the middle of the industry chain has a global market size of about 30 billion yuan in 2018, of which 50% are mid- to high-end products. Among them, the Asian market is about 15 billion yuan, accounting for 50%; the US market is about 7.5 billion yuan, accounting for 25%; the European and Japanese markets are about 7.5 billion yuan, accounting for 25%. From a global perspective, the concentration of the industry is low, even if the industry leader Swiss Bobst has a market share of less than 10%. The major brand manufacturers in the industry (ranked by revenue) include Bobst (Switzerland), Gopfert (Germany), Dongfang Precision, and Ward (a wholly-owned subsidiary of the American Barry-Wehmiller

Group).

1.1 2 Industry competition landscape and company industry status

A. Corrugated board production line market segment: Dongfang Precision subsidiary Fosber Group ranks second in global market share

In the field of corrugated board production lines, Fosber Group is an important supplier of high-end corrugated board production lines in the European and American markets. It is one of the world's two largest companies in the field of high-speed wide-width corrugated board production lines, and its market share in the world is around 30%. Clients cover well-known large-scale packaging companies such as International Paper and Smurfit Kappa Turnhout. They are important global high-end corrugated cardboard production line technology promoters and innovators, and have a very high reputation and influence in the global market.

Fosber Group's main competitor and benchmarking company in the global corrugated board production line industry market is German BHS. BHS has a history of more than 60 years in corrugated machinery. Through years of development and accumulation, BHS has established a reliable brand value and deep customer relationships in the field of corrugated cardboard production lines. At the same time, relying on its long-term accumulation, it occupies about 35% of the market share. According to the financial statements publicly disclosed by BHS, the company's revenue in 2018 was 575 million euros and its net profit was 30 million euros.

Comparative analysis of Fosber Group and benchmarking competitor BHS:

a) In recent years, Fosber Group has grown faster than BHS

After being acquired by Dongfang Precision in 2014, Fosber Group has achieved rapid growth in revenue scale and profitability through strategic and financial support. Its growth rate exceeded BHS in 2017-2018.

b) Higher operational efficiency and stronger cost control capabilities

With the establishment and development of Fosber Asia, the integration of the Fosber Group's supply chain system in China and emerging Asian markets will be further improved, which will be beneficial to cost control, customer collaboration and supply chain collaboration.

c) R&D strength is not too much

In terms of product and technical strength, Fosber Group has a strong global R & D team, and through efficient and flexible R&D management and accurate market positioning, it has continuously reduced the difference between BHS and the product library layout. At present, both parties can provide the market with the most advanced high-speed wide-width corrugated cardboard manufacturing equipment, each with advantages in product quality and efficiency.

d) Fosber Group continues to improve the layout of the industrial chain and enhance its comprehensive competitiveness

In 2019, the Fosber Group completed the acquisition of the Spanish corrugated roll manufacturer Tiruna Group, the core component supplier of the corrugated board production line; through this acquisition, the Fosber Group has provided a solid guarantee for the supply of key components for its corrugated board production line business.

In early 2020, Fosber Group set up a subsidiary to establish a new holding subsidiary Quantum Corrugated S.r.l., and used it as the main body of the acquisition to complete the acquisition of related business assets of the old Italian corrugated board manufacturer Agnati. After the completion of the acquisition, Fosber Group holds a 60% stake in Quantum Corrugated S.r.l.

Agnati's history in the corrugated board production line industry can be traced back to the 1930s, and has more than 90 years of development so far. As a pioneer in the international industry, Agnati has pioneered many landmark technologies and products in the design and manufacture of corrugated board production lines, and has cumulatively sold and installed more than 3,000 product equipment in 82 countries across five continents; Quantum high-speed intelligent corrugated board production line series products have been widely praised by customers in the market. The unique design of Quantum's high-speed intelligent corrugated cardboard production line is very suitable for the embedding of digital printing technology, and it is very popular with digital printing packaging customers.

Through the above layout, Fosber Group not only has the supply and production capacity of core spare parts corrugated rolls for corrugated cardboard production line equipment through the acquisition of Tiruna Group, but also has acquired the world-leading and more suitable for

customers by acquiring Agnati related business and assets. The ability of corrugated board production line combined with digital printing technology. The Fosber Group's layout in the field of corrugated board production lines continues to improve, and its comprehensive competitiveness is further enhanced.

e) Excellent service ability and technology application of Industry 4.0

Another major advantage of Fosber Group is its complete Industry 4.0 system. Through in-depth practice of Industry 4.0 technology, it greatly improves the production efficiency and flexibility of customers. The Fosber brand's technical support services are well-known and unique in the industry.

B. Corrugated box printing equipment market segment: Dongfang Precision (China) is the "invisible champion" of the domestic industry and has the strength to compete with the global industry leaders

Compared with foreign industries, the corrugated box printing equipment industry in China started late. Most enterprises lacked technological innovation and relied on imitation. The corrugated box printing equipment produced was of low quality. Therefore, although the domestic corrugated box printing equipment industry has a large number of enterprises, it is mostly small and medium-sized enterprises with single product functions and low technical level. It mainly meets the overall industry status of downstream small and medium-sized corrugated box manufacturers.

The only domestic large-scale and high-tech corrugated box printing equipment manufacturers are only a few such as Dongfang Precision and Taiwan Changsheng. They focus on the development and production of high-end corrugated box printing equipment. The product quality is ahead of domestic counterparts and meets international At the same level, we have exported medium and high-end corrugated box printing equipment in batches to mature markets such as Europe and the United States, and the price is more competitive, gradually leading China's corrugated box printing equipment manufacturers to move closer to the international advanced level.

Among them, Dongfang Precision relies on the advantages of global resource coordination, with leading design concepts and overall R&D strength, standardized whole-process quality management system, leading production process level and system integration capabilities, it can provide

personalized/flexible/specialized production service, the most complete product echelon and product chain in the domestic industry, the brand advantage and first-mover market advantage of A-share listed companies, customer-centric full-process technical support and after-sales service system, etc, so as to become the "invisible champion" in the corrugated box printing equipment industry.

Globally, Dongfang Precision's main competitor and benchmarking company in the field of corrugated box printing equipment is Bobst, Switzerland. Bobst is the world's largest processing equipment and service provider for substrate processing, bottom-printing slotting die-cutting machine, printing slotting sticking box linkage line, and carton folder-gluing machine, with a history of more than 120 years. Most of its products are printing-slotting die-cutting machines and printing-slotting stick-box linkage line products suitable for the European and American markets. Its main markets are in Europe and the United States, and a small amount in Asia. Its high-end product positioning and global sales network have laid a solid foundation for occupying the top position in the global industry.

The comparison analysis of the products that Dongfang Precision and international competitors

can provide is as follows:

Company	Up-print	Down-print	Pre-feeder		Stick camera		Stripping unit		Stacker	Stacking machine
			Up-print	Down-print	Up-print	Down-print	Up-print	Down-print		
Bobst		✓	✓	✓	✓	✓	✓	✓	✓	✓
Gopfert		✓		✓					✓	
Dongfang/EDF	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ward		✓								

It can be seen that in the subdivided field of corrugated box printing equipment, Dongfang Precision covers the main product types, such as the upper printing type, the lower printing type, the pre-feeder, the gluer, the stacker, and the stacking machine. It has strong design, production and sales capabilities. As a business leader, Swiss Bobst also specifically provides the ability to provide major products in the value chain. The main products of other competitors are concentrated in

individual links of the value chain.

Comparative analysis of the business of Dongfang Precision Corrugated Box Printing Equipment and its benchmark competitor Bobst:

- a. In recent years, in the field of corrugated box printing equipment industry, especially in the international market, the influence of Dongfang Precision brand has gradually increased, and the gap with Bobst and other first-tier European and American brands is rapidly narrowing. At the same time, Dongfang Precision depends on the domestic complete supply chain system and efficient operation management, its product profit margin far exceeds other competitors in the same industry.
- b. Compared with its international counterparts, Dongfang Precision's product advantage is that the company's printing slotting die cutting machine and printing slotting sticking box linkage line have complete specifications, including down-print products suitable for markets in Europe, America, and Japan. At the same time, it also includes print-on products suitable for the Asian market. Dongfang Precision can provide more complete product types and product lines, such as: the product specifications of the printing machine, Dongfang Precision can provide 26 different sizes (from 6 * 18 to 25 * 40) of machine products, while Bobst can only provide 2 Specifications (6 * 18 and 8 * 21 respectively). International competitors have provided lower-print products suitable for markets in Europe, America, and Japan, but lacked upper-print products suitable for Asian markets.
- c. Dongfang Precision was established in 1996, compared with Bobst's 120 years of development, it is still in its infancy. In spite of this, Dongfang Precision's R & D strength has been closely following the first-line European and American manufacturers. Its high-end corrugated cardboard printing and slotting die-cutting equipment has been dominant in the domestic market and has a large leading advantage. Through high-quality stability and high output capacity, it has been gradually accepted by European and American overseas customers.

1.2 Industry Development Trends and Opportunities

1.2.1 Multiple factors contributed to the growth of the corrugated box industry, which is mainly driven by the express delivery industry.

Although the current supply and demand in the paper-making industry is basically balanced, the

development of market segments is still uneven, and structural gaps remain. According to the statistics of the China Paper Association, in 2018, national total output of boxboard and corrugated base paper was 42.5 million tons, and the total consumption was 45.58 million tons, with a gap of nearly 3.08 million tons.

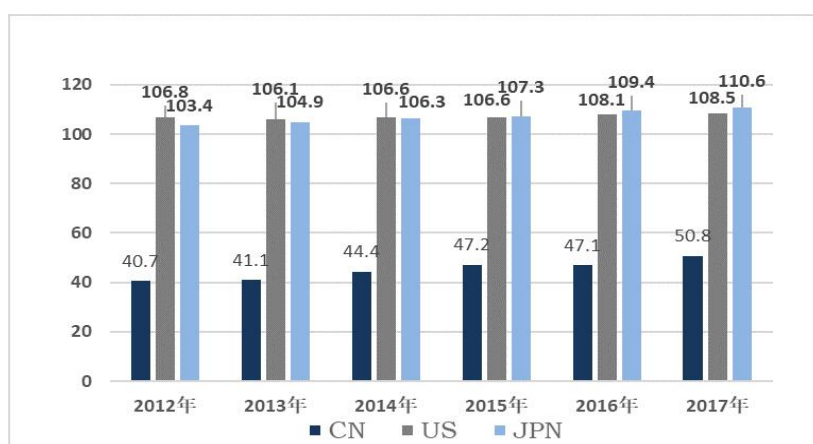
From 2009 to 2018, the average annual growth rate of national cardboard production was 2.42%, and that rate for consumption was 2.93%. From 2009 to 2018, the average annual growth rate of national corrugated base paper production was 2.30%, and that rate for consumption was 2.59%. In the past 10 years, the annual gap between the two has reached 1.11 million tons. This market segment is strong in demand but witnesses a gap between supply and demand currently.

Benefiting from the macroeconomic prosperity, the increase in per capita consumption, the development of the express delivery industry and the government's preferential policies, China's corrugated packaging industry will continue to expand in its scale.

In terms of per capita consumption, compared with countries such as Japan and the United States, that figure for corrugated paper packaging in China is still relatively small. According to the data in 2017, the per capita consumption of corrugated paper packaging in China is 50.8 square meters per person, compared with 108.5 square meters per person in the United States and 110.6 square meters per person in Japan. That figure in China has a broad space for improvement, which has the potential to be almost doubled.

Comparison of Per Capita Consumption of Corrugated Packaging

From 2012 to 2017 (square meters / person)

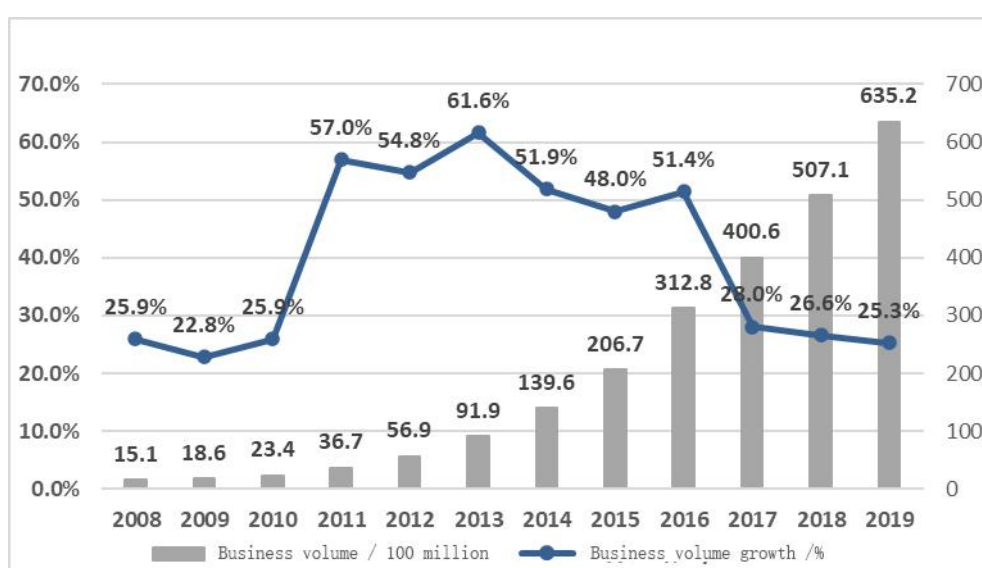


Data source: International Corrugated Case Association (ICCA), Wind Consulting

China's online consumption habits are gradually maturing, and the growth of the express delivery industry is an important increase in the corrugated packaging industry. According to the data of "China Paper", in 2018, the top three downstream areas of corrugated packaging in China were electronic products (accounting for 26.0%), beverages (accounting for 21.2%), food (accounting for 20.3%); express industry Currently only 13%.

The domestic health security incident in 2020 has accelerated the development of many fields, and online retail is a very representative field. With the rapid development of emerging consumption models, China's express delivery industry has also entered a period of rapid development. According to data from the State Post Bureau, China's express delivery volume exceeded 40 billion in 2017; China's express delivery volume exceeded 50 billion in 2018; in 2019, the nationwide express delivery service business volume totaled 63.52 billion, a year-on-year increase of 25.3%.

2008-2019 National Express Service Enterprises Business Volume and Growth

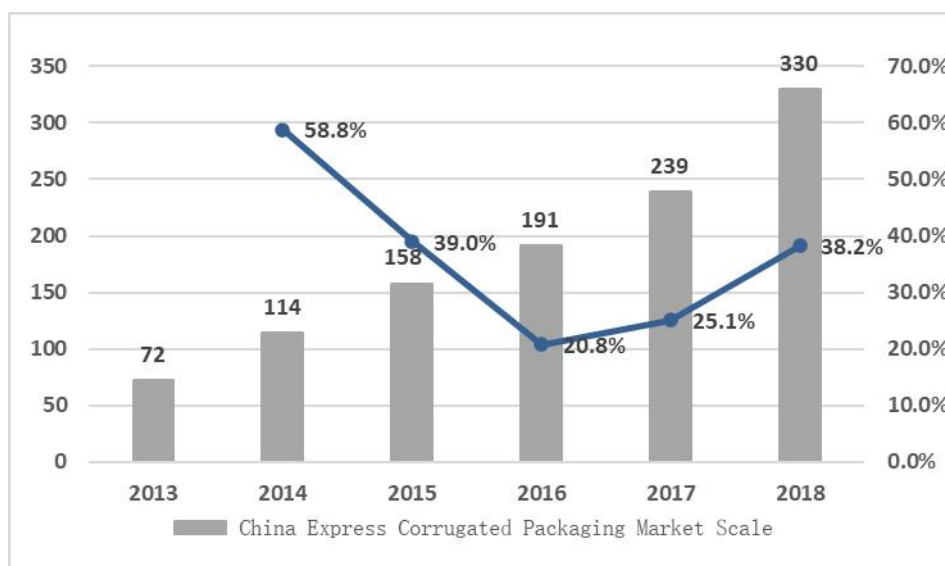


Data source: State Post Bureau

According to the "13th Five-Year" development indicators of the express delivery industry, China's express delivery volume will reach the goal of 75 billion pieces in 2020, and the express delivery per capita will increase from 0.01 in 2000 to about 50 pieces in 2020. The average compound growth rate reached 38.5%.

The rapid development of China's express delivery industry has prompted the market size of the express packaging industry to continue to rise. In 2018, the express corrugated packaging market reached 33 billion yuan.

2013-2018 China Express Corrugated Packaging Market Size and Growth



Data source: China Paper Association

Under the background of consumption upgrade, industrial upgrade drive and service industry leadership, with the increase in the richness of express service application scenarios, the deepening of the depth of embedded production and life, and the expansion of the industry involved, the express industry has great potential and space for development. According to the forecast of the Prospective Industry Research Institute, the scale of China's express delivery corrugated paper market will continue to increase in 2020-2025, and is expected to reach 86.4 billion yuan in 2025.

In terms of government policy, policies such as the “plastic restriction order” are encouraged to encourage the development of environmentally friendly and recyclable packaging materials. , Corrugated packaging products contain 93% recyclable materials at the same time. Corrugated packaging products are light-weight, recyclable, and easily degradable. They are considered "green packaging", which is in line with China's low-carbon circular economy and the goals of energy saving and emission reduction.

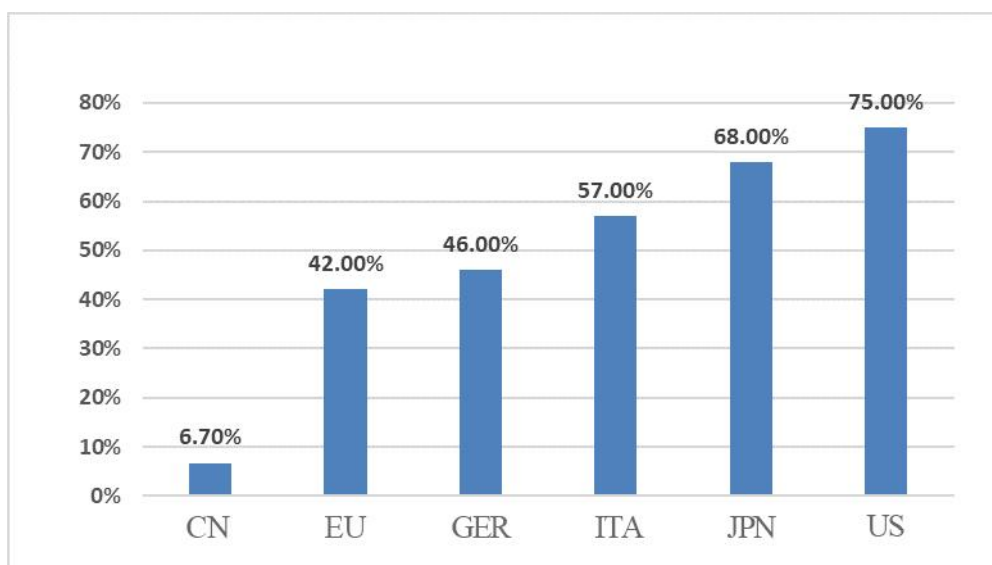
1.2.2 Integration of corrugated carton packaging industry, accelerating the upgrading of

packaging plant equipment

Affected by the low entry threshold and limited service radius of the packaging industry, most small and medium-sized packaging factories have scattered production capacity in the industry and low market concentration. In recent years, due to factors such as supply-side reforms, stricter environmental protection, and high labor and raw material costs, SMEs in the corrugated box packaging industry have accelerated their liquidation, and the market share of large enterprises has increased. The number of enterprises above designated size in the paper and cardboard container manufacturing industry (industrial corporations with an annual operating income of more than 20 million) decreased from 2,696 in 2013 to 2,391 in 2018, and the industry consolidation trend is obvious.

At the same time, since 2016, the capacity utilization rate of the company's product downstream customer industry leading companies (Jiulong Paper, Shanying Paper, etc.) has continued to increase to more than 90%, and market share has actually accelerated to concentrate on leading companies. However, compared with the market share of CR5 of 40% to 70% in Europe and the United States and other countries, the domestic corrugated box factory industry CR5 is less than 10%, and there is still much room for improvement in the concentration.

2017 CR5 international comparison of corrugated packaging industry



Data source: Frost & Sullivan, Wind Consulting

With the tightening of domestic environmental protection policies, rising labor costs, the development of e-commerce, and the continuous improvement of manufacturers' automation levels, end customers have placed increasingly higher requirements on the quality, delivery speed, and cost-effectiveness of corrugated packaging products. Large-scale carton factories prefer to purchase medium-to-high-end corrugated cardboard intelligent packaging production lines based on considerations such as high efficiency, high quality, cost reduction, environmental protection and energy saving. Market demand will promote the upgrading of industry technology and equipment, and accelerate the integration of the industry. This trend will be further transmitted to corrugated board manufacturing equipment and corrugated board printing equipment, accelerating the further increase of industry concentration in the equipment industry, and eliminating outdated equipment manufacturers with low technological content and low production efficiency.

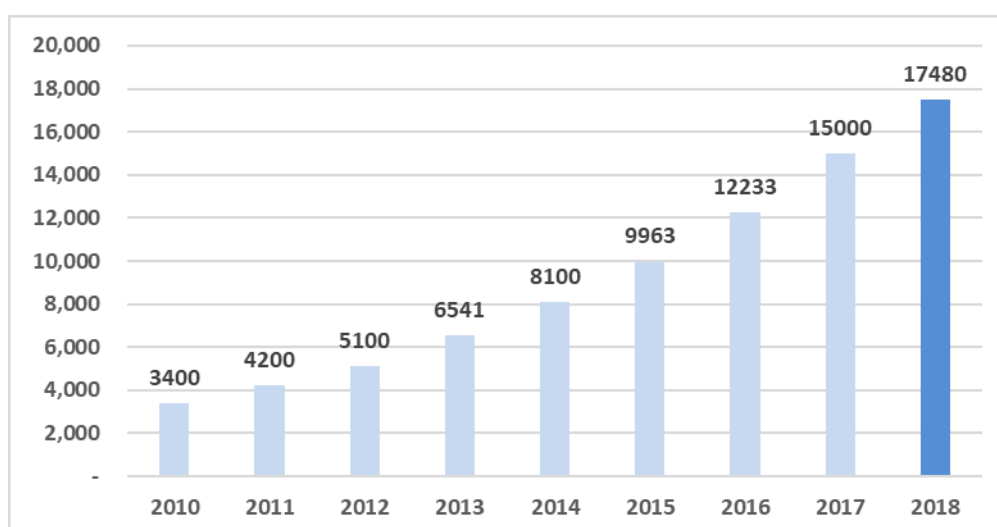
1.2.3 Accelerate the implementation of intelligent manufacturing and lead the transformation of manufacturing service

The intelligent manufacturing industry chain covers intelligent equipment (robots, CNC machine tools, service robots, other automation equipment), industrial Internet (machine vision, sensors, RFID, industrial Ethernet), industrial software (ERP/MES/DCS, etc.), 3D printing and automatic system integration and production line integration that organically combine the above links.

Intelligent manufacturing equipment is the main carrier of intelligent manufacturing. The industrial scale, industrial robots, 3D printing equipment, CNC machine tools, intelligent control systems, sensors and other major industries involved in intelligent manufacturing equipment have achieved rapid growth in industrial scale.

From 2010 to 2018, China's smart manufacturing equipment industry maintained a relatively rapid growth rate. In 2018, the output value of the smart manufacturing equipment industry was approximately 1,748.011 billion yuan, a year-on-year increase of 16.55%.

2010-2018 China Smart Manufacturing Equipment Industry Output Value Scale Comparison



Source: Prospective Industry Research Institute

With the accelerated penetration of Internet technology and ideas, manufacturing companies have begun to promote multi-faceted transformations such as business models and organizational methods. At the same time, in the face of the urgent needs of smart manufacturing development and market space, domestic companies in various fields have entered the field of system solutions.

At the same time, intelligent manufacturing runs through the entire process of product manufacturing. Downstream customers can not only obtain personalized customized products, but also participate in them from the product design stage. At the same time, based on the Internet intelligent monitoring technology, the equipment provider can remotely monitor the operation status of the equipment during the operation of the machine, collect real-time machine operation and production related data, and then automatically analyze the collected machine operation data to achieve remote diagnosis and automatic production planning and management equipment maintenance and other functions, to achieve the replacement of traditional manual production line maintenance. Intelligent manufacturing producers not only provide products or "products + additional services", but also provide a package of "product service packages", the role of which has changed from a product provider to a service provider.

2. Company development strategy

2.1 Vision

The company's business purpose: committed to becoming the world's leading provider of integrated

solutions for intelligent packaging equipment and high-end core parts suppliers; with the mission of becoming an industry group with high influence, customer trust, shareholder trust, and employee respect in its field; adhering to the business philosophy of "integrity, innovation, excellence", to achieve a win-win situation for customers, shareholders, employees and society.

2.2 Development strategy

The transformation and upgrading of enterprises has become a key link for the Chinese economy to go through the old cycle and enter a new cycle to achieve a stable recovery. The company conforms to the development trend of the times, actively implements strategic transformation and management reform measures, adopts an endogenous + epitaxial integration method, continuously strengthens overall planning and prospective deployment, and completes the whole industry of "smart packaging equipment" globally. The strategic layout of the chain has realized the global allocation of group resources. At the same time, the company is actively advancing the direction of the new infrastructure and service manufacturing to build an industrial ecological closed loop in the Intelligent Manufacturing Industry 4.0, and continues to explore the upgrade path of China's manufacturing industry from mid-end to high-end.

According to the development plan in the third five-year strategic development period (2018 ~ 2022), the company will use 2020 as a new starting point, adhere to the main business development strategy of focusing on "high-end intelligent equipment", and further promote "synergy", "Extension" and "globalization" development strategies, strengthen, refine, and enlarge the existing main business, at the same time, based on China's global vision, deepen resource allocation, and gradually extend the company's high-end intelligent business equipment business to the entire industry chain, And then realize the strategic transformation from traditional manufacturing enterprises to manufacturing service and innovative manufacturing enterprises.

3. Business plan

3.1 Take the intelligent packaging equipment sector as the core, strengthen, refine and enlarge the existing main business

3.1.1 Business model, overall solution

In terms of business model, from providing "products" to laying out an "industrial chain", from manufacturing a single device to providing one-stop procurement services for complete sets of equipment, the company unswervingly follows the development direction of intelligent manufacturing and Industry 4.0 for customers and provides a "smart packaging equipment" overall solution to lead the intelligent development of the entire industry.

Dongfang Precision Corrugated Box Printing Complete Production Line Business: In the future, we will continue to increase the research and development and promotion of new products such as high-end and intelligent linkage lines, continue to strengthen the technology and product development of complete equipment to provide customers with overall solutions, and actively cultivate new achievement growth point. Future development goal: Become a global industry first-line smart corrugated packaging equipment supplier who can rival Bobst.

Dongfang Precision Corrugated Board Production Line Business: The company's Fosber Group will continue to consolidate and maintain its leading edge as a world-leading corrugated board production line related product and technical service provider, continue technological innovation, promote the application of Industry 4.0, and continue to strengthen competitive advantages in whole-line products and other aspects. Future development goal: to surpass BHS and become the world's first high-end corrugated board production line manufacturer.

Based on the huge development potential of China's domestic market and emerging markets, Fosber Asia will adhere to the Asian market, absorb advanced European technologies, take full advantage of China's local manufacturing industry chain, increase technological innovation, and develop products that meet the needs of customers in emerging markets; make full use of China's high-quality supply chain to improve production efficiency, reduce raw materials and delivery costs, achieve high cost-effective core competitive advantages of "big brand quality, inexpensive price", expand the Asian market, and become a strong participant in the Asian market.

3.1.2 Technology innovation, digital transformation

The company is currently actively promoting smart manufacturing upgrades. Its Fosber Group has accumulated considerable experience in industrial 4.0 applications such as intelligent identification, intelligent diagnosis, intelligent correction, and self-learning of corrugated board production lines.

All intelligent applications must be completed based on the collection, analysis and mining of production data. Digital transformation is the only way to achieve intelligent manufacturing.

If Industry 4.0 is abstract and driven by 5G and artificial intelligence technologies, then the digital transformation of manufacturing is endogenous and driven by enterprise value creation.

On the one hand, the operation efficiency and health status of production equipment can be monitored in real time through device digitization, and equipment suppliers can provide various value-added services such as remote diagnosis and technical support; on the other hand, production enterprises can use digital equipment for production organization, Through the digitization of the production process, cloud platform order taking, cost analysis and intelligent scheduling, production automation management, and worker performance management can be achieved to fully improve production efficiency.

With the acceleration of the company's downstream corrugated box packaging industry integration, the continuous improvement of concentration, and the domestic end customers' requirements for the quality, production efficiency, cost efficiency, and delivery speed of corrugated packaging products, large corrugated box factories are increasingly coming The more inclined to purchase medium and high-end corrugated cardboard intelligent packaging production lines.

The company will accelerate its technological innovation, promote the development of equipment digital software systems and the digitalization of intelligent packaging equipment based on years of deep manufacturing experience in the field of intelligent packaging equipment, a deep understanding of downstream customers' production processes, and mature practices of the developed intelligent production management system. upgrade.

Combining the production process process, mass data of production equipment and algorithm analysis and processing, the company will further enhance the intelligence of the company's smart packaging equipment by means of hard and soft integration and integrated output, prompting the upgrading and industry of smart packaging equipment and technology Innovate to meet the equipment upgrade needs of large downstream corrugated carton factories, accelerate the integration of the corrugated box packaging industry from top to bottom The integration of packaging equipment industry and the further increase of concentration.

3.1.3 Service empowerment manufacturing

With the increase of the equipment sold, the company will actively grasp the trend of increasing customer demand for spare parts, after-sales maintenance, and technical support services, and actively develop customer service business. At the same time, on the basis of the continuous deepening of the Fosber Group's Industry 4.0 application, it continuously improves Pro-care and Pro-service and other technical services, and continues to increase the revenue of spare parts sales and technical service support business.

Both Fosber Group and Dongfang Precision (China) have upgraded their customer service centers. In the future, the company will adhere to the strategy of driving equipment sales through services, creating value-added space with services, and increasing the sales of technical services and spare parts.

3.1.4 Global resource allocation

The company focuses on mainstream customers in Europe, America and China with mid-to-high-end equipment products. In the future, it will continue to dig deeper into mainstream markets such as China, Europe and North America. Grasp the huge development opportunities in emerging markets, increase the global market share, realize the global resource allocation of the marketing system and service system, and continue to enhance business synergy in the same business segment.

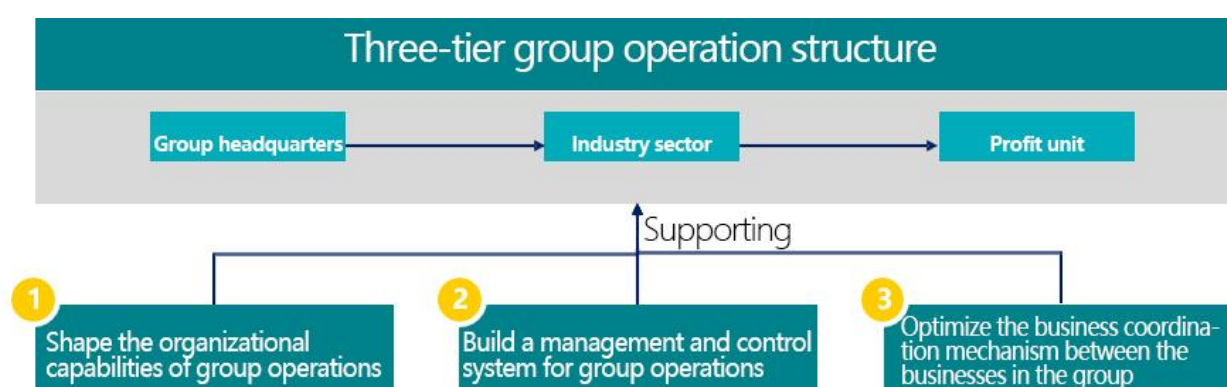
3.1.5 Strategic layout, industrial chain integration

The company will be down-to-earth, strictly control risks, invest steadily, pay attention to high-quality companies in the global and Chinese industrial chain, implement M & A around the industrial chain according to business development needs and the actual situation of the company, and strengthen the horizontal and vertical integration of the industrial chain. The company will strengthen the strategic layout of the smart packaging equipment business in China, Europe and North America and the global market through strategic mergers and acquisitions.

3.2 Comprehensively promote the implementation of the "synergy" strategy and continuously improve the group operation and group management and control capabilities

Based on the experience and lessons learned from the 2019 Pride incident, the company's board of directors and management deeply understand the importance of group management and control capabilities. In the third five-year strategic development plan, the company has clearly proposed a "synergy strategy", the connotation and purpose of which is to enhance the group's operational capabilities and group management and control capabilities, and to continuously optimize the collaboration between existing business segments.

Specifically, the company will continue to build a value-based group headquarters, continue to strengthen the headquarters and the industry sector in industrial investment, strategic management, risk control, brand management, human resources, financial management, and information management, to provide professional expertise value services such as guidance and resource coordination for subsidiaries .



3.3 Strengthen the resource support for the subsidiary's Parsun Power outboard motor business and support further enlargement and strengthening

As the core power equipment of small and medium-sized watercrafts such as yachts, outboard motors, with the continuous development of emerging markets such as China, and the continuous growth of demand in emerging markets, its sales market and application fields will continue to grow. The market demand will continue to grow. Overall, in emerging markets such as Asia, Oceania, and Latin America, the Chinese market has attracted much attention due to its large market capacity potential and high growth rate.

Parsun Power is the largest supplier of marine power products based on outboard motors in China. According to the company's overall development strategic plan from 2020 to 2022, Dongfang

Precision will fully support Parsun Power to further strengthen, refine, and expand the main business of outboard engines, consolidate its competitive advantage in the small horsepower model market, and actively expand medium-horsepower models market, increase market share; in the context of high-end, electrification become the trend of the outboard motor industry, increase investment in research and development, cut into high-horsepower models, develop electric outboard motor technology, become high-end high-horsepower outboard powerful participants in the aircraft and electric outboard motor market; focus on expanding the Chinese market and other emerging markets, launching cost-effective products, continuously increasing market share; strengthening the expansion of outboard motors in new industries and new application markets, and cultivating new business.

At the same time, based on the company's "synergy" development strategy, Dongfang Precision will continue to strengthen its resource support for Parsun Power, further enhance the management synergy between the Group and its subsidiaries, and help Parsun Power optimize sales, branding, R &D, and supply the construction of management systems in areas such as chain, production, information system, human resources, and finance has improved the overall standardized operation level, which in turn helps Parsun Power continue to enhance its comprehensive competitiveness.

4. The risks that the company may face in the development process

4.1 Risk of macroeconomic changes and cyclical fluctuations in downstream industries

In 2020, the uncertainties in the world trade situation and the global macroeconomic slowdown are continuing. The spread of the new coronavirus epidemic around the world in early 2020 has caused a certain impact on the global real economy. Europe and the United States and other countries and regions Under the impact of the epidemic situation, the normal operation in all aspects of society, economy and life has not yet been fully restored.

The transmission of the overall changes in the external macro-economy to the micro level will inevitably be reflected in the changes in the enterprise's capital investment intentions. For Dongfang Precision, there is a close linkage between the main business and the customer market in the downstream industry. If the macroeconomic growth rate continues to slow down in the future, and the operating conditions of downstream manufacturers will decline, it may cause domestic and

foreign industry customers to be more cautious about their capital expenditure requirements, which in turn will have a certain negative impact on the company's order acquisition.

4.2 Risks in globalization and internationalization

With years of development, the company's degree of "globalization" continues to increase. The existing overseas subsidiaries of Dongfang Precision are distributed in countries such as Italy, Spain, the Netherlands and the United States. The company is faced with the problem of how to adapt and be familiar with the overseas legal environment, business environment, and cultural environment, as well as how to better communicate and cooperate with the overseas management team.

After the outbreak of the new coronavirus in 2020, although the domestic epidemic prevention and control situation continued to improve and the production and living order accelerated, the global spread of the epidemic had a major impact on the economic development of countries such as Europe and the United States. Among the operating locations and customer distribution of the company's foreign subsidiaries, the European and American markets occupy an important position. The development of the epidemic situation in Europe and the United States and regions and the changes in the economic restart and recovery are expected to have a certain uncertain impact on the company's foreign subsidiary operations in 2020.

4.3 Fluctuation risk of main raw material prices

The main raw materials required for the manufacturing and production of the company's intelligent packaging equipment are electrical components, standard parts, machined parts, other raw materials and auxiliary materials. During the reporting period, the purchase amount of these main raw materials accounted for a relatively high proportion of the company's main business costs. The production budget arrangement will be greatly affected, and the company will face the risk of rising operating costs and falling gross profit margins, which may adversely affect the company's profitability.

The company will continue to pay attention to fluctuations in the prices of major raw materials, establish supplier strategic cooperation mechanisms, and optimize and upgrade the supply chain management system.

X. Receiving research, communication, interviews and other activities

1. Registration form for receiving research, communication, interviews and other activities during the reporting period

☐ Applicable ☒ Not applicable

During the reporting period, the company did not receive reception research, communication, interviews and other activities.

Section 5 Important Matters

I. The company's common stock profit distribution and capital accumulation fund transfer to share capital

During the reporting period, the common stock profit distribution policy, especially the formulation, implementation or adjustment of the cash dividend policy

✓ Applicable □ Not applicable

The company has formulated "Guangdong Dongfang Precision Science&Technology Co., Ltd. Dividend Management System" and "Guangdong Dongfang Precision Science&Technology Co., Ltd. Shareholder Return Plan for the Next Three Years (2018-2020)", which clarifies the profit distribution method, cash dividend conditions, cash dividend time and proportion, standardize profit distribution decision-making procedures and procedures for adjusting or changing profit distribution, and can fully protect the legitimate rights and interests of small and medium investors.

During the reporting period, the company's profit distribution policy has not been adjusted.

Special explanation of cash dividend policy	
Whether it meets the requirements of the company's articles of association or the resolution of the shareholders' general meeting:	YES
Whether the dividend standard and proportion are clear and clear:	YES
Whether relevant decision-making procedures and mechanisms are complete:	YES
Whether the independent directors perform their duties and fulfill their due roles:	YES
Do small and medium shareholders have the opportunity to fully express their opinions and demands, and are their	YES

legal rights and interests fully protected:	
If the cash dividend policy is adjusted or changed, are the conditions and procedures compliant and transparent:	Not applicable

The company's common stock dividend distribution plan (preplan) and capital reserve fund to share capital increase plan (preplan) in the past 3 years (including this reporting period)

1. The plan for profit distribution and capital reserve conversion to share capital increase in 2017: based on the total share capital of 1,149,154,435 shares, the company will distribute a cash dividend of RMB 0.45 (including tax) for every 10 shares to all shareholders, and a total of 51,711,949.58 yuan (tax included); The capital reserve fund will be transferred to all shareholders for every 10 shares, and the total number of company shares will be increased to 1,838,647,096 shares after the conversion.

2. Profit distribution plan for 2018: After deliberation and approval by the board of directors, the company plans not to distribute cash dividends in 2018, not to send bonus shares, and not to use the provident fund to increase its share capital.

According to the "Shenzhen Stock Exchange Rules for Listed Companies Repurchasing Shares", if a listed company uses cash as the consideration and buys back shares through an offer method or a centralized auction method, the amount of shares repurchased that year has been implemented as a cash dividend amount and is included in the year Calculation of the relevant proportion of cash dividends.

In 2018, the company repurchased 13,113,660 shares in a centralized auction transaction, accounting for about 0.71% of the company's total share capital, and the total amount paid was about 63.5975 million yuan (excluding transaction costs). In 2018, the company distributed a cash dividend of 63.5975 million yuan by repurchasing shares.

3. The profit distribution plan for 2019: After deliberation and approval by the board of directors, the company plans not to distribute cash dividends in 2019, nor to send bonus shares, nor to convert capital reserve into share capital.

According to the "Shenzhen Stock Exchange Rules for Listed Companies Repurchasing Shares", if a listed company uses cash as the consideration and buys back shares through an offer method or a centralized auction method, the amount of shares repurchased that year has been implemented as a cash dividend amount and is included in the year Calculation of the relevant proportion of cash dividends.

In 2019, the company repurchased 21,886,403 shares in a centralized auction transaction, accounting for approximately 1.19% of the company's total share capital, and the cumulative total amount paid was approximately 96.4915 million yuan (excluding transaction fees). In 2019, the company distributed cash dividends of 96.4915 million yuan by way of share repurchase.

The company's common stock cash dividends in the past three years (including this reporting period)

unit: yuan

Dividend year	Cash dividend amount (including tax)	Net profit attributable to common shareholders of listed companies in the consolidated annual dividend statement	The ratio of the amount of cash dividends to the net profit attributable to ordinary shareholders of listed companies in the consolidated statement	The amount of cash dividends in other ways (such as repurchase of shares)	Proportion of cash dividends in other ways in the consolidated statement of net profit attributable to shareholders of common stock of listed companies	Total cash dividends (including other methods)	The ratio of the total cash dividends (including other methods) to the net profit attributable to shareholders of common shares of listed companies in the consolidated statement
2019	0.00	1,838,018,805.50	0.00%	96,491,469.85	5.25%	96,491,469.85	5.25%
2018	0.00	-3,875,995,219.91	0.00%	63,597,455.75	-1.64%	63,597,455.75	-1.64%
2017	51,711,949.58	490,498,337.12	10.54%	0.00	0.00%	51,711,949.58	10.54%

The company was profitable during the reporting period and the parent company's common shareholder's profit distribution was positive but no common stock cash dividend distribution plan was proposed.

☐ Applicable ☒ Not applicable

II. Profit distribution and capitalization of capital reserves in the reporting period

☐ Applicable ☒ Not applicable

The company does not distribute cash dividends in the planned year, does not send bonus shares, and does not convert capital reserve into share capital.

III. Implementation of commitments

1. The company's actual controllers, shareholders, related parties, purchasers, and the company's commitments related parties have fulfilled their commitments during the reporting period and have not fulfilled their commitments as of the end of the reporting period

√ Applicable □ Not applicable

Commitment reason	Commitment party	Commitment type	Commitment content	Commitment time	Commitment term	Implementation
Stock reform commitments						
Commitments made in the acquisition report or equity change report						
Commitments made during asset reorganization	Cen Meiling; Chen Huiyi; He Weifeng; Mai Zhirong; Peng Xiaowei; Qiu Yezhi; Tang Zhuolin; Tang	Share reduction commitment	From the date of signing this commitment letter to the completion of the transaction, I have no plan to reduce the shares of listed companies.	November, 25, 2019	Until December 25, 2019	Fulfilled

	Zhuomian; Xie Weiwei; Zhao Xiuhe; Zhou Wenhui					
	Tang Zhuolin; Tang Zhuomian	Commitments on industry competition, related party transactions, and capital occupation	1. At present, the undertaking party and other enterprises controlled by the undertaking party do not have the same, similar and competing business as the listed company and its controlled enterprise, and will not engage in or assist other parties in engaging with the listed company and its The business operations of the controlled enterprise constitute or may constitute competition, nor will it directly or indirectly influence the acquisition or conduct of other enterprises that constitute the operation of the listed company and its controlled enterprise or may compete with other enterprises (or Joint control) investment. 2. If the listed company is engaged in a new business area, the undertaking party will not engage in business activities that form a competitive relationship with the listed	November, 25, 2019	long term effective	fulfilling

			company's new business, except with the prior written consent of the listed company. 3. If any business opportunity obtained by the promised party from any third party competes with or may compete with the business operated by the listed company and its controlled enterprise, the promised party will immediately notify the listed company and give the business opportunity Listed company. 4. The promised party will not use the information or other resources obtained from the listed company to make any action that harms the interests of the listed company in any way. 5. If the committed party violates this commitment and causes the listed company to suffer losses, the committed party will make full, timely and full compensation for all losses caused to the listed company, and guarantee to actively eliminate any resulting Negative Effects.			
	Tang Zhuolin; Tang Zhuomian	Commitments on industry	1. The undertaking party will avoid all acts of illegally occupying the funds and assets of the listed company.	November, 25, 2019	long term effective	fulfilling

		competition, related party transactions, and capital occupation	Under no circumstances will the listed company be required to provide any form of guarantee to the undertaking party or other enterprises controlled by the undertaking party. 2. The promised party will avoid and reduce related transactions with listed companies as much as possible. For related transactions that cannot be avoided or have reasonable grounds, it will follow voluntary, fair, and reasonable market pricing principles, and be conducted in accordance with normal market transaction conditions and in accordance with the law. Sign agreements, perform legal procedures, and perform relevant internal decision-making and approval procedures in accordance with relevant laws, regulations, other regulatory documents, and articles of association of listed companies, and perform information disclosure obligations in a timely manner, to ensure fair and reasonable pricing of connected transactions and transactions. The conditions are fair, and it is guaranteed not to use connected transactions to			

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			engage in any actions that damage the legitimate rights and interests of listed companies and other shareholders. 3. If the promised party violates this commitment and causes losses to the listed company, the promised party will make full, timely and full compensation for all losses caused to the listed company, and guarantee to actively eliminate any adverse effects caused thereby .			
	Tang Zhuolin; Tang Zhuomian	Other commitments	1. Do not exceed the authority to intervene in the operation and management activities of Dongfang Precision, do not encroach on the interests of Dongfang Precision, and effectively implement the relevant measures for filling the diluted immediate returns to Dongfang Precision. 2. After the China Securities Regulatory Commission and the Shenzhen Stock Exchange separately publish relevant opinions and implementation rules to fill dilutive immediate return measures and their commitments, if the relevant systems and commitments of Dongfang Precision do not comply with these regulations, they will immediately follow The	November, 25, 2019	long term effective	fulfilling

			requirements of the China Securities Regulatory Commission and Shenzhen Stock Exchange issued a supplementary commitment to meet the requirements of the China Securities Regulatory Commission and the Shenzhen Stock Exchange. 3. I promise to fulfill the relevant return measures formulated by the listed company and the relevant commitments made by me. If I violate these commitments and cause losses to the listed company or investors, I am willing to bear the corresponding liability for compensation according to law.			
	Tang Zhuolin; Tang Zhuomian	Other commitments	1. After this transaction, the undertaking party will continue to maintain the independence of listed companies in terms of personnel, assets, business, organization, and finance in accordance with the requirements of relevant laws, regulations, and regulatory documents. The act of independence and integrity of assets, business independence, institutional independence, and financial independence does not	November, 25, 2019	long term effective	fulfilling

			harm the interests of listed companies and other shareholders, and effectively protects the independence of listed companies in terms of personnel, assets, business, institutions, and finance. 2. This letter of commitment is effective from the date of the signing party's signature and cannot be undone. The undertaking party guarantees that this undertaking is fulfilled effectively, and the listed company has the right to supervise the performance of this undertaking letter; if the undertaking party fails to implement this undertaking letter effectively, and thus causes any actual losses to the listed company, the undertaking party will compensate the listed company accordingly all direct or indirect losses caused by the company.			
	He Weifeng; Mai Zhirong; Peng Xiaowei; Qiu Yezhi; Tang Zhuolin; Xie	Other commitments	As a director / senior manager of the company, I will perform my duties faithfully and diligently, safeguard the legitimate rights and interests of the company and all shareholders, and make a commitment that the company's return measures can be effectively fulfilled:	November, 25, 2019	long term effective	fulfilling

	Weiwei; Zhou Wenhui		1, not free or unfair to other Units or individuals convey interests without damaging the company's interests in other ways; 2. Restrain their job consumption behavior; 3. Do not use company assets to engage in investment or consumption activities that are unrelated to the performance of their duties; 4. The board or remuneration The remuneration system established by the committee is linked to the implementation of the company's return measures; 5. If the company implements the equity incentive plan, the exercise conditions of the company's equity incentives to be announced will be linked to the implementation of the company's return measures; 6. After the commitment is issued, if the regulatory authority makes other requirements on the replenishment measures and the relevant provisions of its commitment, and the above commitment does not meet the new regulatory requirements of the regulatory authority, I promise that I will issue a supplement in accordance with the latest			

			regulations of the regulatory authority Commitment; 7. I promise to fulfill the company Set about filling return measures and commitments I made, if I breach these commitments and caused losses to the company or investor, I am willing to bear the corresponding liability law.			
	Beijing Automotive Group Industry Investment Co.,Ltd. Contemporary Ampere Technology Co. Limited	Share sales limit commitment	If Pride's accumulated actual net profit after deduction in 2016, 2017, and 2018 is not less than the cumulative promised net profit after deduction, or Pride's cumulative actual net profit after deduction in 2016, 2017, and 2018 is lower than the cumulative promised net profit after deduction, but has fulfilled the corresponding performance compensation obligations and obtained by holding the subscription of Pride's equity Dongfang Precision Co., Ltd. After deducting the number of compensated shares (if any), the ban can be lifted after thirty-six months from the listing date.	April 25, 2017	Until April 24, 2020	Fulfilled
	Qinghai Puren Intelligent	Share sales limit	If Pride's accumulated actual net profit after deduction in 2016, 2017, and 2018 is not less than the cumulative	April 25, 2017	Until April 24,	Fulfilled

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	Technology R & D Center (Limited Partnership)	commitment	promised net profit after deduction, Or Pride's cumulative actual net profit after deduction in 2016, 2017, and 2018 is lower than the cumulative promised net profit after deduction, but has fulfilled the corresponding performance compensation obligations and obtained by holding the subscription of Pride's equity 40% of the shares of Dongfang Precision, After deducting the amount of the compensated shares (if any), the ban will be lifted after 36 months from the listing date		2020	
	Qinghai Puren Intelligent Technology R&D Center (Limited Partnership)	Share sales limit commitment	The total number of 80% of the shares of Dongfang Precision acquired by subscription of shares held by Pride can be lifted after 48 months from the listing date of the shares after deducting the number of compensated shares (if any)	April 25, 2017	Until April 24, 2021	fulfilling
	Qinghai Puren Intelligent Technology R&D Center (Limited Partnership)	Share sales limit commitment	The number of remaining shares of Dongfang Precision acquired by subscription of shares held by Pride can be lifted after 60 months from the date of listing	April 25, 2017	Until April 24, 2022	fulfilling

	Center (Limited Partnership)					
	Pulead Technology Industry Co.,Ltd.;Beiqi Foton Motor Co., Ltd.	Share sales limit commitment	If Pride's cumulative actual net profit after deduction in 2016 and 2017 is not less than the cumulative promised net profit after deduction, or Pride's cumulative actual net profit after deduction in 2016 and 2017 is less than cumulative commitment deduction Net profit, but has fulfilled the corresponding performance compensation obligations, 40% of Dongfang Precision shares acquired by holding the shares of Pride, after deducting the number of compensated shares (if any), from the date of share listing You can lift the ban after 24 months.	April 25, 2017	Until April 24, 2019	Fulfilled
	Pulead Technology Industry Co.,Ltd.;Beiqi Foton Motor Co., Ltd.	Share sales limit commitment	If Pride's cumulative actual net profit after deduction in 2016, 2017, and 2018 is not less than the cumulative promised net profit after deduction, or Pride's cumulative actual net profit after deduction in 2016, 2017, and 2018 is low after accumulating commitments to deduct non-post-net profits, but having fulfilled the corresponding performance compensation obligations,	April 25, 2017	Until April 24, 2020	Fulfilled

			the remaining shares in Dongfang Precision shares acquired through the subscription of shareholdings in Pride, after deducting the number of compensated shares (if any) , the ban can be lifted after 36 months from the listing date			
	Beijing Pride New Energy Battery Technology Co., Ltd.	Commitments on industry competition, related party transactions, and capital occupation	The unit will standardize operations in related transactions with CATL, BAIC New Energy, Foton Motor, and actively perform internal control procedures. The prices of related transactions are strictly priced based on market prices to avoid adversely affecting the independence of listed companies.	April 25, 2017	Long term effective	fulfilling
	Pulead Technology Industry Co.,Ltd.	Commitments on industry competition, related party transactions, and capital occupation	During the performance commitment period and within five years from the expiration of the performance commitment period, Pulead will not compete directly or indirectly with Pride in the automotive power battery system business.	April 25, 2017	December, 31, 2024	Fulfilling
	Pulead Technology	Commitments on	1. For the related transactions between the company, the	April 25, 2017	Long term	Fulfilling

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	Industry Co.,Ltd.	industry	company controlled by the company and other		effective	
	Beijing	competition,	companies actually controlled by the company's			
	Automotive Group	related party	controlling shareholders, and Dongfang Precision and its			
	Industry	transactions, and	holding subsidiaries that cannot be avoided or have			
	Investment	capital occupation	reasonable reasons, they will strictly abide by the market			
	Co.,Ltd. Beiqi		principles. In accordance with the general principles of			
	Foton Motor Co.,		equality, mutual benefit and equal pay, fair and			
	Ltd.Contemporary		reasonable conduct. For related transactions between the			
	Amperex		company, the company controlled by the company, and			
	Technology Co.		the company's controlling shareholders who actually			
	Limited.Qinghai		control other companies and Dongfang Precision and its			
	Puren Intelligent		holding subsidiaries, an agreement will be signed in			
	Technology R&D		accordance with the law, legal procedures will be			
	Center (Limited		performed, and relevant laws, regulations, and			
	Partnership)		regulatory documents , Articles of Association of			
			Dongfang Precision Co., Ltd. and other relevant			
			provisions of corporate governance system to fulfill the			
			obligation of information disclosure, and to ensure that			
			the legal rights of listed companies and the majority of			

			small and medium shareholders are not harmed through connected transactions;2. The company will actively fulfill its obligations of avoidance in accordance with the law when it considers related-party transactions involving the company, the companies controlled by the company, and other companies actually controlled by the company's controlling shareholders, and the transaction must be reviewed and approved by the authority. It can only be executed afterwards; 3. The company guarantees that it will not obtain any undue benefits through connected transactions or make Dongfang Precision and its holding subsidiaries assume any undue obligations. In case of loss of Dongfang Precision and its holding subsidiaries due to violation of the above undertakings, the enterprise shall be liable for compensation for losses of Dongfang Precision and its holding subsidiaries. Pride is independent of the unit and other enterprises controlled by the unit in terms of assets, business, personnel, finance, institutions, etc., and has an			

			independent and complete asset structure and business system; after the completion of this transaction, the unit will continue to maintain the general Pride's independent operation guarantees that the company or its related parties and its transactions are regulated in their transactions, actively perform internal control procedures, and the transaction prices are strictly priced based on market prices to avoid adversely affecting the independence of listed companies.			
	Tang Zhuolin; Tang Zhuomian	Commitments on industry competition, related party transactions, and capital occupation	1. For affiliated transactions between me, other companies under my control and Dongfang Precision and its holding subsidiaries that are unavoidable or have reasonable causes, we will strictly abide by the principles of the market, and follow the general principles of equality and mutual benefit and equal pay, Fair and reasonable. For related transactions between me, other enterprises under my control and Dongfang Precision and its holding subsidiaries, we will sign an agreement in accordance with the law and perform legal	April 25, 2017	Long term effective	Fulfilling

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			procedures, in accordance with relevant laws, regulations, regulatory documents, and articles of association of Dongfang Precision, etc. Relevant regulations to fulfill the obligation of information disclosure and guarantee not to damage the legitimate rights and interests of listed companies and the majority of small and medium shareholders through connected transactions; Obligations, and the transaction must be carried out after deliberation and approval by the competent authority; 3. I promise not to obtain any illegitimate benefits through affiliated transactions or make Dongfang Precision and its holding subsidiaries assume any undue obligations. In case of loss of Dongfang Precision and its holding subsidiaries due to violation of the above commitments, I shall be liable for compensation for losses of Dongfang Precision and its holding subsidiaries.			
	Pulead Technology Industry Co.,Ltd.	Commitments on industry	1. The enterprise, the enterprise controlled by the enterprise and other enterprises actually controlled by	April 25, 2017	Long term effective	Fulfilling

	Qinghai Puren Intelligent Technology R & D Center (Limited Partnership)	competition, related party transactions, and capital occupation	the controlling shareholder of the enterprise will not engage in the same direct or indirect way as the main business of Dongfang Precision and its subsidiaries, Pride and its subsidiaries Similar business will not be engaged in the same or similar business as the main business of Dongfang Precision and its subsidiaries, Pride and its subsidiaries through investment, acquisition, joint venture, merger, or entrusted operation in China. 2. Any business opportunities that the company, the company controlled by the company, and other companies actually controlled by the company's controlling shareholder will obtain from any third party in the future are related to the main business of Dongfang Precision and its subsidiaries, Pride and its subsidiaries. If there is competition or there may be competition, the enterprise, the enterprise controlled by the enterprise and other enterprises actually controlled by the controlling shareholder of the enterprise will immediately notify Dongfang Precision and its			

			subsidiaries, Pride and its subsidiaries, and try their best to give the business opportunity Ferry to Dongfang Precision and its subsidiaries, Pride and its subsidiaries. 3. If the enterprise, the enterprise controlled by the enterprise and other enterprises actually controlled by the controlling shareholder of the enterprise cause losses to Dongfang Precision and its related parties due to failure to perform or improperly perform the above commitments, the enterprise shall bear the full amount in cash and other losses.			
	Pulead Technology Industry Co.,Ltd. Beijing Automotive Group Industry Investment Co.,Ltd. Beiqi Foton Motor Co., Ltd.Contemporary	Other commitments	1. Since the completion of this reorganization, the newly issued shares issued by Dongfang Precision to the company will be registered within the name of the company within 36 months. The company and the company acting in concert will not increase the shares of Dongfang Precision. 2. Since the completion of this reorganization, within 36 months from the date when the newly-increased shares issued by Dongfang Precision to the company are registered under the name of the	April 25, 2017	Until April 24, 2020	Fulfilled

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	Amperex Technology Co. Limited.Qinghai Puren Intelligent Technology R&D Center (Limited Partnership)		company, the company and the person acting in concert with the company will not seek any control position. 3. This commitment takes effect as soon as it is made and cannot be revoked. If the above commitments are violated, the company will assume corresponding legal responsibilities			
	Tang Zhuolin; Tang Zhuomian	Other commitments	1. Within 60 months from the completion of this transaction, I promise not to give up the actual control of Dongfang Precision. 2. In order to continue to share the business results of Dongfang Precision, I have the intention to hold shares of Dongfang Precision for a long time. Under this premise, I further undertake to select the appropriate time to increase or reduce holdings of Dongfang Precision based on my own capital holdings and capital demand, while ensuring that the actual controller of Dongfang Precision does not change The relevant transactions shall be carried out in accordance with the relevant regulations of the China Securities	April 25, 2017	Until April 24, 2022	Fulfilling

			Regulatory Commission and Shenzhen Stock Exchange. 3. This commitment takes effect as soon as it is made and cannot be revoked. If the above commitment is violated, I will bear the corresponding legal responsibility.			
	Pulead Technology Industry Co.,Ltd. Beijing Automotive Group Industry Investment Co.,Ltd. Beiqi Foton Motor Co.,Ltd.Contemporary Ampere Technology Co. Limited.Qinghai Puren Intelligent Technology R & D	Other commitments	When the company implemented a major asset reorganization to acquire 100% equity of Beijing Pride, Beijing Pride's original shareholders Pulead, Qinghai Puren, BAIC Investment, Foton Motor, CATL promised: 1. Except BAIC Investment and Foton Motor forming a concerted action relationship, Pulead and Qinghai Puren formed a concerted action relationship, the original shareholders of Beijing Pride ensured that they did not sign a concerted action agreement as of the date of signing the "Issuance of Shares and Cash Payment for Asset Purchase Agreement" Concerted action agreement. 2. The former shareholders of Beijing Pride will not attempt to re-elect the board of directors of Dongfang Precision through the shareholders' meeting.	July 28 2016	Long term effective	Fulfilling

	Center (Limited Partnership)					
Commitments made during initial public offering or refinancing	Construction Investment Co., Ltd.; Sheng Ji Equity Investment Fund (Shanghai) Co., Ltd.; Tang Zhuolin; Tibet Autonomous Region Investment Co., Ltd.	Share sales limit commitment	The non-publicly issued shares of the company it subscribed for shall not be transferred within 36 months from the date of listing	March 4, 2016	Until March, 3, 2019	Fulfilled
	The controlling shareholder and actual controller Tang Zhuolin, Tang Zhuomian	Commitments on industry competition, related party transactions, and	Until the fact that I (or the company) is the main shareholder of the issuer changes, I (or the company) will not be directly or indirectly in any way (including but not limited to operating alone, joint ventures and ownership in other companies or enterprises Shares or equity) engaged in business or activities that compete	August 18, 2010	Long term effective	Fulfilling

		capital occupation	with or may constitute competition with the issuer 's business. If the issuer loses due to failure to fulfill its commitment to avoid competition in the industry, I (the company) will compensate the issuer for the losses suffered.			
	The controlling shareholder and actual controller Tang Zhuolin, Tang Zhuomian	Other commitments	If the relevant government department or judicial authority determines that Dongfang Precision or Waco ASEAN needs to make up for the housing provident fund for employees, or that Dongfang Precision , Waco ASEAN bears any late fees, fines or losses due to failure to pay housing provident fund for some employees, it will be unconditional Bear all the responsibilities for the aforementioned repayment of fees, late fees and fines.	August 15, 2011	Long term effective	Fulfilling
	Company	Other commitments	1. The company, its controlling subsidiaries, and the actual controller of the company did not provide financial assistance directly or indirectly to CCIC Investment Co., Ltd., Sheng Ji Equity Investment Fund (Shanghai) Co., Ltd., Tibet Autonomous Region Investment Co., Ltd., Guo Xu Or compensation, there is	June 25, 2015	March, 3, 2019	Fulfilled

			no violation of the relevant regulations of Article 16 of the "Administrative Measures on Securities Issuance and Underwriting". 2. The issuer has not been subject to administrative punishment or punitive regulatory measures by the securities regulatory department and the exchange since 2010. 3. The issuer will not use the funds raised from this non-public offering of shares to pay for Ferretto Group's equity acquisition and capital increase. The issuer has announced the acquisition of 80% of the shares of Suzhou Parsun Power Machinery Co., Ltd. The issuer guarantees that it will not use the raised funds to pay for the equity acquisition of Parsun Power. 4. The funds raised from this non-public offering of shares will not be used for future foreign investment acquisitions (if any). 5. The company will open a special bank account to store the funds raised in this non-public offering, and sign a three-party supervision agreement with the sponsor institution and the special bank to raise funds. No.-Regulatory Requirements for the Management and			

			Use of Raised Funds of Listed Companies "and the company's" Procedures for the Management of Raised Funds "(storage, approval, decision-making, use, etc.) for management. After the funds raised by this non-public offering are in place, the company will disclose information on the use of the funds raised in strict accordance with the requirements of relevant laws and regulations.			
Equity incentive commitment						
Other commitments made to the company's small and medium shareholders						
Whether the promise is fulfilled on time	YES					

2. There is a profit forecast for the company's assets or projects, and the report period is still in the profit forecast period. The company makes an explanation about the asset or project reaching the original profit forecast and its reasons

☐ Applicable ☒ Not applicable

IV. Non-operating capital occupation of listed companies by controlling shareholders and their related parties

☐ Applicable ☒ Not applicable

During the reporting period of the company, there was no non-operating capital occupation of the listed company by the controlling shareholder and its related parties.

V. Explanation of the board of directors, board of supervisors and independent directors (if any) on the “non-standard audit report” of the accounting firm during the reporting period

☐ Applicable ☒ Not applicable

VI. Explanation of changes in accounting policies, accounting estimates and accounting methods compared to the previous year's financial report

☒ Applicable ☐ Not applicable

On April 29, 2019, the company convened the thirty-sixth (interim) meeting of the third board of directors and the twenty-third (interim) meeting of the third board of supervisors to consider

and approve the "Proposal on Changes in Accounting Policies". In 2017, the Ministry revised and issued "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments" (Caihui [2017] No. 7), and "Accounting Standards for Business Enterprises No. 23-Financial Asset Transfer" (Caiku [2017] 8 No. 4), "Accounting Standards for Enterprises No. 24-Hedging Accounting" (Caihui [2017] No. 9) and "Accounting Standards for Enterprises No. 37-Presentation of Financial Instruments" (Caihui [2017] No. 14) For tool-related accounting standards, the company decided to implement the above new financial instrument standards from January 1, 2019, and will disclose the financial statements in accordance with the requirements of the new financial instrument standards from the company's first quarterly report for 2019.

On August 21, 2019, the company convened the 38th meeting of the third session of the Board of Directors and the 24th meeting of the third session of the Supervisory Committee, and reviewed and approved the "Proposal on Changes in Accounting Policies". (1) The "Notice on Revising and Printing the Format of General Financial Statements for 2019" (Caihui [2019] No. 6) was issued on April 30, 2015, and non-financial enterprises that require the implementation of corporate accounting standards should prepare the 2019 interim financial statements and For the financial statements and subsequent financial statements, the company decided to implement the new financial statement format for the 2019 interim financial statements, annual financial statements and subsequent financial statements; (2) In view of the Ministry of Finance 's May 9, 2019 issue of the "Accounting Standards for Enterprises No. 7-Exchange of Non-Monetary Assets (2019 Revision) (Caihui [2019] No. 8), issued on May 16, 2019 Amended "Accounting Standards for Business Enterprises No. 12-Debt Restructuring (2019 Revision)" (Caiku [2019] No. 9) Notice, the revised "Accounting Standards for Business Enterprises No. 7-Exchange of Non-Monetary Assets (2019 Revision)", Standards No. 12 - Debt Restructuring (revised 2019) ", respectively, since June 10, 2019, June 17, 2019 implementation of the company in accordance with the requirements of the Ministry of Finance of the corresponding execution.

VII. Explanation on the situation of correction of major accounting errors during the reporting period requiring retrospective restatement

☐ Applicable ☒ Not applicable

During the reporting period, there was no major accounting error correction that required retrospective restatement.

VIII. Description of changes in the scope of consolidated statements compared to last year's financial report

√ Applicable ☐ Not applicable

1. During the reporting period, the company sold 100% of Pride's equity. The delivery of the relevant equity sale was completed on December 25, 2019. After the completion of the delivery, Pride will not be included in the company's consolidated financial statements for the 2019 annual financial report.
2. The subsidiary Fosber Group acquired 70% of the equity of the Spanish Tiruna Group. The delivery of the equity acquisition was completed on May 30, 2019. After the completion of the delivery, the Tiruna Group was included in the company's consolidated financial statements for the 2019 annual financial report.
3. In March 2019, Parsun USA completed the cancellation and will no longer be included in the company's consolidated financial statements for the 2019 annual financial report from the date of cancellation.
4. In October 2019, Guangdong Flando completed the cancellation and will no longer be included in the company's consolidated financial statements for the 2019 annual financial report since the date of cancellation.

IX. Appointment and dismissal of accounting firms**Currently engaged accounting firm**

Name of domestic accounting firm	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

Remuneration of domestic accounting firm (ten thousand yuan)	95
The consecutive years of audit services of domestic accounting firms	8 years
Name of certified public accountant of domestic accounting firm	Chen Yanbai, Song Baojun
The consecutive years of auditing services of certified public accountants of domestic accounting firms	Chen Yanbai serves the first year, Song Baojun serves the third year

Whether to reappoint an accounting firm in the current period

☐ Yes ☒ No

Engagement of internal control audit accounting firms, financial advisors or sponsors

☒ Applicable ☐ Not applicable

During the year, the company engaged CITIC Construction Investment Co., Ltd. as a financial advisor due to major asset restructuring matters, during which it paid a total of 9 million yuan in financial advisory fees.

X. After the disclosure of the annual report, it faces the suspension of listing and the termination of listing

☐ Applicable ☒ Not applicable

XI. Matters related to bankruptcy and reorganization

☐ Applicable ☒ Not applicable

There were no bankruptcy and reorganization related matters during the reporting period.

XII. Major litigation and arbitration

☒ Applicable ☐ Not applicable

Litigation (arbitration) basic situation	Amount involved (ten thousand yuan)	Whether to form estimated liabilities	Litigation (arbitration) progress	Litigation (arbitration) trial results and impact	Litigation (arbitration) judgment execution	Disclosure date	Disclosure index
On July 1, 2019, the Shanghai Branch of China International Economic and Trade Arbitration Commission (hereinafter referred to as "China CITIC Shanghai Branch") accepted the applicant Guangdong Dongfang Precision Technology Co., Ltd. (hereinafter referred to as "Company" or "Dongfang	264,459.46	Peaceful settlement of cases, no liability to the company	On December 25, 2019, the company received the China International Economic and Trade Arbitration Commission Mediation Letter ([2019] China Trade Zhongjing (Shanghai) Di Zi	The company was able to recover approximately 1.5 billion yuan in cash, and its financial situation in terms of net assets, solvency and cash flow was greatly improved.	The mediation case "letter of conciliation" has been completed.	December 31, 2019	"Announcement on the completion of the transfer registration process of the target assets of major asset sales" (Announcement No.2019-092) is published on the Juchao Information

Precision"). The respondent Pulead Technology Industry Co., Ltd., the respondent Contemporary Ampere Technology Co. Limited, the respondent Beijing Automobile Group Industry Investment Co., Ltd., the respondent Beiqi Foton Motor Co., Ltd. And the respondent Qinghai Puren Intelligent Technology R&D Center (Limited Partnership) filed an arbitration application concerning disputes on performance commitments and profit compensation.			No. 0470 issued by China CIETAC Shanghai Branch.				Network.

XIII. Penalties and rectification

☐ Applicable ☒ Not applicable

There were no penalties and rectifications during the reporting period.

XIV. The integrity of the company and its controlling shareholders and actual controllers

☐ Applicable ☒ Not applicable

xv.Implementation of the company's equity incentive plan, employee stock ownership plan or other employee incentive measures

☐ Applicable ☒ Not applicable

During the reporting period, the company had no equity incentive plan, employee stock ownership plan or other employee incentive measures and their implementation.

XVI.Major Related Party Transactions

1. Related transactions related to daily operations

☒ Applicable ☐ Not applicable

Related party	Connection relation	Related transaction types	Related transaction content	Related party pricing principles	Related transaction price	Amount of related transactions (ten thousand yuan)	Percentage of similar transactions	Approved transaction amount (ten thousand yuan)	Whether it exceeds the approved quota	Related party settlement methods	Available market prices for similar transactions	Disclosure date	Disclosure index
CATL	As of December	Procurement of goods and	Purchase power	Pride and CATL		538,248.25	86.40%	513,532.9	YES	Settlement method	Not applicable	April 17, 2019	Juchao Information

	31, 2019, it was a shareholder with a shareholding ratio of more than 5% of Dongfang Precision	services	battery cells and BMS; accept related services	agreed on product specifications, quantities, prices, etc. in accordance with the agreement, and subsequently, according to the procurement scale and cooperatio						agreed in relevant contract			Network

				n, etc., after negotiation between both parties, a rebate agreement was signed to adjust the price.									
BAIC	Became in concert with BAIC Investment, a shareholder with a shareholding ratio of more	Sell goods and services	Sell power battery system and provide related after-sales service	Pride and BAIC New Energy agreed on product model, quantity, price and		701,796.47	98.76%	653,400	是	Pride's credit policy for related parties is 60-70 days per month, including: Pride's	Not applicable	April 17, 2019	Juchao Information Network

	than 5% of Dongfang Precision as of December 31, 2019			other specific informatio n according to the agreement, and then determined the product settlement price in accordance with the "Parts Purchase Price Agreement ", the price						credit policy for BAIC New Energy is 60 days per month.			

				will consider the purchase scale, national subsidy policy and other factors Such specific conditions shall be determined through negotiation and negotiation									

				between the two parties.									
In total					--	--	1,240,044.72	--	1,166,932.9	--	--	--	--
Details of large sales returns					There were no large sales returns during the reporting period.								
If the total amount of daily connected transactions that will occur in the current period is estimated by category, the actual performance during the reporting period (if any)					Not applicable								
Reasons for the large difference between the transaction price and the market reference price (if applicable)					Not applicable								

2. Related transactions in the acquisition or sale of assets or equity

☐ Applicable ☒ Not applicable

During the reporting period, the company did not have any related party transactions related to the acquisition or sale of assets or equity.

3. Related transactions of joint foreign investment

☐ Applicable ☒ Not applicable

During the reporting period, there was no related party transaction involving joint foreign investment.

4. Related credit and debt transactions

☒ Applicable ☐ Not applicable

Whether there are non-operating related claims and debts

☐ Yes ☒ No

There were no non-operating related claims and debt transactions during the reporting period.

5. Other major related party transactions

☐ Applicable ☒ Not applicable

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

XVII. Major contracts and their performance**1. Entrustment, contracting and leasing matters****1.1 Trusteeship**

☐ Applicable ☒ Not applicable

There was no trusteeship during the reporting period.

1.2 Contracting situation

☐ Applicable ☒ Not applicable

There was no contracting during the reporting period.

1.3 Lease situation

☐ Applicable ☒ Not applicable

There were no leases during the reporting period.

2. Material guarantee

☒ Applicable ☐ Not applicable

2.1 Guarantee situation

Unit: ten thousand yuan

External guarantees of the company and its subsidiaries (excluding guarantees for subsidiaries)								
Name of guarantee object	Announcement of the relevant amount of guarantee amount	Guarantee amount	Actual date	Actual guarantee amount	Type of guarantee	Warranty period	Whether the performance is completed	Whether guarantee for related parties
Total amount of external guarantees approved during the		0		Total actual amount of external guarantees during		0		

reporting period (A1)				the reporting period (A2)				
The total amount of external guarantees approved at the end of the reporting period (A3)		0		Total actual external guarantee balance at the end of the reporting period (A4)		0		
Company guarantees to subsidiaries								
Name of guarantee object	Announcement of the relevant amount of guarantee amount	Guarantee amount	Actual date	Actual guarantee amount	Type of guarantee	Warranty period	Whether the performance is completed	Whether guarantee for related parties
Dongfang Precision (Netherlands)	June 28, 2017	27,354.25	August 10, 2017	27,354.25	Joint liability guarantee	36 months	NO	NO
Dongfang Precision (Netherlands))	January 26, 2018	35,075.96	February 12, 2018	35,075.96	Joint liability guarantee	40 months	NO	NO
The total amount of guarantees approved for subsidiaries during the reporting period (B1)		0		Total actual amount of guarantees issued to subsidiaries during the reporting period (B2)		62,430.21		
The total amount of guarantees for subsidiaries approved at the end of the reporting period (B3)		62,430.21		Total actual guarantee balance of subsidiaries at the end of the reporting period (B4)		62,430.21		
Subsidiary to subsidiary guarantee								
Name of guarantee object	Announcement of the	Guarantee amount	Actual date	Actual guarantee	Type of guarantee	Warranty period	Whether the	Whether guarantee

	relevant amount of guarantee amount			amount			performa nce is complete d	for related parties
The total amount of guarantees approved for subsidiaries during the reporting period (C1)	0			Total actual amount of guarantees to subsidiaries during the reporting period (C2)	0			
The total amount of guarantees approved for subsidiaries at the end of the reporting period (C3)	0			Total actual guarantee balance of subsidiaries at the end of the reporting period (C4)	0			
Total company guarantee (ie the sum of the top three items)								
The total amount of guarantees approved during the reporting period (A1 + B1 + C1)	0			Total actual guarantee amount during the reporting period (A2 + B2 + C2)	62,430.21			
The total amount of guarantees approved at the end of the reporting period (A3 + B3 + C3)	62,430.21			Total actual guarantee balance at the end of the reporting period (A4 + B4 + C4)	62,430.21			
The proportion of the actual total guarantee (ie A4 + B4 + C4) to the company's net assets				14.39%				
among them:								

Balance of guarantee for shareholders, actual controllers and their related parties (D)	0
The balance of debt guarantee provided directly or indirectly for the guaranteed object with an asset-liability ratio exceeding 70% (E)	62,430.21
The amount of the guarantee amount exceeding 50% of the net assets (F)	0
Total amount of the above three guarantees (D + E + F)	0
Explanation of unexpired guarantees, during the reporting period, a guarantee liability has occurred or may be jointly and severally liable (if any)	Not applicable
Instructions for providing external guarantees in violation of prescribed procedures (if any)	Not applicable

Description of the specific situation of using a composite guarantee**Not applicable****2.2 External guarantees in violation of regulations**☐ Applicable ☒ Not applicable

During the reporting period, the company had no violations of external guarantees.

3. Entrust others to manage cash assets**3.1 Entrusted financial management**☒ Applicable ☐ Not applicable

Overview of entrusted financial management during the reporting period

Unit: ten thousand yuan

Specific type	Source of funds for entrusted financing	Entrusted financial management	Outstanding balance	Overdue amount not recovered
Bank wealth management products	Own funds	157,000	166,300	0
Bank wealth management products	Funds raised	75,000	0	0
In total		232,000	166,300	0

The specific situation of high-risk entrusted financial management with large single amount or low security, poor liquidity and non-guaranteed capital

☐ Applicable ☒ Not applicable

The entrusted financial management has expected that the principal cannot be recovered or there are other situations that may cause impairment

☐ Applicable ☒ Not applicable

3.2 Entrusted loans

☐ Applicable ☒ Not applicable

There were no entrusted loans during the reporting period.

4. Other major contracts

☐ Applicable ☒ Not applicable

There were no other major contracts during the reporting period.

XVIII. Social Responsibility

1. Performance of social responsibilities

The company attaches great importance to the fulfillment of social responsibilities in its daily operations, and intends to promote the harmony and common prosperity of the company and its stakeholders, actively act in the protection of shareholders and creditors, the

protection of the rights and interests of employees, the protection of the rights and interests of suppliers, customers and clients, environmental protection and sustainable development, public relations and social welfare, and strive to realize the society including the sustainable development of the company The overall benefit is maximized.

(1) During the reporting period, the company strictly followed the requirements of laws and regulations such as the "Company Law", "Securities Law", and "Government Standards for Listed Companies", continuously improved the corporate governance structure, and improved the internal control system. The decision-making system with the board of directors, the board of supervisors and the management as the main structure, and at the same time fulfill the information disclosure obligations in a timely manner in accordance with the law and regulations, and effectively protect the rights and interests of all shareholders.

(2) The company strictly abides by the relevant laws and regulations of the "Labor Law" and "Labor Contract Law", puts people first, pays attention to the needs of employees, strives to improve the working and living environment of employees, and sets up labor unions to effectively protect the interests of employees. Configure labor protection articles according to the hazards of job exposure, organize employees to conduct occupational health examinations (before going on duty, on the job, and before leaving the job), and purchase "safety and liability insurance" for the jobs with larger risk factors.

(3) The company has long been adhering to the principles of "integrity management" and "mutual benefit and win-win", actively build and develop strategic partnerships with suppliers and customers, jointly build a platform of trust and cooperation, and effectively implement the company's supplier 1. Social responsibility to consumers. The company's contracts with suppliers and customers have performed well, and the rights and interests of all parties have received high attention and due protection.

(4) In terms of environmental protection: the company samples and tests quarterly and issues a third-party test report. It has reached the zero-emissions requirements approved by environmental protection, and strictly transfers hazardous waste in accordance with national requirements. Treatment facilities, wastewater treatment facilities), and passed the "OHSAS18001: 2007 occupational health and safety management system", "ISO14001: 2005 environmental management system" certification.

(5) Social public welfare: The company organizes condolences to the employees in need and the lonely elderly in the place where it operates, and participates in public welfare activities organized by external parties.

(6) Anti-epidemic and anti-epidemic aspects: Since the outbreak of the new coronavirus pneumonia around the Spring Festival in 2020, the company has actively participated in social anti-epidemic activities and took the following actions:

A. Doing its own epidemic prevention work: The company organized and established the epidemic prevention committee with the general manager as the general commander for the first time, and made all-round deployment arrangements for various prevention

and control work; actively carried out the collection and deployment of epidemic prevention materials, and equipped staff Masks, temperature guns, disinfectants and other epidemic prevention materials.

B. Actively respond to the government's call for orderly resumption of production and production under the premise of good epidemic prevention and control work, formulate a thorough plan for resumption of production and compaction of related work, implement various prevention and control measures, and pass the on-site acceptance of government departments Afterwards, the safe resumption of work was successfully achieved;

C. Actively fulfill social responsibilities, go through the same path of "epidemic" road: the company actively fulfills its social responsibilities and responsibilities as an influential listed company, actively donates cash and donated epidemic prevention materials to relevant associations, hospitals, and public welfare organizations, and supports them with practical actions Anti-epidemic frontline; and donated anti-epidemic materials to the company's subsidiaries and agents in Italy, the United States and Spain.

(7) Social honors: During the reporting period, the company won the honorary awards such as "Guangdong May Day Labor Certificate" and "Foshan Benchmark High-tech Enterprise".

2. Performance of social responsibility for targeted poverty alleviation

During the reporting year, the company has not carried out targeted poverty alleviation work, and has no follow-up targeted poverty alleviation plan.

3. Environmental protection related situation

Whether the listed company and its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department

NO

Neither the company nor its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department.

XIX. Explanation of other major issues

✓ Applicable □ Not applicable

1. The listing and circulation of non-publicly issued restricted shares in 2016

On March 4, 2019, Tang Zhuolin, CCIC Investment Co., Ltd., Sheng Ji Equity Investment Fund (Shanghai) Co., Ltd., and Tibet Autonomous Region Investment Co., Ltd. and other companies were 2016 non-public offering targets. 98,039,214 shares with restricted sales were lifted. For details, please refer to the "Informative Announcement Concerning the Listing and Circulation of Non-publicly Issued Restricted Shares in 2016" disclosed by the company on March 1, 2019 (announcement number: 2019-021).

2. Adjust the share repurchase plan

On April 8, 2019, the company convened the 33rd (interim) meeting of the third session of the Board of Directors, which reviewed and approved the "Proposal on Adjusting the Plan for Repurchasing Shares by Centralized Auction Transaction", clarifying that the repurchased shares will be used for equity Incentive or employee stock ownership plan; clear repurchase price range not exceeding 6 yuan / share and not less than 3 yuan / share; clear repurchase capital range not exceeding 200 million yuan and not less than 100 million yuan; widening the repurchase Source of funds; follow-up arrangements for newly repurchased shares. For details, please refer to the company's "Publishing Scheme for Central Stock Auctions" (Announcement Number: 2019-028) and "Announcement on Adjusting the Plan for Buying Stocks Centralized Auctions" (Announcement) disclosed on April 10, 2019 Number: 2019-027).

XX. Major matters of the company's subsidiaries

☐ Applicable ☒ Not applicable

Section 6 Changes in Shares and Shareholders

I. Changes in shares

1. Changes in shares

Unit: shares

	Before this change		Increase and decrease of this change (+,-)					After this change	
	Number	percentage	Issuing new shares	Stock giving	Provident Fund Conversion to shares	others	In total	number	percentage
I.Shares with restricted sales	810,960,567	44.11%	0	0	0	-79,101,091	-79,101,091	731,859,476	39.80%
1. National holdings	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person holding shares	246,953,111	13.43%	0	0	0	109,916,454	109,916,454	356,869,565	19.41%
3. Other domestic-funded shares	564,007,456	30.68%	0	0	0	-189,017,545	-189,017,545	374,989,911	20.39%
Among them: domestic legal person holding shares	343,652,172	18.69%	0	0	0	-188,347,825	-188,347,825	155,304,347	8.45%
Domestic natural person	220,355,284	11.98%	0	0	0	-669,720	-669,720	219,685,564	11.95%

holding shares									
4. Foreign shareholding	0	0.00%	0	0	0	0	0	0	0.00%
Among them:									
Overseas legal person holding shares	0	0.00%	0	0	0	0	0	0	0.00%
Overseas natural person holdings	0	0.00%	0	0	0	0	0	0	0.00%
II.Unrestricted shares	1,027,686,529	55.89%	0	0	0	79,101,091	79,101,091	1,106,787,620	60.20%
1. RMB common stock	1,027,686,529	55.89%	0	0	0	79,101,091	79,101,091	1,106,787,620	60.20%
2. Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Foreign-listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4.Others	0	0.00%	0	0	0	0	0	0	0.00%
III.Total shares	1,838,647,096	100.00%	0	0	0	0	0	1,838,647,096	100.00%

Reasons for changes in shares

√ Applicable □ Not applicable

1. The non-public issuance of restricted shares in 2016 was listed and circulated on March 4, 2019

On March 4, 2019, Tang Zhuolin, CCIC Investment Co., Ltd., Sheng Ji Equity Investment Fund (Shanghai) Co., Ltd., and Tibet Autonomous Region Investment Co., Ltd. and other companies were 2016 non-public offering targets, and the companies held were

2016 non-public offerings. 98,039,214 shares with restricted sales were lifted.

Among them, Mr. Tang Zhuolin's number of shares released for sale this time was 19,607,843 shares. Mr. Tang Zhuolin currently serves as the company's chairman. During his tenure, he calculates the transferable statutory quota based on 25% of the shares held at the end of the previous year. Therefore, after the lifting of the restricted sales, Mr. Tang Zhuolin's transferable statutory quota will not change. The shares released this time will be locked by Zhongdeng Company according to law, and the nature of the 19,607,843 shares held by Mr. Tang Zhuolin will change from the restricted shares after the initial launch executives lock stocks.

2. The shares of the company held by the senior executives who left during the reporting period were locked according to law

Mr. Xiang Xianqing has resigned from the company's head of finance since January 11, 2019 due to personal reasons. After resigning, he will not hold other positions in the company. For personal reasons, Ms. Yang Yali resigned from the company's board of directors on January 28, 2019. After resigning, she did not hold other positions in the company. According to the provisions of laws and regulations, the shares of the company held by the above-mentioned personnel shall be locked according to law from the date of declaration of resignation.

3. The register of company shareholders provided by the “issuer E channel” system of China Securities Depository and Clearing Co., Ltd. Shenzhen Branch: during the reporting period, the nature of the shareholders of Peking University, which held more than 5% of the shares, became “state-owned legal person”

After inquiring the company's shareholder register through the “issuer E channel” system of China Securities Depository and Clearing Co., Ltd. Shenzhen Branch, the company found that: During the reporting period, the nature of the shareholders of Pulead, which held more than 5% of the shareholders, changed from “domestic non-state-owned legal person” It is a "state-owned legal person". Regarding the change in the nature of this share, the company has first learned from shareholders Beijing University the reason for the change and the specific situation. As of the date of disclosure of this report, the company has not received any feedback from Peking University regarding this change.

According to relevant regulations, the share data disclosed by listed companies shall be subject to the information contained in the register of shareholders provided by China Securities Depository and Clearing Corporation Limited. The company disclosed the changes in the company's shares during the reporting period based on the register of shareholders provided by China Securities Depository and Clearing Corporation Limited.

4. The shares held by some outgoing executives were released during the reporting period

According to data from the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., from December 16, 2019, part

of the company's outgoing executives held 100% of the shares held by the company.

Approval of share changes

☐ Applicable ☒ Not applicable

Transfer of share changes

☐ Applicable ☒ Not applicable

Implementation progress of share repurchase

☒ Applicable ☐ Not applicable

The company held the twenty-fifth meeting of the third board of directors and the second extraordinary general meeting of shareholders on July 2, 2018 and July 27, 2018, respectively, and reviewed and approved the Share Proposal Proposal, agreeing to the company within a 12-month period from the date of consideration and approval of the share repurchase plan at the general meeting of shareholders, to repurchase the company's shares through a centralized auction transaction, the repurchase price shall not exceed 10 yuan / share, and use its own funds No more than RMB 200 million.

According to the "Implementation Rules for the Repurchase of Shares of Listed Companies on the Shenzhen Stock Exchange" and related requirements, the company convened the 33rd (temporary) meeting of the third session of the Board of Directors on April 8, 2019. The Proposal of Share Repurchase Scheme by Trading Method, the adjusted share repurchase scheme clarifies the upper and lower limits of the total capital of repurchased shares (upper limit is RMB 200 million and the lower limit is RMB 100 million) and the price range of repurchased shares (no More than RMB 6 yuan / share, not less than RMB 3 yuan / share), and clarified the purpose and purpose of the share repurchase (the shares repurchased for the company's equity incentive plan or employee stock ownership plan).

On April 29, 2019, the company received the "Letter on the Provisional Proposal for the Increase of the 2018 Annual General Meeting of Shareholders of Guangdong Dongfang Precision Technology Co., Ltd." from Beiqi Investment, a shareholder holding more than 5% of the shares. Temporary proposal "Proposal on Terminating the Company's Repurchase of Shares". On April 30, 2019, the thirty-seventh (interim) meeting of the third board of directors of the company made a resolution and agreed to submit the interim proposal "Proposal on Terminating the Company's Share Repurchase" to the company's 2018 annual shareholders' meeting for consideration. On May 10, 2019, the company's 2018 annual shareholders' meeting made a resolution, and after the shareholders voted at the meeting, it reviewed and rejected the "Proposal on Terminating the Company's Share Repurchase". The resolution on the share repurchase made by the company's second extraordinary general meeting in 2018 is still legal and valid.

As of the close of business on July 26, 2019, the implementation period of the company's share repurchase expired.

In the interval from July 28, 2018 to July 26, 2019, the company accumulated 35,000,063 shares repurchased in a centralized auction transaction, and the proportion of repurchased shares accounted for about 1.90% of the company's total share capital; the highest turnover of repurchased shares The price is 5.07 yuan / share, the lowest transaction price is 4.14 yuan / share, and the average transaction price is 4.57 yuan / share; the cumulative use of funds to buy back shares is about 160 million yuan.

Progress in the implementation of centralized bidding to reduce holdings of repurchased shares

☐ Applicable ☒ Not applicable

The impact of share changes on financial indicators such as basic earnings per share and diluted earnings per share in the most recent year and the most recent period, and net assets per share attributable to the company's common shareholders

☐ Applicable ☒ Not applicable

Other content deemed necessary by the company or required by the securities regulatory agency

☐ Applicable ☒ Not applicable

2. Changes in restricted shares

☒ Applicable ☐ Not applicable

Unit: shares

Name of shareholder	Number of shares at the beginning of the period	Increase the number of restricted shares in the current period	Number of shares with restricted sales lifted in the current period	Number of restricted shares at the end of the period	Reasons for restriction	Lift date
Xiang Xianqing	43,200	14,400	57,600	0	Since January 11, 2019, he ceased to serve as a senior manager of the	25% will be unlocked from

					company, and the shares of the company he holds are locked according to law from the date of declaration of resignation. The shares transferred each year within six months after the expiration of the original term of office shall not exceed 25% of the total shares held by the company.	July 11, 2019; 75% will be unlocked from December 16, 2019; a total of 43,200 shares will be released.
Xu Zhen	153,600		153,600	0	Since September 25, 2017, he ceased to be a senior management of the company. The shares held by the company shall be locked according to law from the date of declaration of resignation. The shares transferred each year within six months after the expiration of the original term of office shall not exceed 25% of the total shares held by the company.	Since March 28, 2018, 32,000 shares have been lifted; from December 16, 2019, 153,600 shares have been lifted.
Yang Yali	472,920	157,640	630,560	0	Since January 28, 2019, he will no longer serve as the company's senior management. The shares held by the company shall be locked according to law from the date of declaration of resignation. The shares transferred each year within six months after the expiration of the original term of office shall not exceed 25% of the	From July 29, 2019, 25% of locks will be released; from December 16, 2019, 75%; 472,920 shares will be released.

					total shares held by the company.	
Construction Investment Investment Co., Ltd.	39,215,685		39,215,685	0	Due to participating in the company's non-public offering of shares, and promising that the company's non-public offering of shares it subscribes shall not be transferred within 36 months from the listing date (March 4, 2016)	March, 4, 2019
Sheng Ji Equity Investment Fund (Shanghai) Co., Ltd.	19,607,843		19,607,843	0	Due to participating in the company's non-public offering of shares, and promising that the company's non-public offering of shares it subscribes shall not be transferred within 36 months from the listing date (March 4, 2016)	March, 4, 2019
Tibet Autonomous Region Investment Co., Ltd.	19,607,843		19,607,843	0	Due to participating in the company's non-public offering of shares, and promising that the company's non-public offering of shares it subscribes shall not be transferred within 36 months from the listing date (March 4, 2016)	March, 4, 2019
In total	79,101,091	172,040	79,273,131	0	--	--

II. Securities issuance and listing

1. Securities issuance (excluding preferred shares) during the reporting period

☐ Applicable ☒ Not applicable

2. Explanation of changes in the total number of company shares and shareholder structure, changes in company assets and liability structure

☐ Applicable ☒ Not applicable

3. The existing internal employee shares

☐ Applicable ☒ Not applicable

III. Shareholders and actual controllers

1. The number of company shareholders and shareholdings

Unit: shares

Total number of ordinary shareholders at the end of the reporting period	47,778	The total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report	50,278	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)	0	Total number of preferred shareholders with voting rights restored at the end of the previous month prior to the disclosure of the annual report (if any) (see Note 8)	0

Shareholders holding more than 5% of the shares or the top 10 shareholders								
Name of shareholder	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the reporting period	Changes during the reporting period	Number of shares with limited sales conditions	Number of shares holding unlimited sales	Pledge or freeze situation	
							Share status	Quantity
Tang Zhuolin	Domestic natural person	14.72%	270,737,568		203,053,176	67,684,392	Pledge	183,200,000
Pulead Technology Industry Co.,Ltd.	State-owned legal person	10.24%	188,347,825		188,347,825		Freeze	188,347,825
Tang Zhuomian	Domestic natural person	7.39%	135,885,134			135,885,134		
Beijing Automotive Group Industry Investment Co.,Ltd.	State-owned legal person	6.47%	118,956,522		118,956,522		Freeze	48,511,689
Contemporary Amperex Technology Co. Limited	Domestic non-state-owned legal person	6.20%	114,000,000		114,000,000		Freeze	46,490,368
Beiqi Foton Motor Co., Ltd.	State-owned legal person	2.70%	49,565,218		49,565,218		Freeze	20,213,204
Ruan Huili	Domestic natural person	2.46%	45,170,332			45,170,332		
Qinghai Puren Intelligent Technology R & D Center (Limited Partnership)	Domestic non-state-owned legal person	2.25%	41,304,347		41,304,347		Freeze	26,628,340

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Construction Investment Co., Ltd.	State-owned legal person	2.13%	39,215,685			39,215,685		
Luzhou Industrial Investment Group Co., Ltd.	State-owned legal person	1.73%	31,770,010			31,770,010		
Strategic investors or general legal persons become top 10 shareholders due to placing new shares (if any) (see note 3)		None						
Explanation of the above-mentioned shareholders' related relationship or concerted action		Mr. Tang Zhuolin and Mr. Tang Zhuomian are brothers. On August 18, 2010, the two signed a "Consistent Action Agreement." Pulead Technology Industry Co., Ltd. and Qinghai Puren Intelligent Technology R & D Center (Limited Partnership) are parties acting in concert. Beijing Automotive Group Industrial Investment Co., Ltd. and Beiqi Foton Motor Co., Ltd. are parties acting in concert. The company is not aware of whether there is an associated relationship or concerted action among other shareholders.						
Shareholdings of the top 10 shareholders with unlimited sales								
Name of shareholder		Number of shares with unlimited sales held at the end of the reporting period				Types of shares		
						Types of shares	Quantity	
Tang Zhuomian		135,885,134				RMB common stock	135,885,134	
Tang Zhuolin		67,684,392				RMB common stock	67,684,392	
Ruan Huili		45,170,332				RMB common	45,170,332	

		stock	
Construction Investment Investment Co., Ltd.	39,215,685	RMB common stock	39,215,685
Luzhou Industrial Investment Group Co., Ltd.	31,770,010	RMB common stock	31,770,010
Huarong Securities-China Merchants Securities-Huarong Youzhi No. 1 Collective Asset Management Plan	31,372,549	RMB common stock	31,372,549
Sheng Ji Equity Investment Fund (Shanghai) Co., Ltd.	19,607,843	RMB common stock	19,607,843
Chen Lijun	14,928,100	RMB common stock	14,928,100
Ruan Weixing	14,704,108	RMB common stock	14,704,108
Hong Kong Securities Clearing Company Limited	11,900,418	RMB common stock	11,900,418
Explanation of the relationship or concerted action among the top 10 shareholders of unrestricted shares outstanding, and between the top 10 shareholders of unrestricted shares	Mr. Tang Zhuolin and Mr. Tang Zhuomian are brothers. On August 18, 2010, the two signed a "Consistent Action Agreement." The company is not aware of whether there is an associated relationship or a concerted action among the other top 10 shareholders with unrestricted shares outstanding and the top 10 shareholders, or between the top 10		

outstanding and the top 10 shareholders	shareholders with unrestricted shares outstanding.
Explanation of the top 10 common stock shareholders' participation in financing and securities lending business (if any) (see Note 4)	Not applicable

Whether the top 10 ordinary shareholders of the company and the top 10 ordinary shareholders of unrestricted shares in the report period conducted agreed repurchase transactions

☐ Yes ☒ No

The top 10 common stock shareholders of the company and the top 10 common stock shareholders with unrestricted sales conditions did not engage in agreed buyback transactions during the reporting period.

2. The company's controlling shareholder

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Whether to obtain the right of abode in other countries or regions
Tang Zhuolin	CHINA	NO
Main occupations and positions	Chairman of Dongfang Precision	
During the reporting period, the shareholding of other domestic and foreign listed companies holding and participating in the stock	Not applicable	

Controlling shareholder changes during the reporting period

☐ Applicable ☒ Not applicable

The controlling shareholder of the company has not changed during the reporting period.

3. The actual controller of the company and its persons acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

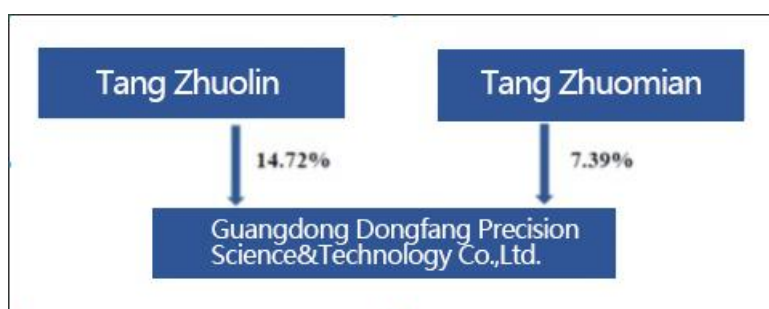
Name of actual controller	Relationship with actual controller	Nationality	Whether to obtain the right of abode in other countries or regions
Tang Zhuolin	himself	China	NO
Tang Zhuomian	Concerted action (including agreement, relatives, same control)	China	NO
Main occupations and positions	Mr. Tang Zhuolin's main position is Chairman of Dongfang Precision		
List of domestic and foreign listed companies that have controlled in the past 10 years	Not applicable		

Change of actual controller during the reporting period

☐ Applicable ☒ Not applicable

During the reporting period, the actual controller has not changed.

Block diagram of the property rights and control relationship between the company and the actual controller



The actual controller controls the company through trust or other asset management methods

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Name of legal shareholder	Legal representative / person in charge	Date of establishment	Registered capital	Main business or management activities
Pulead Technology Industry Co.,Ltd.	Gao li	December, 10, 1999	80 million yuan	Mainly engaged in the research and development, production, sales and service of lithium-ion battery materials, electric vehicle power battery packs, and energy storage battery packs.

5. Controlling shareholders, actual controllers, restructuring parties and other undertaking entities to limit the reduction of shares

☐ Applicable ☒ Not applicable

Section 7 Preference Shares

☐ Applicable ☒ Not applicable

During the reporting period, the company did not have preferred shares.

Section 8 Relevant Information on Convertible Corporate Bonds

☐ Applicable ☒ Not applicable

There was no convertible corporate bonds in the company during the reporting period.

Section 9 Directors, Supervisors, Senior Management and Employees

I. Changes in shareholding of directors, supervisors and senior management

Name	Job title	Job status	Gender	Age	Term start date	End of term date	Number of shares held at the beginning of the period (shares)	Number of shares increased in the current period (shares)	Number of shares decreased in the current period (shares)	Other changes (shares)	Number of shares held at the end of the period (shares)
Tang Zhuolin	Chairman of the Board	Current	Male	56	July 22, 2010	June 16, 2019	270,737,568				270,737,568
Qiu Yezhi	Director and General Manager	Current	Female	47	July 22, 2010	June 16, 2019	22,176,518				22,176,518
Xie Weiwei	Director and Deputy General Manager	Current	Male	45	June 16, 2016	June 16, 2019					
Mai Zhirong	Independent Director	Current	Male	48	June 16, 2016	June 16, 2019					
Peng Xiaowei	Independent Director	Current	Male	48	June 16, 2016	June 16, 2019					
He Weifeng	Independent Director	Current	Male	58	June 16, 2016	June 16, 2019					

Zhou Wenhui	Board Secretary	Current	Male	46	January 29, 2019	June 16, 2019					
Chen Huiyi	Chairman of the Supervisory Board	Current	Female	34	May 19, 2017	June 16, 2019	480				480
Zhao Xiuhe	Employee Representative Supervisor	Current	Male	48	June 16, 2016	June 16, 2019					
Cen Meiling	Supervisor	Current	Female	40	May 10, 2013	June 16, 2019					
Yang Yali	Secretary of the Board of Directors	Left	Female	41	October 24, 2013	January 28, 2019	630,560				630,560
Xiang Xianqing	Chief Financial Officer	Left	Male	44	June 20, 2016	January 11, 2019	57,600				57,600
Zhu Yu	Chief Financial Officer	Left	Female	36	January 11, 2019	April 29, 2019					
In total	--	--	--	--	--	--	293,602,726	0	0	0	293,602,726

II. The company's directors, supervisors, senior management personnel changes

√ Applicable □ Not applicable

Name	Position	Type	Date	Reason

Xiang Xianqing	Head of Finance	Left	January 11, 2019	Personal reasons
Zhu Yu	Head of Finance	Left	April 29, 2019	Personal reasons
Qiu Yezhi	Head of Finance	Appointment	April 29, 2019	In order to adapt to the company's international management requirements and efficiently coordinate the coordination of the financial management of molecular companies worldwide, to ensure efficient decision-making and effective implementation of related matters, the board of directors decided that the company's general manager Qiu Ms. Zhi also serves as the company's chief financial officer.
Yang Yali	Secretary of the Board of Directors	Left	January 28, 2019	Personal reasons
Zhou Wenhui	Secretary of the Board of Directors	Appointment	January 28, 2019	All directors voted unanimously and decided to appoint Mr. Zhou Wenhui as the company's board secretary.

III. The position

The current background of the company's current directors, supervisors, senior management personnel, major work experience and the main responsibilities in the company

1. Board members

Tang Zhuolin: Male, Chinese nationality, born in 1963, no right of permanent residence abroad. He used to be director of Nanhai Guicheng Donger Plastic Textile Factory and director of Nanhai Guicheng Donger Printing Machinery Factory. Since 1996, he has served successively as chairman, general manager and chief engineer of Dongfang Precision, and currently serves as chairman of the company, director of Dongfang Precision (Hong Kong) Co., Ltd., director of Dongfang Precision (Netherlands) Co., Ltd., and deputy of Beijing Pride New Energy Battery Technology Co., Ltd. Chairman, Director of Italian Fosber Group, Chairman of Suzhou Parsun

Power Machinery Co., Ltd., Chairman of Guangdong Fosper Intelligent Equipment Co., Ltd., member of the CPPCC Nanhai District, executive director of the Ninth Council of the China Packaging Federation, Guangdong Food and Executive Director of Packaging Machinery Industry Association, Vice Chairman of Foshan Machinery Equipment Industry Association, Honorary Chairman of Nanhai Machinery Equipment Industry Association, Vice Chairman of Foshan High-tech Zone Chamber of Commerce, Vice Chairman of Foshan Nanhai District Listing Association.

Qiu Yezhi: Female, Chinese nationality, born in 1972, Master of Business Administration, no right of permanent residence abroad. Since 1996, he has successively served as Director of the Office of General Manager of Dongfang Precision, Assistant to General Manager, General Manager of Operations, Deputy General Manager, and General Manager. From July 2010 to October 2013, he served as the company's general manager and board secretary. He is currently the director and general manager of the company, the vice chairman of the Italian Fosber Group, the director of the American Fosber, the director of Suzhou Parsun Power Machinery Co., Ltd., and the director of Guangdong Fosber Intelligent Equipment Co., Ltd.

Xie Weiwei: Male, Chinese nationality, born in 1974, graduated from Huazhong University of Science and Technology in 2008, Master of Business Administration. He used to be the executive deputy general manager of Foshan United Transportation Corporation, chairman of Foshan East Freight Yard Railway Logistics Co., Ltd., deputy chief of the reform and development section of Foshan SASAC, deputy director of investment department and director of asset management department of Foshan Financial Investment Holding Co., Ltd. He is currently the deputy general manager of the company and a director of Parsun Power.

Mai Zhirong: Male, Chinese nationality, born in 1971, graduated from the CPC Guangdong Provincial Party School in 1999, graduated from the Central Radio and Television University in 2007 with a bachelor degree in accounting, and is a certified public accountant, registered asset appraiser, and registered tax accountant. He has served as the accountant of Nanhai Branch of Guangdong Development Bank and the auditor of Nanhai Auditor's Office. He is currently the deputy director of Foshan Nanhai Junlang Certified Public Accountants Co., Ltd., an independent director of Dongfang Precision, and an independent director of Hanlan Environmental Co., Ltd.

Peng Xiaowei: Male, Chinese nationality, born in December 1971, graduated with a bachelor's degree in industrial chemistry from Shanghai Electric Power University in 1995, graduated and assigned to work in Foshan Power System. He was named a chemical engineer in 2001 and passed the first national judicial examination in 2002. From 2003 to 2015, he worked as a full-time lawyer and partner in Guangzhou Jinpeng Law Firm. He is currently a senior partner of Beijing Yingke (Guangzhou) Law Firm and an independent director of Guangdong Shenglu Communication Technology Co., Ltd.

He Weifeng: Male, Chinese nationality, born in 1961. Master of Mechanical Engineering, Guangdong University of Technology, is

currently an associate professor of Guangdong University of Technology, deputy director of the Department of Packaging Engineering of the School of Mechanical and Electrical Engineering, and an independent director of Dongfang Precision. Mr. He Weifeng has been engaged in teaching and research of packaging engineering and printing technology for 20 years. He has designed and developed packaging and printing machinery and equipment such as bag-type packaging machines, pillow-type packaging machines and box-making machines.

2. Members of the Supervisory Board

Chen Huiyi, female, Chinese nationality, born in 1985, university degree. He used to be the assistant of quality control department of Dongfang Plastic Products Co., Ltd. He joined Dongfang Precision in 2010 and is currently the secretary of the company's general manager and chairman of the company's board of supervisors.

Cen Meiling, female, Chinese nationality, born in 1979, college degree, once worked in Foshan Weida Metal Products Co., Ltd. Since 2004, he has been a nuclear price engineer in the office of General Manager of Dongfang Precision. He has served as the company's supervisor since May 2013.

Zhao Xiuhe, male, Chinese nationality, born in 1971, technical secondary school education, joined Dongfang Precision in February 2006 as executive director of the printing press business department. He has served as the company's employee representative supervisor since June 2016.

1. Senior management

Qiu Yezhi, the current general manager of the company, see the relevant description in "1. Board members" above.

Xie Weiwei, the current deputy general manager of the company, see the relevant description in "1. Board members" above for his resume.

Zhou Wenhui: Male, Chinese nationality, born in 1973, without permanent residency abroad, master's degree. He has served as the investment director of Beijing Taiying Investment Management Co., Ltd., the head of the wealth center of Guoxin Securities Beijing Management Headquarters, the investment director of Beijing Zhongcai Venture Capital Co., Ltd., and the manager of China Aviation Technology Industry Co., Ltd. He joined Guangdong Dongfang Precision Technology Co., Ltd. in August 2018 and is currently the vice president and secretary of the board of directors.

Position in shareholder units

☐ Applicable ☒ Not applicable

Position in other units

√ Applicable □ Not applicable

Name of staff	Name of other organization	Positions held in other organization	Term start date	Term end date	Whether to receive remuneration allowance in other organization
Tang Zhuolin	Dongfang Precision (HK)	director	January, 30, 2013		NO
Tang Zhuolin	Dongfang Precision (Netherland)	director	October, 29,2013		NO
Tang Zhuolin	Fosber Group	director	September,1,20 17		YES
Tang Zhuolin	Dongfang Precision (Europe)	Chairman	June, 1, 2016		NO
Tang Zhuolin	Yinglian Digital	director	May, 11, 2017		NO
Tang Zhuolin	Fosber Asia	Legal representative , chairman	September, 30, 2014		NO
Tang Zhuolin	Parsun Power	Legal representative , chairman	December, 11, 2018	Feburary,26, 2020	NO
Tang Zhuolin	Suzhou Shunyi Investment Co., Ltd.	Legal representative , executive director, general	July, 2, 2015		NO

		manager			
Tang Zhuolin	Shenzhen Xianglin Venture Capital Co., Ltd.	General Manager, Executive Director	June, 26, 2015		NO
Tang Zhuolin	Shenzhen Zhiquan Venture Capital Co., Ltd.	Supervisor	May, 26, 2016		YES
Tang Zhuolin	Shenzhen Zhiwei Venture Capital Co., Ltd.	Supervisor	May, 17, 2016	November, 4, 2019	NO
Tang Zhuolin	Shenzhen Shenghui Venture Capital Co., Ltd.	Supervisor	May, 28, 2016		NO
Qiu Yezhi	Fosber Group	director	September, 1, 2017		YES
Qiu Yezhi	Fosber US	director	September, 1, 2017		YES
Qiu Yezhi	Fosber Asia	director	September, 30, 2014		NO
Qiu Yezhi	Dongfang Precision (Europe)	director	June, 1, 2016		NO
Qiu Yezhi	Yinglian Digital	director	May, 11, 2017		NO
Qiu Yezhi	Parsun Power	director	May, 24, 2015		NO
Qiu Yezhi	Shenzhen Xianglin Venture Capital Co., Ltd.	Supervisor	May, 26, 2016		NO
Qiu Yezhi	Shenzhen Shenghui Venture Capital Co., Ltd.	General Manager, Executive Director	May, 18, 2015		YES

Xie Weiwei	Parsun Power	director	May,24,2015		NO
Xie Weiwei	Suzhou Shunyi Investment Co., Ltd.	Supervisor	July,2,2015		NO
Xie Weiwei	Jiateng Robot	director	January,20,2018		YES
Mai Zhirong	Foshan Nanhai Junlang Certified Public Accountants Co., Ltd.	vice director	January,1,2000		YES
Mai Zhirong	Hanlan Environmental Co., Ltd.	Independent Director	July,1,2014		YES
Mai Zhirong	Foshan Xinshengda Taxation Firm Co., Ltd.	Manager, Executive Director	November, 4, 2002		NO
Mai Zhirong	Foshan Tianshun Management Consulting Co., Ltd.	Manager, Executive Director	January,9,2000		NO
Peng Xiaowei	Beijing Yingke (Guangzhou) Law Firm	Senior Partner	July,1,2015		YES
Peng Xiaowei	Guangdong Shenglu Communication Technology Co., Ltd.	Independent Director	January,29,2015		YES
Peng Xiaowei	Guilin Hengtong Energy Development Co., Ltd.	Vice Chairman	May, 10, 2016		NO
He Weifeng	Guangzhou University of Technology	Associate Professor	July,1,1985		YES
Description of the position in other units	Not applicable				

Penalties of the company's current directors, supervisors and senior managers and those who have left the company within the

reporting time for the past three years

☐ Applicable ☒ Not applicable

IV. Remuneration of directors, supervisors and senior management

Decision-making procedures, basis for determination, and actual payment of directors, supervisors, and senior managers

The remuneration of directors, supervisors and senior management personnel must be reviewed and approved by the Remuneration and Appraisal Committee and submitted to the Board of Directors for review and approval. The decision-making procedures are in accordance with the relevant provisions of the Company Law, the Articles of Association and the Implementation Rules of the Remuneration and Appraisal Committee of the Board of Directors. During the reporting period, the company has paid the remuneration to the directors, supervisors and management personnel in full.

The remuneration of directors, supervisors and senior management during the reporting period

Unit: ten thousand yuan

Name	Title	Gender	Age	Position	Total pre-tax remuneration received from the company	Whether to obtain remuneration from related parties of the company
Tang Zhuolin	Chairman	male	56	Current	524.91	YES
Qiu Yezhi	Director, General Manager	female	47	current	465.06	YES
Xie Weiwei	Director and Deputy General Manager	male	45	current	103.35	NO
Mai Zhirong	Independent Director	male	48	current	6	NO

Peng Xiaowei	Independent Director	male	48	current	6	NO
He Weifeng	Independent Director	male	58	current	6	NO
Chen Huiyi	Chairman of the Supervisory Board	female	34	current	17.4	NO
Zhao Xiuhe	Employee Supervisor	male	48	current	11.9	NO
Cen Meiling	Supervisor	female	40	current	9.33	NO
Zhou Wenhui	Secretary of the Board	male	47	current	139.59	NO
Zhu Yu	Chief Financial Officer	female	37	left	54.8	NO
Yang Yali	Secretary of the Board	female	42	left	8.37	NO
In total	--	--	--	--	1,352.71	--

Directors and senior executives of the company are granted equity incentives during the reporting period

☐ Applicable ☒ Not applicable

V. Company employees

1. Number of employees, professional composition and education level

Number of employees in the parent company (person)	540
Number of employees in major subsidiaries (person)	1,094

Total number of active employees (person)	1,634
Total number of employees receiving salary in the current period (person)	1,783
Number of retired employees who need to bear the expenses of the parent company and major subsidiaries (person)	0
Professional composition	
Professional composition category	Professional composition number (person)
Production staff	969
salesperson	100
Technical staff	392
Financial officer	42
administration staff	131
In total	1,634
Education level	
Education category	Quantity (person)
Master degree and above	45
Undergraduate	289
College	447
High school and below	853
Total	1,634

2. Salary policy

During the year, the company's remuneration policy continued to be guided by the principles of fixed salary, performance remuneration, job change salary and total amount control, and formed and further improved a competitive comprehensive salary system to retain and attract the talents needed for the company's sustainable development.

1. Set salary by position: Determine the relative value of the position according to the duties of the position, and determine the salary range of the position based on the company's value orientation and the relative value of the position.

2. Performance can be remunerated: the company determines its basic salary part according to the relative value of the position and individual ability; determines the performance salary in the individual salary structure according to the individual performance; adjusts the salary according to the employee's individual ability and comprehensive performance.

3. Job change salary: the salary and job position are strictly matched, and the salary is moved to make the salary system support the career development of employees.

4. The principle of total amount control: The total amount of remuneration should be controlled within the scope recognized by the company. The growth rate of remuneration is lower than the growth rate of sales revenue and profit. Consider the company's ability to pay, so that the company's operating performance supports the growth of total labor costs.

3. Training plan

Dongfang Precision China: The company is equipped with a diverse team of lecturers composed of senior management personnel, backbones of professional skills of various departments and outstanding general skills. Targeted training courses for new employees are 100 days, professional ability courses and general ability courses. A total of 53 training sessions were conducted this year, with a total of 1015 trainees and a total of 332 training hours. Production training takes the form of "teaching with teachers", with different emphasis on the characteristics and needs of employees at different stages of growth. The production training of the high-end smart equipment business is operated in the form of a project system, emphasizing the cultivation of comprehensive competence qualities such as professional competence, creativity, and execution ability of core R & D positions, and focusing on the reserve of senior technical talents. The production training of the core parts business (Parsun Power) adopts a combination of outbound training and internal training, focusing on the systematic inheritance of talents, rapid development and own beneficial practices.

Dongfang Precision's overseas business entity: In 2019, Fosber Group attaches great importance to employee training, especially in terms of work safety, process improvement, technical training and English. A total of 17 training courses have been implemented. The cumulative training market has reached 5,000 hours and more than 400 participants. The training duration of the Tiruna Group also exceeds 5,000 hours, and the employee participation rate exceeds 85%.

4. Labor outsourcing√ Applicable ☐ Not applicable

Total hours of labor outsourcing (hours)	6,971
Total remuneration paid for labor outsourcing (yuan)	288,282.00

Section 10 Corporate Governance

I. The basic situation of corporate governance

During the reporting period, the company strictly followed the laws of the "Company Law", "Securities Law", "Government Guidelines for Listed Companies", "Shenzhen Stock Exchange Stock Listing Rules", "Shenzhen Stock Exchange SME Board Listed Companies Standard Operation" and other laws, Regulations, and the requirements of regulations and regulatory documents of the regulatory authorities, constantly improve the corporate governance structure of the company, establish and improve internal management and control systems, and further improve the level of corporate governance.

(1) About shareholders and shareholders meeting

During the reporting period, the company strictly complied with laws and regulations and convened and convened shareholders' meetings in a standardized manner. The convening and convening procedures of the shareholders' general meeting, the qualifications of the personnel attending the shareholders' general meeting and the voting procedures of the shareholders' general meeting are in compliance with the provisions of the "Company Law", "Rules of General Meetings of Listed Companies", "Articles of Association" and "Rules of Procedure of the General Meeting of Shareholders" Witnessing by lawyers and issuing legal opinions on their legality can ensure that all shareholders, especially small and medium shareholders, enjoy equal status and fully exercise their rights.

(2) About the company and the controlling shareholder

During the reporting period, the company correctly handled the relationship with the controlling shareholder in accordance with the "Company Law", "Securities Law", "Articles of Association" and the relevant regulations of the securities regulatory authority. The company's controlling shareholder is able to exercise its rights in accordance with the law and assume corresponding obligations. There is no direct or indirect intervention in the company's decision-making and business activities beyond the company's shareholders' meeting. The company is independent from the controlling shareholder in terms of business, personnel, assets, organization, and finance. The company has independent and complete business and independent operation capabilities. The company's board of directors, board of supervisors, and internal institutions can operate independently.

(3) About directors and board of directors

During the reporting period, the company elected directors in strict accordance with the procedures for selecting and appointing directors as stipulated in the "Articles of Association". The company's board of directors is composed of 6 directors, including 3 independent directors. The number and composition of the board of directors meet the requirements of laws and regulations. During

the reporting period, all directors of the company can actively and strictly attend the board meeting and shareholders' meeting in accordance with the provisions of the "Company Law", "Articles of Association" and "Rules of Procedure of the Board of Directors", actively participate in the training of relevant knowledge and improve business knowledge, Diligent and responsible. The procedures for the convening, convening and voting of board meetings of the company are standardized and the daily operations are standardized.

During the reporting period, the company's implementation of the "Rules for the Implementation of the Remuneration and Appraisal Committee of the Board of Directors", "Implementation Rules for the Audit Committee of the Board of Directors", "Implementation Rules for the Nomination Committee of the Board of Directors", "Management System for the Financial Responsible Person", "Entrusted Financial Management System", and "Internal Matters The “Reporting System” and other system rules of the company ’s board of directors ’special committees and related aspects of the company ’s work have been revised in accordance with the latest spirits and requirements of the current laws, regulations, departmental rules and regulatory documents, and formally become effective after deliberation and approval by the board of directors, continuously improving corporate governance And the degree of standardization of operations and the level of scientific and rationalization of related decisions.

(4) About supervisors and board of supervisors

During the reporting period, the company elected supervisors in strict accordance with the selection and appointment procedures stipulated in the "Articles of Association". The company's board of supervisors consisted of three supervisors, one of whom was an employee representative supervisor. The number and composition of the board of supervisors met the requirements of laws and regulations. Supervisors perform their duties conscientiously and, in a responsible attitude to shareholders, supervise the company ’s finances and the legal and compliance performance of the company ’s directors and senior executives to protect their legal rights and interests. The procedures for the convening, convening and voting of the meetings of the board of supervisors comply with the provisions of the "Company Law", "Articles of Association" and "Rules of Procedure of the Board of Supervisors".

(5) About the operation of independent directors and special committees of the board of directors

During the reporting period, the independent directors of the company performed their duties honestly, diligently and independently in accordance with the "Company Law" and the regulations of other departments, normative documents and system rules, actively attended relevant meetings, and seriously considered various proposals of the board of directors. The matter issued independent opinions, effectively safeguarded the interests of the company and shareholders, especially small and medium shareholders, and played a better role in the supervision of independent directors. Special committees of the company's board of directors also perform their duties in accordance with the implementation rules of their respective committees.

(6) Information disclosure and transparency

During the reporting period, the company strictly performed relevant information disclosure obligations in accordance with the relevant laws and regulations and the "Information Disclosure Management Measures"; the company could disclose information truthfully, accurately, completely and in a timely manner, without false records, misleading statements and major omissions, to ensure All investors and stakeholders have equal access to company information, which increases company transparency and effectively protects the right of small and medium investors to know.

Are there any significant differences between the actual status of corporate governance and the regulatory documents issued by the China Securities Regulatory Commission on listed company governance

☐ Yes ☒ No

There is no significant difference between the actual status of corporate governance and the regulatory documents issued by the China Securities Regulatory Commission on the governance of listed companies.

II. The company's independence relative to the controlling shareholder in terms of business, personnel, assets, institutions, finance, etc.

Since its establishment, the company has operated in strict accordance with the laws and regulations such as the "Company Law", "Securities Law" and the "Articles of Association", and has established and perfected its corporate governance structure. The company is completely separated from the controlling shareholder and actual controller in terms of business, personnel, assets, institutions, finance, etc. It has an independent and complete business system and the ability to operate independently for the market. All the company's production operations or major matters are discussed and determined by the management, the board of directors, and the shareholders' general meeting in accordance with the "Articles of Association" and related systems.

1. Asset independence

The company was changed from a limited liability company as a whole. Before the shareholding restructuring, all assets and personnel entered the joint-stock company and had independent and complete operating assets. After the overall change, the company has all the production and operation assets required for production and operation, and there is no dispute about property rights. The company has production systems, auxiliary production systems and supporting facilities related to production and operation, as well as independent raw material procurement and product sales systems. The company's assets are strictly separated from the shareholders and actual controllers, and there is no infringement of company assets by shareholders and actual controllers.

2. Independence of personnel

The company has a completely independent management system of labor, personnel, and wages, as well as an independent workforce. It also signs labor contracts with company employees in accordance with the relevant provisions of the Labor Law and the company's labor management system. Company directors, supervisors and senior management personnel are elected in strict accordance with the provisions of the "Company Law" and the "Articles of Association". The general manager, deputy general manager, chief financial officer and secretary to the board of directors and other senior management personnel work full-time in the company salary. The actual controller of the company, Mr. Tang Zhuolin, is the chairman of the company. During the process of participating in the management of the company, the actual controller exercises its powers in accordance with the relevant provisions of the "Company Law" and "Articles of Association".

3. Financial independence

The company has an independent financial department, is equipped with full-time financial personnel, has established an independent and perfect financial accounting system, has a standardized financial system, and has implemented an effective financial supervision and management system and internal control system, which can be based on the "Articles of Association". In accordance with relevant regulations of the company and its own circumstances, it makes independent financial decisions, independently accounts for, and bears its own profits and losses. The company opens a bank account independently, and there is no situation of sharing the bank account with the controlling shareholder and the actual controller. As an independent taxpayer, the company independently makes tax declarations and fulfills payment obligations in accordance with the law, and there is no mixed tax payment with the shareholder unit.

4. Institutional independence

According to the requirements of the "Company Law" and the "Articles of Association", the company has set up a general meeting of shareholders as the highest authority, the board of directors as the decision-making body, and the board of supervisors as the supervisory body. The company has a complete internal management system, with corresponding offices and operating departments, and the functional departments divide and collaborate to form an organic independent operating body without interference from the controlling shareholder and the actual controller.

5. Business independence

The company's business is independent of the controlling shareholder. It has an independent and complete supply, production and sales system. It independently decides its business policies and business plans. It can independently control and use human, financial, and physical elements to smoothly organize and implement production and operation activities. The company is completely independent in

business, there is no reliance on the largest shareholder and actual controller; the company's controlling shareholder does not have a horizontal competition relationship with the company in business, and the company's controlling shareholder has promised not to carry out operations and the company may occur Competitive business.

III. Competition in the industry

☐ Applicable ☒ Not applicable

IV. Relevant information about the annual general meeting and the extraordinary general meeting held during the reporting period

1. The general meeting of shareholders during the reporting period

Session	Conference type	Investor participation ratio	Convening Date	Disclosure Date	Disclosure index
2018 Annual General Meeting	Annual general meeting	70.89%	May, 10, 2019	May, 11, 2019	Juchao Information Network (http://www.cninfo.com.cn), Announcement of Resolutions of the Annual General Meeting of 2018 (Announcement Number: 2019-060)
The first temporary general meeting in 2019	Temporary general meeting	31.43%	December 23, 2019	December 24, 2019	Juchao Information Network (http://www.cninfo.com.cn), the

					announcement of the resolution of the first temporary general meeting of 2019 (announcement number: 2019-088)

2. The shareholders with preferred shares whose voting rights have been restored request an extraordinary general meeting

☐ Applicable ☒ Not applicable

V. The performance of independent directors in the reporting period

1. The status of independent directors attending the board of directors and shareholders' meeting

Independent directors' attendance at the board of directors and shareholders' meeting							
Name of Independent Director	Number of participations in the board of directors during the reporting period	Number of on-site board meetings	Number of participation in the board of directors by means of communication	Number of delegates to the board of directors	Absence of the board of directors	Whether you have not attended the board meeting in person for two consecutive times	Number of attending shareholders' meetings
Mai Zhirong	13	4	9	0	0	NO	2
Peng Xiaowei	13	4	9	0	0	NO	2
He Weifeng	13	4	7	2	0	NO	2

Instructions for not attending the board in person for two consecutive times

2. The situation of independent directors' objections to the company's related matters

Whether the independent director disputes the company's related matters

☐ Yes ☒ No

During the reporting period, the independent directors did not raise any objections to the company's related matters.

3. Other instructions for independent directors to perform their duties

Whether the independent director's recommendations on the company have been adopted

☒ Yes ☐ No

The independent director's explanation of whether the company's recommendations have been adopted or not

During the reporting period, independent directors of the company performed their duties conscientiously in accordance with relevant laws and regulations, signed mid-to-long-term deepened strategic cooperation agreements with the company's wholly-owned subsidiaries, used idle self-owned funds to purchase financial management product quotas, adjusted the plan to buy back shares through centralized auction transactions External guarantees, daily connected transaction estimates, changes in accounting policies and other matters that should be expressed have issued independent opinions or pre-approval opinions, and are handled in the company to deal with Pride's performance compensation disputes and are resolved with a package of "Agreement" In the process of disputes, standardize the performance of the duties of independent directors and express opinions on relevant major issues. During the reporting period, independent directors' independent opinions and related suggestions based on their professionalism, independence, and the standpoint of safeguarding the legitimate rights and interests of the majority of small and medium-sized investors were reasonably adopted by the company.

VI. The special committee under the board of directors performed its duties during the reporting period

The company's board of directors has three special committees: the audit committee, the nomination committee, and the remuneration and assessment committee. During the reporting period, the Audit Committee of the Board of Directors actively performed the duties of the Audit Committee in accordance with the "Articles of Association" and "Implementation Rules of the Audit Committee of the Board of Directors". The committee members focused on the company's financial information and its disclosure, the establishment and implementation of internal control system, the progress of internal audit work, the storage and use

of raised funds, the purchase of wealth management products, the provision of guarantees for overseas subsidiaries, etc. The external audit agency made the necessary communication and supervision.

VII. Work of the Supervisory Committee

The board of supervisors discovered whether the company is at risk during the monitoring activities during the reporting period

☐ Yes ☒ No

The Supervisory Board has no objection to the supervision matters during the reporting period.

VIII. Evaluation and incentives of senior managers

The company has established a complete performance evaluation system and remuneration system for senior management personnel, and has established key performance indicators (KPIs) that are consistent with each job position. The income of the company's management and employees at all levels is linked to their work performance. During the reporting period, the company has assessed and evaluated the senior executives' work capabilities, performance of duties, and fulfillment of responsibility targets in accordance with key performance indicators, and their remuneration levels are closely linked to the company's operating performance.

IX. Internal control evaluation report

1. The specific situation of major defects in internal control discovered during the reporting period

☐ Yes ☒ No

2. Self-evaluation report of internal control

Date of full disclosure of internal control evaluation report	April 28, 2020
Internal Control Evaluation Report Full Text Disclosure Index	Published on Juchao Information Network www.cninfo.com.cn
The ratio of the total assets of the unit	97.00%

included in the evaluation scope to the total assets of the company's consolidated financial statements		
The ratio of the operating income of the unit included in the evaluation scope to the operating income of the company's consolidated financial statements	95.00%	
Defect identification standard		
category	financial report	Non-financial report
Qualitative standards	1) Signs of major deficiencies in the financial report include: ① the company's directors, supervisors, and senior executives' fraud; ② the company corrects the published financial report; Major misreporting; ④The audit committee and audit department have no effect on the company's external financial reports and internal control over financial reports. 2) Signs of important deficiencies in financial reporting include: ① failure to select and apply accounting policies in accordance with generally accepted accounting standards; ② failure to establish anti-fraud procedures and control measures; ③ no corresponding control mechanism or There is no implementation and no corresponding compensatory control; ④ There are one or more defects in the control of the financial	Quantitative standards take operating income and total assets as measurement indicators. If the internal control defects may cause or result in losses related to the profit statement, they shall be measured by operating income indicators. If the defect alone or together with other defects may result in a financial report misreporting amount of less than 0.5% of operating income, it is regarded as a general defect; if it exceeds 0.5% of operating income but less than 1%, it is regarded as an important defect; if it exceeds the operating income 1% is considered as a major defect. If the internal control defects may cause or result in losses related to asset management, they shall be measured by total assets. If the defect alone or

	reporting process at the end of the period and there is no reasonable guarantee that the prepared financial statements will achieve the true and complete goals. 3) General defects refer to control defects other than the above major defects and important defects.	together with other defects may result in a financial report misreporting amount less than 0.5% of the total assets, it is regarded as a general defect; if it exceeds 0.5% of the total assets but less than 1%, it is regarded as an important defect; if it exceeds 1 of the total assets % Is considered as a major defect.
Quantitative standard	Quantitative judgment is made on the basis of the company's pre-tax profits. Misreports with an amount exceeding 5% of total pre-tax profits are considered as major misstatements, and misstatements with an amount exceeding 3% of total pre-tax profits are considered as major misstatements, and the rest are general Misstatement.	The determination of defects in non-financial reports is mainly based on the extent to which defects affect the effectiveness of business processes and the probability of occurrence. 1) Major defects If the possibility of defects is high, it will seriously reduce the work efficiency or effect, or increase the uncertainty of the effect, or make it seriously deviate from the expected goal. It is a major defect; in addition, the following signs usually indicate non-financial reports There may be major deficiencies in internal control: ① violation of national laws and regulations, such as unqualified product quality; ② management personnel or key technical personnel have been lost; ③ frequent negative news in the media; ④ the results of internal control evaluation are particularly serious or important

		deficiencies get rectified;
Number of major defects in financial reports (pieces)	0	
Number of major defects in non-financial reports (pieces)	0	
Number of important defects in financial reports (pieces)	0	
Number of important defects in non-financial reports (pieces)	0	

X. Internal control audit report or assurance report

Not applicable

Section 11 Corporate Bonds

Whether the company has publicly issued and listed on the stock exchange, and has not matured or failed to fully redeem the corporate bonds on the date of approval of the annual report

no

Section 12 Financial Report

1. Audit report

Types of audit opinions	Standard unreserved opinion
Audit report signing date	April 27, 2020
Audit institution name	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Audit report document number	BDO Report [2020] No. ZI10254
CPA name	Chen Yanbo, Song Baojun

Audit Report

All shareholders of Guangdong Dongfang Precision Science & Technology Co., Ltd.:

1. Audit opinion

We audited the financial statements of Guangdong Dongfang Precision Science & Technology Co., Ltd. (hereinafter referred to as "Dongfang Precision"), including the consolidated and parent company's balance sheet on December 31, 2019, the consolidated and parent company's profit statement, consolidation and parent company cash flow statement, consolidated and parent company owner's equity changes statement and notes to related financial statements.

We believe that the attached financial statements have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises in all material respects, and fairly reflect the financial status of Dongfang Precision's merger and parent company on December 31, 2019 and the 2019 merger and parent company's operating results and cash flow.

2. The basis for forming the audit opinion

We carried out the audit work in accordance with the provisions of the Auditing Standards for Chinese Certified Public Accountants. The "Responsibility of Certified Public Accountants for the Audit of Financial Statements" section of the audit report further elaborated our responsibilities under these standards. In accordance with the Code of Professional Ethics of Chinese Certified Public Accountants, we are independent of Dongfang Precision and fulfill other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Key audit matters

The key audit matters are the matters that we believe are the most important for the audit of the financial statements of the current period based on professional judgment. The response to these matters is based on the audit of the entire financial statements and the formation of audit opinions. We do not express separate opinions on these matters. We determined that the following items are the key audit items that need to be communicated in the audit report.

Key audit matters	How did the matter respond in the audit
(1) Verifying income	
Please refer to the accounting policies mentioned in "Five, Important Accounting Policies and Accounting Estimates" / (24) of the notes to the financial statements, "VII. Notes to the Items of Consolidated Financial Statements" / (40) and "XVII. Financial Statements of the Parent Company" Main project notes "/ (4). Dongfang Precision's 2019 revenue includes	For revenue recognition, we perform the following procedures: (1) Understand, evaluate and test management's internal control related to sales and collection; (2) Check the contract terms and conditions related to the risks and reward transfers in the ownership of the goods, and evaluate whether the company's income confirmation timing meets the requirements

new energy battery business, corrugated printing machine business, corrugated board production line business and power machine business. Revenue is mainly derived from the new energy battery business of its subsidiary Beijing Pride New Energy Battery Technology Co., Ltd. (hereinafter referred to as "Beijing Pride"). Its revenue is 7.106 billion yuan, accounting for 71.25% of Dongfang Precision's operating income. The revenue recognition process of the new energy battery business is complex. Revenue is one of the key indicators for evaluating the performance of the management. There is an inherent risk that the management manipulates the timing of revenue recognition to achieve specific goals or expectations. Therefore, we recognize the revenue of the new energy battery business as a key audit matter.	of the enterprise accounting standards; (3) Obtain the sales list of the year, select samples of the revenue transactions recorded this year, check the supporting documents such as sales contracts, final settlement price contracts, invoices, warehouse receipts, signing receipts, customer confirmed settlement statements, etc. Confirm whether it complies with the company's accounting policies; (4) Conduct a cut-off test on the income transactions recorded around the balance sheet date; (5) Implement letter verification procedures for major customers; (6) Pay attention to the fairness of connected transactions.
(2) Accounting treatment of the transfer of Beijing Pride's equity and performance compensation	
Please refer to the notes to the financial statements "VII. Notes to the consolidated financial statements" / (35) / (47) and "VIII. Changes in the scope of consolidation" / (2). The company transferred the entire share capital of Beijing Pride at a consideration of 1.5 billion	For the accounting treatment of the transfer of equity in Beijing Pride and the acquisition of performance compensation, we perform the following procedures: (1) Obtain and check the agreement and approval

yuan. After the disposal, this part will no longer be included in the scope of the merger. At the same time, it received a performance compensation of 1.447 billion yuan from the original shareholders of Beijing Prade. Accounting treatment is more complicated. Therefore, we confirmed the accounting treatment of the transfer of Beijing Pride's equity and the performance compensation payment as a key audit matter.	documents related to this transaction; (2) Check whether the transaction processing related to the transaction complies with the relevant provisions of the "Accounting Standards for Enterprises"; (3) Check whether the presentation and disclosure of this transaction in the financial report are sufficient and appropriate.

4. Other information

The management team of Dongfang Precision (hereinafter referred to as "management") is responsible for other information. Other information includes the information covered in Dongfang Precision's 2019 annual report, but does not include the financial statements and our audit report.

Our audit opinions on the financial statements do not cover other information, and we do not express any form of assurance conclusions on other information.

In conjunction with our audit of the financial statements, our responsibility is to read other information. In this process, consider whether the other information is significantly inconsistent with the financial statements or what we learned during the audit or it appears that there are major misstatements.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

5. Management and governance responsibilities for financial statements

The management is responsible for preparing financial statements in accordance with the Accounting

Standards for Business Enterprises to achieve a fair response, and to design, implement and maintain the necessary internal controls so that there are no major misstatements in the financial statements due to fraud or errors.

In preparing the financial statements, the management is responsible for assessing the ability of Dongfang Precision to continue operations, disclosing matters related to continuing operations (if applicable), and applying the assumption of continuing operations unless liquidation, termination of operations or other practical options are planned.

The governance layer is responsible for overseeing the financial reporting process of Dongfang Precision.

6. Certified Public Accountants' Responsibility for Auditing Financial Statements

Our goal is to obtain reasonable assurance on whether the overall financial statements are free of major misstatements due to fraud or errors, and to issue audit reports containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with the auditing standards will always be discovered when a major misstatement exists. Misreporting may be caused by fraud or error. If it is reasonably expected that the misreporting alone or in combination may affect the economic decisions made by users of the financial statements based on the financial statements, the misreporting is generally considered to be significant.

In the process of performing audit work in accordance with auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

(1) Identify and evaluate the risks of major misstatement of financial statements due to fraud or errors, design and implement audit procedures to deal with these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing audit opinions. Since fraud may involve collusion, forgery, intentional omissions, misrepresentation, or overriding internal control, the risk of failing to detect major misstatements due to fraud is higher than the risk of failing to detect major

misstatements due to errors.

(2) To understand the internal control related to auditing in order to design appropriate auditing procedures, but the purpose is not to express an opinion on the effectiveness of internal control.

(3) Evaluate the appropriateness of management's selection of accounting policies and the rationality of accounting estimates and related disclosures.

(4) To draw conclusions on the appropriateness of management's use of continuous operation assumptions. At the same time, based on the audit evidence obtained, it is concluded whether there are significant uncertainties in matters or situations that may cause significant doubts about the ability of Dongfang Precision to continue to operate. If we conclude that there is significant uncertainty, the auditing standards require us to draw the attention of the users of the statements to the relevant disclosures in the financial statements in the audit report; if the disclosures are insufficient, we should issue a non-unqualified opinion. Our conclusion is based on the information available as of the date of the audit report. However, future events or circumstances may prevent Dongfang Precision from continuing its operations.

(5) Evaluate the overall presentation (including disclosure), structure and content of the financial statements, and evaluate whether the financial statements fairly reflect related transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of the entities or business activities in Dongfang Precision to express audit opinions on the financial statements. We are responsible for guiding, supervising and executing group audits, and assume full responsibility for audit opinions.

We communicate with the management on the planned audit scope, schedule and major audit findings, including the internal control deficiencies that we identified in the audit that are worthy of attention.

We also provide a statement to the governance regarding compliance with professional ethics requirements related to independence, and communicate with the governance about all relationships and other matters that may be reasonably considered to affect our independence, as well as related preventive measures (if applicable).

From the matters communicated with the governance layer, we determine which matters are most important for the audit of the financial statements of the current period and thus constitute key audit matters. We describe these matters in the audit report, unless laws and regulations prohibit public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of communicating an event in the audit report exceed the benefits in the public interest, we determine the matter should not be communicated in the audit report.

BDO SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

Chinese Certified Public Accountant: Chen Yanbai

(Project partner)

Chinese Certified Public Accountant: Song Baojun

China•Shanghai

April, 27, 2020

II. Financial Statements

The unit of the statement in the financial notes is: yuan

1. Consolidated balance sheet

Prepared by: Guangdong Dongfang Precision aScience&Technology Co., Ltd.

December 31, 2019

Unit: yuan

Item	December 31, 2019	December 31, 2018
Current assets:		

Money funds	2,356,703,434.60	2,547,345,874.57
Settlement provisions		
Dismantling funds		
Trading financial assets	1,164,039,381.59	
Financial assets measured at fair value and their changes are included in the current profit and loss		800,160.93
Derivative financial assets		
bill receivable		1,835,883,950.01
accounts receivable	597,431,210.02	1,496,368,415.86
Receivable financing	55,447,099.32	
Prepayments	25,901,123.85	39,723,410.14
Premium receivable		
Receivable reinsurance account		
Provision for reinsurance contract receivable		
Other receivables	79,573,114.49	104,911,299.69
Among them: interest receivable	721,935.36	7,885,209.04
Dividend receivable		
Buy back resale financial assets		
Stock	671,432,701.11	935,775,074.07
Contract assets		

Holding assets for sale		
Non-current assets due within one year	356,983.48	
Other current assets	22,346,314.29	54,636,044.13
Total current assets	4,973,231,362.75	7,015,444,229.40
Non-current assets:		
Loans and advances		
Debt investment		
Available for sale financial assets		
Other debt investments		
Held to maturity investments		
Long-term receivables		11,623,598.01
Long-term equity investment	72,372,355.03	79,771,169.72
Investment in other equity instruments		
Other non-current financial assets	20,559,159.34	
Investment real estate		
Fixed assets	585,754,900.75	685,262,087.53
Construction in progress	4,839,241.48	10,480,100.82
Productive biological assets		
oil and gas asset		
Right-of-use asset		
Intangible assets	249,882,429.53	341,038,319.94
Development expenditure		

Goodwill	306,633,631.93	670,286,756.52
Long-term prepaid expenses	8,699,236.33	45,188,773.09
Deferred tax assets	49,025,021.61	119,163,031.39
Other non-current assets	2,518,818.56	8,715,609.47
Total non-current assets	1,300,284,794.56	1,971,529,446.49
total assets	6,273,516,157.31	8,986,973,675.89
Current liabilities:		
Short-term loan	117,888,353.14	250,525,029.95
Borrowing from the Central Bank		
Borrowed funds		
Transactional financial liabilities		
Financial liabilities measured at fair value and whose changes are included in the current profit and loss		
Derivative financial liabilities		
Bills payable	43,973,859.51	990,875,308.24
accounts payable	472,862,744.45	1,588,338,349.43
Advance payment	286,511,724.62	403,630,155.02
Contract liabilities		
Selling back financial assets		
Deposits and Interbank deposit		
Agent trading securities		

Agent underwriting securities		
Staff payable	106,677,329.95	107,225,672.90
Taxes payable	48,928,229.51	298,253,035.20
Other payables	90,950,443.16	150,463,325.70
Of which: interest payable	1,410,745.58	3,332,499.94
Dividend payable		
Fees and commissions		
Reinsurance accounts payable		
Holding liabilities for sale		
Non-current liabilities due within one year	353,399,238.29	95,200,648.23
Other current liabilities		59,244.51
Total current liabilities	1,521,191,922.63	3,884,570,769.18
Non-current liabilities:		
Insurance contract reserve		
Long term loan	224,146,667.48	536,358,921.02
Bonds payable		
Of which: preferred stock		
Perpetual debt		
Lease liability		
Long-term payables		
Long-term payable employee	12,252,657.36	10,163,946.95

compensation		
Estimated liabilities	78,650,466.48	452,856,804.45
Deferred income	18,275,808.90	41,528,340.45
Deferred income tax liabilities	16,915,692.91	29,261,746.53
Other non-current liabilities		
Total non-current liabilities	350,241,293.13	1,070,169,759.40
Total Liabilities	1,871,433,215.76	4,954,740,528.58
Owners' equity:		
Share capital	1,838,647,096.00	1,838,647,096.00
Other equity instruments		
Of which: preferred stock		
Perpetual debt		
Capital reserve	3,862,377,838.84	5,298,075,978.80
Minus: treasury shares	160,088,925.60	63,597,455.75
Other comprehensive income	24,971,085.32	20,300,909.34
Special reserves		
Surplus reserve	51,830,974.45	51,830,974.45
General risk preparation		
undistributed profit	-1,280,673,461.14	-3,118,692,266.64
Total equity attributable to owners of parent company	4,337,064,607.87	4,026,565,236.20
Minority shareholder interest	65,018,333.68	5,667,911.11

Total owner's equity	4,402,082,941.55	4,032,233,147.31
Total Liabilities and Owner's Equity	6,273,516,157.31	8,986,973,675.89

Legal representative: Tang Zhuolin Chief in charge of accounting work: Qiu Yezhi Head of accounting institution: Qiu Yezhi

2. Parent Company Balance Sheet

Unit: yuan

Item	December 31, 2019	December 31, 2018
Current assets:		
Monetary fund.	1,899,380,375.38	1,570,620,697.54
Transactional financial assets.	1,163,000,000.00	
Financial assets measured at fair value and whose changes are included in the profits and losses of the current period.		
Derivative financial assets.		
Notes receivable.		54,212,840.07
Accounts receivable.	151,096,214.10	121,118,535.06
Receivable financing.	51,139,322.12	
Advance payment.	3,233,763.27	2,479,601.45
Other receivables.	36,670,496.12	108,624,755.41
Among them: interest receivable.		7,684,542.37
Dividend receivable.		
Inventory.	111,225,290.10	136,007,118.35
Contract assets.		

Hold assets for sale.		
Non current assets due within one year.	356,983.48	
Other current assets.	4,961,417.06	826,850.50
Total current assets.	3,421,063,861.63	1,993,890,398.38
Non-current assets:		
Debt investment.		
Available-for-sale financial assets.		
Other creditor's rights investment.		
Hold-to-maturity investment.		
Long-term receivables.		11,623,598.01
Long-term equity investment.	439,638,782.00	1,339,624,909.25
Investment in other equity instruments.		
Other illiquid financial assets.		
Investment real estate.		
Fixed assets.	340,791,611.76	351,626,001.28
Project under construction.	83,070.80	3,311,436.39
Productive biological assets.		
Oil and gas assets.		
Right to use assets.		
Intangible assets.	60,733,612.10	59,453,607.94
Development expenditure.		
goodwill.		

Long-term prepaid expenses.	3,335,014.92	3,672,675.03
Deferred income tax assets.	4,923,465.18	3,184,523.16
Other non-current assets.	585,189.00	591,489.00
Total non-current assets.	850,090,745.76	1,773,088,240.06
Total assets.	4,271,154,607.39	3,766,978,638.44
Current liabilities:		
Short-term loan.	90,000,000.00	140,000,000.00
Transactional financial liabilities.		
Financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period.		
Derivative financial liabilities.		
Notes payable.	43,843,859.51	65,409,402.46
Accounts payable.	70,687,704.41	62,615,627.84
Advance payment.	17,451,789.10	24,602,458.76
Contractual liability.		
Salary payable to staff and workers.	26,144,254.56	14,558,039.50
Taxes payable.	1,921,575.57	5,090,075.19
Other payables.	50,214,415.95	59,251,915.06
Among them: interest payable.		
Dividend payable.		

Hold unsold liabilities.		
Non-current liabilities due within one year.		
Other current liabilities.		
Total current liabilities.	300,263,599.10	371,527,518.81
Non-current liabilities:		
Long-term loan.		
Bonds payable.		
Among them: preferred stock.		
Perpetual debt.		
Lease liability.		
Long-term payable.		
Long-term salary payable to staff and workers.		
Estimated liability.		
Deferred return.	14,423,631.66	15,540,291.66
Deferred income tax liability.		
Other non-current liabilities.		
Total non-current liabilities.	14,423,631.66	15,540,291.66
Total liabilities.	314,687,230.76	387,067,810.47
Owner's equity:		
Capital stock.	1,838,647,096.00	1,838,647,096.00

Other equity instruments.		
Among them: preferred stock.		
Perpetual debt.		
Capital reserve.	3,608,591,602.42	5,055,665,185.99
Minus: inventory stock.	160,088,925.60	63,597,455.75
Other comprehensive income.		
Special reserve.		
Surplus reserve.	51,830,974.45	51,830,974.45
Undistributed profit.	-1,382,513,370.64	-3,502,634,972.72
Total owner's equity.	3,956,467,376.63	3,379,910,827.97
Total liabilities and owners' equity	4,271,154,607.39	3,766,978,638.44

3.Consolidated Income Statement

Unit: yuan

Item	2019	2018
1. Total operating income	9,973,503,602.19	6,621,349,618.40
Of which: operating income	9,973,503,602.19	6,621,349,618.40
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	9,227,719,587.75	6,565,839,150.17
Among them: operating cost.	8,286,432,074.92	5,475,295,358.24
Interest expense.		

Payment of fees and commission.		
Surrender fund.		
Net indemnity expenditure.		
Draw the net reserve of insurance liability contract.		
Policy dividend expense.		
Reinsurance cost.		
Taxes and surcharges.	21,756,356.93	41,975,683.46
selling expenses.	414,527,474.88	520,723,396.56
Administrative expenses.	365,218,611.72	286,222,575.20
Research and development expenses.	156,654,915.42	218,476,516.42
Financial expenses.	-16,869,846.12	23,145,620.29
Among them: interest expense.	31,945,338.53	46,977,084.68
Interest income.	55,020,801.87	27,882,940.18
Plus: other income.	22,814,061.39	7,163,908.20
Investment income (loss with "-" sign).	1,384,907,790.71	32,162,216.90
Among them: the return on investment in collaborative ventures and joint ventures.	2,541,133.81	1,954,952.54
Termination of recognition of income from financial assets measured at amortized cost.		
Exchange gain (loss with "-" sign).		
Net exposure hedging gain (loss with "-")		

sign).		
Fair value change income (loss with "-" sign).	-302,415.26	449,024.86
Loss of credit impairment (loss is listed with "-" sign).	-34,097,839.70	
Loss on impairment of assets (loss with "-" sign).	-109,839,858.68	-3,955,901,600.48
Income from asset disposal (loss with "-" sign).	538,255.27	-677,688.93
3 Operating profit (losses are listed with "-" sign).	2,009,804,008.17	-3,861,293,671.22
Plus: non-operating income.	12,570,847.05	4,458,950.79
Minus: non-operating expenses.	8,756,961.53	5,782,895.49
4 the total profit (the total loss shall be filled in with the sign "-").	2,013,617,893.69	-3,862,617,615.92
Minus: income tax expenses.	174,271,939.88	6,419,017.76
5. Net profit (net loss is listed with "-" sign).	1,839,345,953.81	-3,869,036,633.68
(1) classified by business sustainability.		
1. Net profit from continuing operations (net loss with "-" sign).	1,839,345,953.81	-3,869,036,633.68
2. Net profit from termination of operation (net loss with "-" sign).		
(2) Classification according to		

ownership.		
1.Net profit attributable to the owner of the parent company.	1,838,018,805.50	-3,875,995,219.91
2.Minority shareholders' profit and loss.	1,327,148.31	6,958,586.23
6.Net after tax of other comprehensive income.	4,664,988.99	3,824,460.89
Net after tax of other comprehensive income attributable to the owner of the parent company.	4,670,175.98	3,823,913.99
(1) other comprehensive income that cannot be reclassified into profit or loss.	-468,239.41	458,290.71
1. Re-measure the change in the benefit plan.	-468,239.41	458,290.71
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method.		
3. Changes in fair value of investments in other equity instruments.		
4. Fair value change of enterprise's own credit risk.		
5.Other.		
(2)other comprehensive income reclassified into profit or loss.	5,138,415.39	3,365,623.28
1. Other comprehensive income that can be transferred to profit or loss under the		

equity method.		
2.Changes in fair value of other creditor's rights investments.		
3.Profit or loss on changes in the fair value of available-for-sale financial assets.		
4.The amount of financial assets reclassified to other comprehensive income.		
5.Investment held to maturity is reclassified as profit or loss of available-for-sale financial assets.		
6.Provision for credit impairment of other creditor's rights investment.		
7.Cash flow hedging reserve.		159,647.91
8.Translation difference of foreign currency financial statements.	5,138,415.39	3,921,223.20
9.Other.		-715,247.83
Net after tax of other consolidated income attributable to minority shareholders.	-5,186.99	546.90
7 Total comprehensive income.	1,844,010,942.80	-3,865,212,172.79
Total consolidated income attributable to the owner of the parent company.	1,842,688,981.48	-3,872,171,305.92
Total consolidated income attributable to	1,321,961.32	6,959,133.13

minority shareholders.		
8. Earnings per share:		
(1) basic earnings per share.	1.01	-2.11
(2) diluted earnings per share	1.01	-2.11

In the case of a business merger under the same control in the current period, the net profit realized by the merged party before the merger is: yuan, and the net profit realized by the merged party in the previous period is: yuan.

Legal representative: Tang Zhuolin, chief in charge of accounting work: Qiu Yizhi, head of accounting institution: Qiu Yizhi

4. Parent company profit statement

Unit: yuan

Item	2019	2018
I. Business income.	454,758,259.30	435,714,268.65
Minus: operating cost.	262,093,105.17	281,055,010.99
Taxes and surcharges.	6,236,254.83	5,470,394.48
Selling expenses.	34,298,441.55	31,778,183.15
Administrative expenses.	138,720,475.22	66,656,275.04
Research and development expenses.	32,059,854.28	19,557,375.91
Financial expenses.	-12,467,479.41	-17,440,270.24
Among them: interest expense.	2,600,209.85	9,592,434.48
Interest income.	15,831,155.76	20,495,588.45
Plus: other income.	12,907,310.77	4,844,724.32
Investment income (loss with "-" sign).	2,131,539,957.20	36,704,278.89

Among them: the return on investment in joint ventures and combined ventures.	2,492,655.15	1,071,203.98
Termination of recognition of gains on financial assets measured at amortised cost (loss with "-" sign).		
Net exposure hedging gain (loss with "-" sign).		
Fair value change income (loss with "-" sign).		
Loss of credit impairment (loss is listed with "-" sign).	-2,394,961.06	
Loss on impairment of assets (loss with "-" sign).	-15,761,304.34	-3,891,904,346.10
Income from asset disposal (loss with "-" sign).	2,282.78	-927,211.53
2. operating profit (loss shall be listed with "-" sign).	2,120,110,893.01	-3,802,645,255.10
Plus: non-operating income.	471,217.36	267,324.41
Minus: non-operating expenses.	1,561,582.33	654,697.42
3. the total profit (the total loss shall be filled in with the sign "-").	2,119,020,528.04	-3,803,032,628.11
Minus: income tax expenses.	-1,101,074.04	13,276,379.69
4. net profit (net loss is listed with "-")	2,120,121,602.08	-3,816,309,007.80

sign).		
(1) net profit from continuing operation (net loss with "-" sign).	2,120,121,602.08	-3,816,309,007.80
(2) net profit from termination of operation (net loss with "-" sign).		
5. net after tax of other comprehensive income.		
(1) other comprehensive income that cannot be reclassified into profit or loss.		
1. Re-measure the change in the benefit plan.		
2 Other comprehensive income that cannot be transferred to profit or loss under the equity method.		
3. Changes in fair value of investments in other equity instruments.		
4. Fair value change of enterprise's own credit risk.		
5. Other.		
(2) other comprehensive income reclassified into profit or loss.		
1. Other comprehensive income that can be transferred to profit or loss under the equity method.		

2 Changes in fair value of other creditor's rights investments.		
3. Profit or loss on changes in the fair value of available-for-sale financial assets.		
4. The amount of financial assets reclassified to other comprehensive income.		
5. Investment held to maturity is reclassified as profit or loss of available-for-sale financial assets.		
6. Provision for credit impairment of other creditor's rights investment.		
7. Cash flow hedging reserve.		
8. Conversion difference of foreign currency financial statements.		
9. Other		
6. Total comprehensive income.	2,120,121,602.08	-3,816,309,007.80
7. Earnings per share:		
(1) basic earnings per share.		
(2) diluted earnings per share		

5. Consolidated statement of cash flows

Unit: yuan

Item	2019	2018
1. Cash flow generated by business activities:		
Cash received from the sale of goods and the provision of services.	5,761,214,275.00	5,143,728,487.67
Net increase in customer deposits and interbank deposits.		
Net increase in borrowing from the central bank.		
Net increase in funds transferred to other financial institutions.		
Cash received from the premium of the original insurance contract.		
Net cash received from reinsurance business.		
Net increase in depositors' deposits and investment funds.		
Cash that collects interest, commission and commission.		
Net increase in borrowed funds.		
Net increase in funds for repurchase business.		
Net cash received by agents buying and selling securities.		

Tax refund received.	56,214,687.70	41,596,820.90
Receipt of other cash related to business activities.	154,398,867.89	79,212,100.76
Subtotal cash inflows from operating activities.	5,971,827,830.59	5,264,537,409.33
Cash paid for the purchase of goods and services.	4,191,776,389.52	3,569,267,888.21
Net increase in customer loans and advances.		
Net increase in central bank and interbank deposits.		
Cash to pay the indemnity of the original insurance contract.		
Net increase in loan funds		
Cash for the payment of interest, fees and commissions.		
Cash for the payment of policy dividends.		
Cash paid to and for employees.	616,716,506.72	479,239,903.98
Taxes and fees paid.	538,853,364.60	224,518,779.74
Payment of other cash related to business activities.	343,183,782.74	269,786,036.28
Subtotal cash outflow from operating activities.	5,690,530,043.58	4,542,812,608.21

Net cash flow from operating activities.	281,297,787.01	721,724,801.12
2. Cash flow generated by investment activities:		
Recover the cash received from the investment.		50,155,610.55
Cash received from investment income.	86,362,638.82	31,212,081.72
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets.	813,403.84	2,743,109.78
Disposal of net cash received by subsidiaries and other business units.	1,441,474,803.51	
Receipt of other cash related to investment activities.	3,329,848,750.00	3,709,171,000.00
Subtotal cash inflows from investment activities.	4,858,499,596.17	3,793,281,802.05
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets.	138,131,940.70	70,012,587.09
Cash paid for investment.	36,900,193.48	53,132,758.62
Net increase in pledged loans.		
Obtain net cash paid by subsidiaries and other business units.	98,967,727.73	
Payment of other cash related to investment activities.	4,462,987,540.01	2,825,000,000.00

Subtotal cash outflow from investment activities.	4,736,987,401.92	2,948,145,345.71
Net cash flow from investment activities.	121,512,194.25	845,136,456.34
3 Cash flow generated by fund-raising activities:		
Absorb the cash received by the investment.		23,429,873.60
Among them: the subsidiary absorbs the cash received from the investment of minority shareholders.		
Cash received for obtaining loans.	201,906,337.33	852,673,436.34
Receipt of other cash related to fund-raising activities.	160,901,245.51	547,179,900.44
Subtotal cash inflows from fund-raising activities.	362,807,582.84	1,423,283,210.38
Cash paid to repay debts.	411,199,705.69	1,167,241,455.12
Cash paid for the distribution of dividends, profits, or interest payments.	90,133,272.77	106,985,583.26
Among them: dividends and profits paid by subsidiaries to minority shareholders.		3,000,000.00
Payment of other cash related to fund-raising activities.	104,173,489.68	556,760,355.46
Subtotal cash outflow from fund-raising	605,506,468.14	1,830,987,393.84

activities.		
Net cash flow from fund-raising activities.	-242,698,885.30	-407,704,183.46
4. The impact of exchange rate changes on cash and cash equivalents.	8,616,199.08	-190,973.09
5. net increase in cash and cash equivalents.	168,727,295.04	1,158,966,100.91
Plus: balance of cash and cash equivalents at the beginning of the period.	2,057,997,442.35	899,031,341.44
6 Balance of cash and cash equivalents at the end of the period	2,226,724,737.39	2,057,997,442.35

6. Parent company cash flow statement

Unit: yuan

Item	2019	2018
1. Cash flow generated by business activities:		
Cash received from the sale of goods and the provision of services.	444,873,626.35	407,311,750.84
Tax refund received.	19,746,348.95	13,318,277.32
Receipt of other cash related to business activities.	97,820,120.67	26,241,555.25
Subtotal cash inflows from operating activities.	562,440,095.97	446,871,583.41

Cash paid for the purchase of goods and services.	265,624,733.00	274,427,636.33
Cash paid to and for employees.	85,050,092.27	73,539,657.99
Taxes and fees paid.	20,194,213.41	22,637,036.00
Payment of other cash related to business activities.	102,153,093.47	54,491,223.17
Subtotal cash outflow from operating activities.	473,022,132.15	425,095,553.49
Net cash flow from operating activities.	89,417,963.82	21,776,029.92
2. Cash flow generated by investment activities:		
Recover the cash received from the investment.		
Cash received from investment income.	85,531,992.66	35,633,070.58
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets.	13,015.56	1,366,649.00
Disposal of net cash received by subsidiaries and other business units.	1,500,000,000.00	
Receipt of other cash related to investment activities.	3,339,848,750.00	3,718,171,000.00
Subtotal cash inflows from investment activities.	4,925,393,758.22	3,755,170,719.58
Cash paid for the purchase and construction of fixed assets, intangible	6,938,291.51	11,094,970.99

assets and other long-term assets.		
Cash paid for investment.	36,900,193.48	43,807,958.62
Obtain net cash paid by subsidiaries and other business units.		
Payment of other cash related to investment activities.	4,502,648,750.00	2,775,000,000.00
Subtotal cash outflow from investment activities.	4,546,487,234.99	2,829,902,929.61
Net cash flow from investment activities.	378,906,523.23	925,267,789.97
3. Cash flow generated by fund-raising activities:		
Absorb the cash received by the investment.		
Cash received for obtaining loans.	90,000,000.00	140,000,000.00
Receipt of other cash related to fund-raising activities.	18,702,498.63	187,781,849.60
Subtotal cash inflows from fund-raising activities.	108,702,498.63	327,781,849.60
Cash paid to repay debts.	140,000,000.00	250,000,000.00
Cash paid for the distribution of dividends, profits, or interest payments.	2,307,471.27	63,055,655.22
Payment of other cash related to fund-raising activities.	96,510,768.15	66,190,959.98

Subtotal cash outflow from fund-raising activities.	238,818,239.42	379,246,615.20
Net cash flow from fund-raising activities.	-130,115,740.79	-51,464,765.60
4. The impact of exchange rate changes on cash and cash equivalents.		
5.net increase in cash and cash equivalents.	338,208,746.26	895,579,054.29
Plus: balance of cash and cash equivalents at the beginning of the period.	1,432,283,149.36	536,704,095.07
6. Balance of cash and cash equivalents at the end of the period	1,770,491,895.62	1,432,283,149.36

7.Consolidated statement of changes in owners' equity

Current amount

Unit: yuan

Item	2019													
	Belong to the owner's equity of the parent company												Minority shareholders' rights and interests	Total owner's equity
	Capital stock	Other equity instruments			Capital reserve	Minus: inventory stock	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Undistributed profit	Other	In total	
		Preferred stock	Perpetual debt	Other										
I. the balance at the end of last year	1,838,647,096.00				5,298,075,978.80	63,597,455.75	20,300,909.34		51,830,974.45		-3,118,692,266.64		4,026,565,236.20	4,032,233,147.31
Plus:														

accounting policy change														
Prophase error correction														
Business merger under the same control														
other														
2 Balance at the	1,838,647,096.00			5,298,075,978.80	63,597,455.75	20,300,909.34		51,830,974.45		-3,118,692,266.64		4,026,565,236.20	5,667,911.11	4,032,233,147.31

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beginning of the current year														
3 The amount of change in the current period (to be filled in with the sign "-")					-1,435,698,139.96	96,491,469.85	4,670,175.98				1,838,018,805.50	310,499,371.67	59,350,422.57	369,849,794.24
(I) Total consolidated income						96,491,469.85	4,670,175.98				1,838,018,805.50	1,746,197,511.63	1,321,961.32	1,747,519,472.95

(2)owner s' investme nt and reduction of capital					-1,435,6 98,139.9 6							-1,435,698,139.96 7	58,344,033.3 9	-1,377,354,106.5
1. Common stock invested by the owner														
2. Capital invested by holders of other equity instrume														

nts														
3 . The amount of share payment included in the owner's equity														
4. other					-1,435,698,139.96							-1,435,698,139.96	58,344,033.37	-1,377,354,106.59
(3) profit distribution														
1. Draw surplus reserve														

2. Extract general risk prepared ness															
3. Allocatio n to owners (or sharehold ers)															
4. other															
(4) Internal carry-ove r of owners'															

rights and interests														
1. Capital reserve to increase capital (or equity)														
2. Transfer of surplus reserve to capital (or equity)														
3. Surplus reserve to														

make up for losses															
4. Set the amount of changes in the benefit plan to carry forward retained earnings															
5. Other comprehe nsive income carried forward															

retained earnings														
6. other														
(5) Special reserve														
1. Current extraction														
2. Current use														
(6)other													-315,572.12	-315,572.12
3. TThe balance at the end	1,838,647,096.00				3,862,377,838.84	160,088,925.60	24,971,085.32		51,830,974.45		-1,280,673,461.14	4,337,064,607.87	65,018,333.68	4,402,082,941.55

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of the current period															

Previous period amount

Unit: yuan

Item	2018														
	Belong to the owner's equity of the parent company												Minority shareholders ' rights and interests	Total owner's equity	
	Capital stock	Other equity instruments			Capital reserve	Minus: inventory stock	Other comprehensi ve income	Speci al reserv e	Surplus reserve	General risk preparati on	Undistributed profit	Othe r			In total
		Preferr ed stock	Perpetu al debt	Othe r											
I. the balance at the end of last year	1,149,154,435 .00				5,644,338,848 .99		16,476,995. 35		51,830,974. 45		809,008,015.53		7,670,809,269. 32	41,957,402. 70	7,712,766,672. 02
Plus: accounting															

policy change															
Prophase error correction															
Business merger under the same control															
other															
2 Balance at the beginning of the current year	1,149,154,435 .00				5,644,338,848 .99		16,476,995. 35		51,830,974. 45		809,008,015.53		7,670,809,269. 32	41,957,402. 70	7,712,766,672. 02
3 The amount of change in	689,492,661.0 0				-346,262,870. 19	63,597,455. 75	3,823,913.9 9				-3,927,700,282 .17		-3,644,244,033 .12	-36,289,491. 59	-3,680,533,524 .71

the current period (to be filled in with the sign "-")																
(I) Total consolidated income							3,823,913.99					-3,875,995,219.91		-3,872,171,305.92	6,959,133.13	-3,865,212,172.79
(2)owners' investment and reduction of capital					343,229,790.81	63,597,455.75								279,632,335.06		279,632,335.06
1. Common stock invested by the owner																
2 . Capital invested by																

holders of other equity instruments															
3 . The amount of share payment included in the owner's equity															
4. other					343,229,790.81	63,597,455.75							279,632,335.06		279,632,335.06
(3) profit distribution											-51,705,062.26		-51,705,062.26	-3,000,000.00	-54,705,062.26
1. Draw surplus reserve															
2. Extract															

general risk preparedness															
3. Allocation to owners (or shareholders)											-51,705,062.26		-51,705,062.26	-3,000,000.00	-54,705,062.26
4. other															
(4) Internal carry-over of owners' rights and interests	689,492,661.00				-689,492,661.00										
1. Capital reserve to increase capital (or	689,492,661.00				-689,492,661.00										

equity)															
2. Transfer of surplus reserve to capital (or equity)															
3. Surplus reserve to make up for losses															
4. Set the amount of changes in the benefit plan to carry forward retained earnings															

5. Other comprehensive income carried forward retained earnings															
6. other															
(5) Special reserve															
1. Current extraction															
2. Current use															
(6) other													-40,248,624.72	-40,248,624.72	
4. The balance at	1,838,647,096.00				5,298,075,978.80	63,597,455.75	20,300,909.34		51,830,974.45		-3,118,692,266.64		4,026,565,236.20	5,667,911.11	4,032,233,147.31

the end of															
the current															
period															

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

Current amount

Unit: yuan

Item	2019											
	Capital stock	Other equity instruments			Capital reserve	Minus: inventory stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Other	Total owner's equity
		Preferred stock	Perpetual debt	Other								
I. the balance at the end of last year	1,838,647,096.00				5,055,665,185.99	63,597,455.75			51,830,974.45	-3,502,634,972.72		3,379,910,827.97
Plus: accounting policy change												
Prophase error												

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correction												
Other												
2 Balance at the beginning of the current year	1,838,647,096.00				5,055,665,185.99	63,597,455.75			51,830,974.45	-3,502,634,972.72		3,379,910,827.97
3 The amount of change in the current period (to be filled in with the sign "-")					-1,447,073,583.57	96,491,469.85				2,120,121,602.08		576,556,548.66
(I) Total consolidated income										2,120,121,602.08		2,120,121,602.08
(II) Owners' investment and reduction of capital					-1,447,073,583.57	96,491,469.85						-1,543,565,053.42
1. Common stock invested by the owner												
2. Capital invested by												

holders of other equity instruments												
3. The amount of share payment included in the owner's equity												
4. Other					-1,447,073,583.57	96,491,469.85						-1,543,565,053.42
(3) profit distribution												
1. Draw surplus reserve												
2. Allocation to owners (or shareholders)												
3. Other												
(4) Internal carry-over of owners' rights and interests												

1. Capital reserve to increase capital (or equity)												
2. Transfer of surplus reserve to capital (or equity)												
3. Surplus reserve to make up for losses												
4. Set the amount of changes in the benefit plan to carry forward retained earnings												
5. Other comprehensive income carried forward retained earnings												

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6. Other												
(5) Special reserve												
1. Current extraction												
2. Current use												
(6) other												
4 The balance at the end of the current period	1,838,647,096.00				3,608,591,602.42	160,088,925.60			51,830,974.45	-1,382,513,370.64		3,956,467,376.63

Previous period amount

Unit: yuan

Item	2018											
	Capital stock	Other equity instruments			Capital reserve	Minus: inventory stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Other	Total owner's equity
		Preferr ed	Perpetu al debt	Othe r								

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		stock										
I. the balance at the end of last year	1,149,154,435.00				5,745,173,828.91				51,830,974.45	365,379,097.34		7,311,538,335.70
Plus: accounting policy change												
Prophase error correction												
Other												
2 Balance at the beginning of the current year	1,149,154,435.00				5,745,173,828.91				51,830,974.45	365,379,097.34		7,311,538,335.70
3 The amount of change in the current period (to be filled in with the sign "-")	689,492,661.00				-689,508,642.92	63,597,455.75				-3,868,014,070.06		-3,931,627,507.73
(I) Total consolidated income										-3,816,309,007.80		-3,816,309,007.80

(II) owners' investment and reduction of capital					-15,981.92	63,597,455.75						-63,613,437.67
1. Common stock invested by the owner												
2. Capital invested by holders of other equity instruments												
3. The amount of share payment included in the owner's equity												
4. Other					-15,981.92	63,597,455.75						-63,613,437.67
(3)profit distribution										-51,705,062.26		-51,705,062.26
1. Draw surplus reserve												

2. Allocation to owners (or shareholders)										-51,705,062.26		-51,705,062.26
3. Other												
(4)Internal carry-over of owners' rights and interests	689,492,661.00				-689,492,661.00							
1. Capital reserve to increase capital (or equity)	689,492,661.00				-689,492,661.00							
2.Transfer of surplus reserve to capital (or equity)												
3. Surplus reserve to make up for losses												
4. Set the amount of												

changes in the benefit plan to carry forward retained earnings												
5. Other comprehensive income carried forward retained earnings												
6. Other												
(5) Special reserve												
1. Current extraction												
2. Current use												
(6) other												
4 The balance at the end of the current period	1,838,647,096.00				5,055,665,185.99	63,597,455.75			51,830,974.45	-3,502,634,972.72		3,379,910,827.97

III. Basic information of the company

Guangdong Dongfang Precision Science & Technology Co., Ltd. (hereinafter referred to as "the Company" or "Company"), formerly known as Nanhai Dongfang Carton Machinery Industry Co., Ltd., was established on December 9, 1996. and obtained the registration number 440682000040868 "enterprise legal person business license". With the approval of the Securities Regulatory Commission of China Securities Regulatory Commission [2011] No. 1237 on approval of the initial Public offering of Guangdong Dongfang Precision Science & Technology Co., Ltd., the Company issued RMB ordinary shares to the public and was listed on the Shenzhen Stock Exchange in August 2011. Since 2016, the company has adopted the unified social credit code: 914406002318313119.

The company belongs to the intelligent packaging equipment industry.

As of December 31st, 2019, the cumulative total issued share capital of the Company is 1838647096.00 shares, registered at No. 2 Qiangshi Road, Shishan Town, Nanhai District, Foshan City, Foshan City, Guangdong Province (Office Building, Factory A, B), Headquarter address: No. 2 Qiangshi Road, Shishan Town, Nanhai District, Foshan City, Guangdong Province.

The company's main business scope is: processing, manufacturing, sales: carton printing presses and accessories, general machinery and accessories, providing after-sales services, brokerage services, technical consulting services, installation services; import and export of goods, technology import and export (except for projects prohibited by laws and administrative regulations; projects restricted by laws and administrative regulations must obtain permission before operating).

The actual control of the company is Tang Zhuolin and Tang Zhuomian.

This financial statement has been approved by all the directors of the company on April 27, 2020.

As of December 31, 2019, the subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

Subsidiary name.

Dongfang Precision (Hong Kong) Co., Ltd. (hereinafter referred to as "Dongfang Precision (Hong Kong)").
Dong Fang Precision(Netherland)Cooperatief U.A.(hereinafter referred to as "Dongfang Precision (Netherlands)").
Guangdong Fossberg Intelligent equipment Co., Ltd. (hereinafter referred to as "Fosber Asia").
Suzhou Shunyi Investment Co., Ltd. (hereinafter referred to as "Shunyi Investment").
Beijing Pride*

As of 31 December 2019, the subsidiaries indirectly held by the Company within the consolidated financial statements are as follows:

Name of subsidiary indirectly held.
Fosber S.p.A.(hereinafter referred to as "Fosber Group").
Fosber America, Inc.(hereinafter referred to as "Fosber USA").
Fosber (Machinery) Tianjin Co., Ltd. (hereinafter referred to as "Fosber Tianjin").
Suzhou Parsun Power Machinery Co., Ltd. (hereinafter referred to as "Parsun Power").
Changzhou Pride New Energy Battery Technology Co., Ltd. (hereinafter referred to as "Changzhou Pride").
EDF EUROPE S.R.L (hereinafter referred to as "Italian EDF").
Tiruna Group Industrial, S.L. (hereinafter referred to as "Tiruna Group").
Tiruna S.L.U.
Tratatamientos Industriales Tiruna S.A.U.
Tiruna Brazil
Tiruna France SARL

SCI Candan
Tiruna UK Ltd
Guangdong Tiruna
Tiruna America inc.(hereinafter referred to as "Tiruna USA")

*During the current period, the company disposed of 100% of the equity of Beijing Pride, and the delivery was completed on December 25, 2019. From December 26, 2019, Beijing Pride will no longer be included in the merger.

The scope and changes of the consolidated financial statements for the current period are detailed in this note "VIII. Changes in the consolidated scope" and "IX. Interests in other subjects".

IV. The basis for the preparation of financial statements.

1. The basis of establishment.

On the basis of continuous operation, according to the actual transactions and events, in accordance with the Accounting Standards for Enterprises-basic Standards issued by the Ministry of Finance and various specific accounting standards, guidelines for the application of accounting standards for enterprises, interpretation of accounting standards for enterprises and other relevant provisions (hereinafter collectively referred to as "accounting standards for enterprises"), And the disclosure provisions of the China Securities Regulatory Commission "rules No. 15 on Information Disclosure of companies issuing Securities publicly-General provisions on Financial reports" for the preparation of financial statements.

2. Continuous operation.

There are no matters affecting the continuing operation ability of the Company, and it is expected that the Company will have the continuing operation ability in the next 12 months. The financial statements of the Company are prepared on the basis of the continuing operation assumption.

V Important accounting policies and accounting estimates.

Tips for specific accounting policies and accounting estimates:

The following disclosures have covered the specific accounting policies and accounting estimates formulated by the Company according to the characteristics of actual production and operation. See "V, (24) income" in this note for details.

1. Declaration of compliance with accounting standards for enterprises.

These financial statements meet the requirements of the accounting standards for enterprises issued by the Ministry of Finance and truly and completely reflect the merger of the Company on December 31, 2019 and the financial position of the parent company, as well as the operating results and cash flow of the parent company in 2019.

2. Accounting period.

It is a fiscal year from January 1 to December 31 of the Gregorian calendar.

3. Business cycle.

The business cycle of our company is 12 months.

4、Bookkeeping standard currency

Company name	Bookkeeping standard currency
The Company and its subsidiaries in China	RMB
Fosber Group	EURO
Fosber US	US DOLLARS
Dongfang Precision (Hongkong)	US DOLLARS

Dongfang Precision (Netherland)	EURO
Italian EDF	EURO
Tiruna Group	EURO
Tiruna S.L.U.	EURO
Tratatamientos Industriales Tiruna S.A.U.	EURO
Tiruna Brazil	Real
Tiruna France SARL	Franc
SCI Candan	Franc
Tiruna UK Ltd	British Pound
Tiruna US	US DOLLARS

5. The accounting treatment of business combination under the same control and non-same control.

Business merger under the same control: the assets and liabilities acquired by the merging party in the business combination shall be measured according to the book value of the assets and liabilities of the merged party (including the goodwill formed by the acquisition of the merged party by the ultimate controlling party) in the consolidated financial statements of the ultimate controlling party on the merger date. The difference between the book value of the net assets obtained in the merger and the book value of the consolidated consideration paid (or the total par value of the shares issued) shall be adjusted, the equity premium in the capital reserve shall be adjusted, and if the equity premium in the capital reserve is insufficient to be offset, the retained earnings shall be adjusted.

Business merger under different control: on the date of purchase, the assets paid and liabilities incurred or assumed by the purchaser as consideration for the merger shall be measured at fair value, and the difference between the fair value and its book value shall be recorded into the profits and losses of the current period. The difference of the fair value share of the identifiable net assets obtained by the purchaser in the merger shall be recognized as goodwill if the merger cost is greater than the fair value share of the identifiable net assets obtained in the merger; the merger

cost shall be less than the difference in the fair value share of the identifiable net assets acquired in the merger and shall be recorded in the profits and losses of the current period.

The directly related expenses incurred for the business merger shall be recorded into the profits and losses of the current period when they occur; the transaction costs for issuing equity securities or debt securities for the enterprise merger shall be included in the initial recognition amount of the equity securities or debt securities.

6. The method of compiling consolidated financial statements.

1. Merge scope.

The consolidated scope of the consolidated financial statements is determined on the basis of control, which includes the Company and all subsidiaries.

2 Merge program.

The company prepares consolidated financial statements on the basis of the financial statements of itself and its subsidiaries and on the basis of other relevant information. The company prepares consolidated financial statements and regards the entire enterprise group as an accounting entity, in accordance with the recognition, measurement and presentation requirements of the relevant enterprise accounting standards and in accordance with unified accounting policies, reflect the overall financial position, operating results and cash flow of the enterprise group.

If the accounting policies and accounting periods adopted by all subsidiaries included in the consolidated financial statements are consistent with those of the company, if the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the company, necessary adjustments shall be made in accordance with the company's accounting policies and accounting periods when preparing the consolidated financial statements. For subsidiaries acquired by non-merger under the same control, the financial statements shall be adjusted on the basis of the fair value of identifiable net assets on the date of purchase. For a subsidiary acquired by a merger under the same control, the financial statements shall be adjusted on the basis of the book value of its assets and liabilities (including the goodwill formed by the acquisition of the subsidiary by the ultimate controlling party) in the financial statements of the ultimate controlling party.

The minority shareholders' shares of subsidiary owners' equity, current net profit and loss and current comprehensive income are separately shown under the owner's equity item in the consolidated balance sheet, under the net profit item in the consolidated income statement and under the total comprehensive income item. The current loss shared by the minority shareholders of the subsidiary exceeds the balance formed by the minority shareholders' share in the initial owner's equity of the subsidiary, deducting the minority shareholders' rights and interests.

(1) Increase the number of subsidiaries or businesses.

During the reporting period, if a subsidiary or business is increased as a result of a business merger under the same control, the beginning of the consolidated balance sheet shall be adjusted, and the income, expenses and profits of the subsidiary or business combination from the beginning of the current period to the end of the reporting period shall be included in the consolidated income statement. The cash flow from the beginning of the current period to the end of the reporting period of the subsidiary or business combination shall be included in the consolidated cash flow statement, and the relevant items of the comparative statement shall be adjusted as if the combined report subject has been in existence since the final control party began to control.

If it is possible to control the investee under the same control due to additional investment and other reasons, the parties involved in the merger shall be deemed to adjust in their current state when the final controlling party begins to control. For equity investments held prior to the acquisition of control of the merged party, the relevant profit and loss, other comprehensive income and other changes in net assets have been recognized between the date of acquisition of the original equity and the date of control of the merged party and the merged party, the changes in profit and loss, other comprehensive income and other net assets have been offset against the initial retained earnings or current profits and losses in the comparative statement period, respectively.

During the reporting period, if a subsidiary or business is increased as a result of a merger not under the same control, the beginning of the consolidated balance sheet period shall not be adjusted; the income, expenses and profits of the subsidiary or business from the purchase date to the end of the reporting period shall be included in the consolidated income statement; the cash flow of the subsidiary or business from the purchase date to the end of the reporting period shall be included in the consolidated cash flow statement.

If it is possible to control the investee who is not under the same control due to additional investment and other reasons, the company shall re-measure the equity held before the purchase date according to the fair value of the

equity on the purchase date, the difference between the fair value and its book value shall be included in the investment income of the current period. Where the equity held by the acquiree before the date of purchase involves changes in other comprehensive income under the equity method and other owners' equity except net profit and loss, other comprehensive income and profit distribution, the related changes in other comprehensive income and other owners' equity shall be converted into the investment income of the current period on the date of purchase, Except for other comprehensive income arising from the re-measurement of net liabilities or changes in net assets of the benefit plan by the invested party.

(2) Disposal of subsidiaries or businesses.

1 General treatment methods.

If the company disposes of a subsidiary or business during the reporting period, the income, expenses and profits of the subsidiary or business from the beginning of the business period to the disposal date shall be included in the consolidated income statement; the cash flow from the beginning of the business period to the disposal date of the business period shall be included in the consolidated cash flow statement.

When the control over the investee is lost due to the disposal of part of the equity investment or other reasons, the company shall re-measure the remaining equity investment after disposal according to its fair value at the date of loss of control. The sum of the consideration obtained from the disposal of the shares and the fair value of the remaining shares minus the difference between the share of the net assets and the goodwill that should be continuously calculated by the original subsidiary from the date of purchase or merger, it shall be included in the investment income of the period in which the control is lost. Other comprehensive income related to the equity investment of the original subsidiary or other changes in owners' equity except net profit and loss, other comprehensive income and profit distribution shall be converted into current investment income when control is lost, with the exception of other comprehensive income arising from the re-measurement of the net liabilities or changes in net assets of the benefit plan of the invested party.

If the company loses control due to the decrease in the proportion of shares held by the company as a result of the increase in capital of the subsidiary by other investors, the accounting treatment shall be carried out in accordance with the above-mentioned.

2 Disposal of subsidiaries step by step.

If the equity investment in a subsidiary is disposed of step by step through multiple transactions until the loss of control, the terms, conditions and economic impact of the disposal of each transaction in the equity investment of the subsidiary conform to one or more of the following situations, it is usually indicated that multiple transactions should be treated as a package of transactions:

I. These transactions are entered into at the same time or taking into account the influence of each other;

II. These transactions as a whole can achieve a complete business result;

III. The occurrence of a transaction depends on the occurrence of at least one other transaction;

A transaction is uneconomical on its own, but it is economical when it is considered with other transactions.

Where the disposal of each transaction of equity investment in a subsidiary until the loss of control belongs to a package transaction, the company shall treat each transaction as a transaction of disposal of the subsidiary and loss of control; However, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal investment shall be recognized as other comprehensive income in the consolidated financial statements, when the loss of control is transferred to the profit or loss of the period in which the control is lost.

Where the disposal of all transactions on the equity investment of a subsidiary until the loss of control is not a package transaction, before the loss of control, accounting treatment shall be carried out according to the relevant policies of partial disposal of the equity investment of the subsidiary without the loss of control; in the event of loss of control, accounting treatment shall be carried out in accordance with the general treatment method of disposing of the subsidiary.

(3) Purchase minority shares in subsidiaries.

The difference between the company's newly acquired long-term equity investment in the purchase of minority shares and the share of net assets that should be continuously calculated by the subsidiary from the date of purchase (or merger date), adjust the equity premium in the capital reserve in the consolidated balance sheet, and if the equity premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

(4) Partial disposal of equity investment in subsidiaries without losing control.

Without losing control, the difference between the disposal price obtained from the partial disposal of the long-term

equity investment in the subsidiary and the disposal of the long-term equity investment corresponds to the share of the net assets continuously calculated by the subsidiary since the date of purchase or merger, the equity premium in the capital reserve in the consolidated balance sheet shall be adjusted, and if the equity premium in the capital reserve is insufficient to be offset, the retained earnings shall be adjusted.

7. Classification of joint venture arrangement and accounting treatment of joint operation.

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

When the company is a joint venture party to the joint venture arrangement, it is a joint operation when it enjoys the relevant assets and bears the relevant liabilities of the joint venture arrangement.

The company recognizes the following items related to the share of interests in the joint operation, and carries out accounting treatment in accordance with the provisions of the relevant accounting standards for enterprises:

- (1) to recognize the assets held separately by the Company and the assets jointly held according to the share of the Company;
- (2) to recognize the liabilities borne separately by the Company and the liabilities jointly borne according to the share of the Company;
- (3) to recognize the income generated from the sale of the company's share of joint operating output;
- (4) to recognize the income generated by the joint operation from the sale of output according to the share of the company;
- (5) to recognize the expenses incurred separately and the expenses incurred by the joint operation according to the share of the company.

The company's accounting policy on joint venture investment can be found in this note "V, (XIII) long-term equity investment".

8. Criteria for determining cash and cash equivalents.

When preparing the statement of cash flows, the cash in stock of the company and the deposits that can be used for

payment at any time shall be recognized as cash. Investments with short term (due within three months from the date of purchase), strong liquidity, easy to convert into known cash and low risk of value change are identified as cash equivalents.

9. Conversion of foreign currency business and foreign currency statements.

1. Foreign currency business.

The foreign currency business uses the spot exchange rate on the date of the transaction as the conversion rate to convert the amount of foreign currency into RMB for bookkeeping.

The balance of foreign currency monetary items on the balance sheet date is converted at the spot exchange rate on the balance sheet date, and the resulting exchange differences, except for the exchange differences arising from special foreign currency loans related to the acquisition and construction of assets that meet the capitalization conditions, shall be recorded into the profits and losses of the current period except for the exchange differences arising from special foreign currency loans related to the acquisition and construction of assets that meet the capitalization conditions in accordance with the principle of capitalization of borrowing costs.

2. Conversion of foreign currency financial statements.

The assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date; except for the "undistributed profit" items, other items shall be converted at the spot exchange rate at the time of occurrence. The income and expense items in the income statement shall be converted at the spot exchange rate on the date of the transaction.

When disposing of an overseas operation, the difference in the translation of the foreign currency financial statements related to the overseas operation shall be transferred from the owner's equity project to the disposal of the profits and losses of the current period.

10. Financial instruments.

Financial instruments include financial assets, financial liabilities and equity instruments.

1. Classification of financial instruments.

Accounting policies applicable as of January 1, 2019.

According to the business model of the Company's management of financial assets and the contractual cash flow characteristics of financial assets, at the time of initial recognition, financial assets are classified as financial assets measured at amortised cost, financial assets (debt instruments) measured at fair value and their changes included in other comprehensive income, and financial assets measured at fair value and their changes included in the profits and losses of the current period.

The business model aims to collect the contract cash flow and the contract cash flow is only the payment of principal and interest based on the outstanding principal amount, which is classified as financial assets measured at amortised cost. Where the business model aims to receive both the contractual cash flow and the sale of the financial asset, and the contractual cash flow is only the payment of principal and interest based on the outstanding principal amount, it is classified as financial assets (debt instruments) that are measured at fair value and whose changes are included in other comprehensive income; other financial assets are classified as financial assets measured at fair value and whose changes are included in the profits and losses of the current period.

For investments in non-transactional equity instruments, the Company determines at the initial recognition whether they are designated as financial assets (equity instruments) that are measured at fair value and whose changes are included in other comprehensive income. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, financial assets can be designated as financial assets measured at fair value and whose changes are included in the profits and losses of the current period.

At the time of initial recognition, financial liabilities are classified as: financial liabilities measured at fair value and their changes included in the profits and losses of the current period and financial liabilities measured at amortized cost.

Financial liabilities that meet one of the following conditions may, at the time of initial measurement, be designated as financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period:

- 1) this designation can eliminate or significantly reduce accounting mismatch.
- 2) to manage and evaluate the financial liability portfolio or the financial asset and financial liability portfolio on the basis of fair value in accordance with the enterprise risk management or investment strategy set out in the official written document, and report to key managers within the enterprise on this basis.
- 3) the financial liability includes embedded derivatives that need to be split separately.

Accounting policies applicable before January 1, 2019.

Financial assets and financial liabilities are classified at the time of initial recognition as: financial assets or financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period, including transactional financial assets or financial liabilities and financial assets or financial liabilities directly designated to be measured at fair value and whose changes are included in the profits and losses of the current period; investments held to maturity; receivables; available-for-sale financial assets; other financial liabilities, etc.

2. Confirmation basis and Measurement method of Financial Instruments.

Accounting policies applicable as of January 1, 2019.

(I) Financial assets measured at amortized cost.

Financial assets measured at amortized cost, including notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc., are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount; accounts receivable that does not include a significant financing component and the company decides not to consider accounts receivable with financing components not exceeding one year shall be initially measured at the contract transaction price.

The interest calculated by the effective interest rate method during the holding period shall be recorded in the profits and losses of the current period.

At the time of recovery or disposal, the difference between the price obtained and the book value of the financial asset shall be recorded into the profits and losses of the current period.

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

Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, including accounts receivable financing, other debt investments, etc., shall be initially measured at fair value, and the relevant transaction costs shall be included in the initial recognition amount. The financial asset is subsequently measured at fair value, and changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains and losses calculated by the effective interest rate method.

When the recognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in the profits and losses of the current period.

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

Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income, including investments in other equity instruments, shall be initially measured at fair value, and the relevant transaction costs shall be included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. The dividends earned shall be recorded in the profits and losses of the current period.

At the time of termination of recognition, the cumulative gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

(4) Financial assets measured at fair value and whose changes are included in the profits and losses of the current period.

Financial assets measured at fair value and whose changes are included in the profits and losses of the current period

include transactional financial assets, derivative financial assets and other non-current financial assets, which are initially measured at fair value, and the relevant transaction costs are recorded in the profits and losses of the current period. The financial assets are subsequently measured at fair value, and the changes in fair value are recorded in the profits and losses of the current period.

(5) Financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period.

Financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period include transactional financial liabilities, derivative financial liabilities, etc., which are initially measured at fair value, and the relevant transaction costs are recorded in the profits and losses of the current period. The financial liability is subsequently measured at fair value, and the change in fair value is recorded in the profits and losses of the current period.

When the recognition is terminated, the difference between the book value and the consideration paid shall be recorded in the profits and losses of the current period.

(6) Financial liabilities measured at amortized cost.

Financial liabilities measured at amortized cost include short-term loans, notes payable, accounts payable, other payables, long-term loans, bonds payable and long-term payables, which are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount.

The interest calculated by the effective interest rate method during the holding period shall be recorded in the profits and losses of the current period.

When the recognition is terminated, the difference between the consideration paid and the book value of the financial liability shall be recorded into the profits and losses of the current period.

Accounting policies applicable before January 1, 2019.

(1) Financial assets (financial liabilities) that are measured at fair value and whose changes are included in the

profits and losses of the current period.

At the time of acquisition, the fair value (deducting cash dividends declared but not yet paid or interest on bonds that have been paid but not yet received) is taken as the initial recognized amount, and the relevant transaction costs are recorded in the profits and losses of the current period.

During the holding period, the interest or cash dividend earned will be recognized as investment income, and the change in fair value will be included in the profit or loss of the current period at the end of the period.

At the time of disposal, the difference between the fair value and the initial amount recorded shall be recognized as investment income, and the profit or loss of fair value changes shall be adjusted at the same time.

(2) hold-to-maturity investment.

The sum of the fair value (deducting the interest on the bonds that have reached the interest payment date but not yet received) and the relevant transaction costs shall be taken as the initial recognized amount at the time of acquisition.

During the holding period, the recognized interest income shall be calculated according to the amortized cost and the effective interest rate, which shall be included in the investment income. The effective interest rate is determined at the time of acquisition and remains unchanged for the expected duration or for such shorter period as may be applicable.

At the time of disposal, the difference between the price obtained and the book value of the investment shall be included in the investment income.

(3) accounts receivable.

The company's claims receivable resulting from the sale of goods or the provision of labor services, and the claims of other enterprises held by the company, which do not include debt instruments quoted in the active market, including notes receivable, accounts receivable, other receivables, long-term receivables, etc., shall take the contract or agreement price receivable from the buyer as the initial recognition amount; if it is of a financing nature, it shall be initially recognized according to its present value.

At the time of recovery or disposal, the difference between the price obtained and the book value of the receivables shall be recorded into the profits and losses of the current period.

(4) available-for-sale financial assets.

At the time of acquisition, the sum of the fair value (deducting the declared but not yet paid cash dividends or the interest on bonds that have reached the interest payment date but not yet received) and the relevant transaction costs is taken as the initial recognized amount.

The interest or cash dividend earned during the holding period is recognized as investment income. At the end of the period, it is measured at fair value and changes in fair value are included in other comprehensive income. However, investments in equity instruments that are not quoted in an active market and whose fair value cannot be measured reliably, and derivative financial assets linked to the equity instrument and settled through the delivery of the equity instrument, are measured at cost.

At the time of disposal, the difference between the price obtained and the book value of the financial asset shall be included in the investment profit and loss; at the same time, the amount of the cumulative amount of fair value changes originally directly included in other comprehensive income corresponding to the disposal part shall be transferred out and included in the profit and loss of the current period.

(5) other financial liabilities.

The sum of its fair value and related transaction costs shall be taken as the initial recognized amount. The amortized cost is used for follow-up measurement.

3. Confirmation basis and Measurement method of Financial assets transfer.

When a company transfers financial assets, if almost all the risks and rewards in the ownership of the financial assets have been transferred to the transferee, the recognition of the financial assets shall be terminated; if almost all the risks and rewards in the ownership of the financial assets are retained, the recognition of the financial asset shall not be terminated.

In judging whether the transfer of financial assets meets the above-mentioned conditions for termination of recognition of financial assets, the principle of substance over form shall be adopted.

The company divides the transfer of financial assets into the overall transfer and partial transfer of financial assets.

If the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the following two amounts shall be recorded into the profits and losses of the current period:

- (1) the book value of the transferred financial assets;
- (2) the sum of the consideration received as a result of the transfer and the cumulative amount of changes in fair value that were originally directly included in the owners' equity (the financial assets involved in the transfer are financial assets (debt instruments) whose changes are measured at fair value and whose changes are included in other comprehensive income, and financial assets available for sale.

If the partial transfer of financial assets meets the conditions for termination of recognition, the book value of the transferred financial assets as a whole shall be apportioned according to their respective relative fair values between the terminated recognition part and the unterminated recognition part, and the difference between the following two amounts shall be included in the profits and losses of the current period:

- (1) to terminate the book value of the recognition part;
- (2) the consideration of the termination recognition part, the sum of the amount corresponding to the cumulative amount of fair value changes that were originally directly included in the owners' equity (the financial assets involved in the transfer are financial assets (debt instruments) whose changes are measured at fair value and whose changes are included in other comprehensive income, financial assets available for sale.

If the transfer of a financial asset does not meet the conditions for termination of recognition, the financial asset shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

4. Conditions for termination of recognition of financial liabilities.

If the current obligation of a financial liability has been discharged in whole or in part, the recognition of the financial liability or part thereof shall be terminated; if the Company signs an agreement with the creditors to replace the existing financial liability by assuming a new financial liability, and if the contract terms of the new financial liability are substantially different from those of the existing financial liability, the recognition of the existing financial liability shall be terminated and the new financial liability shall be recognized at the same time.

Where substantial changes are made to all or part of the terms of the contract for the existing financial liabilities, the recognition of the existing financial liabilities or part of them shall be terminated, and the financial liabilities after the revised terms shall be recognized as a new financial liability.

When the recognition of financial liabilities is terminated in whole or in part, the difference between the book value of the financial liabilities terminated and the consideration paid (including transferred non-cash assets or new financial liabilities assumed) shall be included in the profits and losses of the current period.

If the company buys back part of the financial liability, it shall allocate the book value of the financial liability as a whole according to the relative fair value of the continued recognition part and the termination recognition part on the repurchase date. The difference between the book value allocated to the termination of recognition and the consideration paid (including transferred non-cash assets or new financial liabilities assumed) shall be included in the profits and losses of the current period.

5. The method of determining the fair value of financial assets and financial liabilities.

There are financial instruments in an active market, whose fair value is determined by quotations in the active market. There are no financial instruments that activate the market, and valuation techniques are used to determine their fair value. In valuation, the Company adopts valuation techniques that are applicable in the current circumstances and are supported by sufficient available data and other information, select input values that are consistent with the characteristics of assets or liabilities considered by market participants in the transactions of the relevant assets or liabilities, and give priority to the relevant observable inputs. The unobservable input value is used only if the relevant observable input value cannot be obtained or is impracticable.

6. Test method and Accounting treatment method of impairment of Financial assets.

Accounting policies applicable as of January 1, 2019.

The Company takes into account all reasonable and justified information, including forward-looking information, estimates, individually or in combination, the expected credit losses of financial assets measured at amortised cost and financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income. The measurement of expected credit loss depends on whether the credit risk of financial

assets increases significantly after the initial recognition.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision at the amount equivalent to the expected credit loss of the financial instrument throughout its lifetime; if the credit risk of the financial instrument does not increase significantly since the initial recognition, the Company measures its loss provision at the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increase or reversal amount of the loss provision resulting therefrom shall be recorded into the profit or loss of the current period as an impairment loss or gain.

Usually more than 30 days overdue, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

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

If there is objective evidence that a financial asset has been impaired in credit, the company shall make provision for impairment of the financial asset on an individual basis.

(1) Impairment of receivables.

1 Accounts receivable.

For accounts receivable, regardless of whether it is due to the sale of products or the provision of services or contains a significant financing component, the Company always measures its loss provision at an amount equivalent to the expected credit loss over the entire lifetime, the resulting increase or reversal of the loss provision is recorded in the profits and losses of the current period as an impairment loss or gain.

Based on all reasonable and valid information, including forward-looking information, the company makes provision for bad debts for accounts receivable in accordance with the combination of related parties and the combination of age analysis within the scope of merger, and the combination of related parties within the scope of merger does not make provision for bad debts, the combination of age analysis calculates its expected credit loss on the basis of age, as follows:

Account age	Proportion of accounts receivable (%)		
	Corrugated board line related business	Power engine service	New energy battery business
Within 1 year (including 1 year)	11.00	5.00	1.00
1 to 2 years (including 2 years)	25.00	10.00	10.00
2 to 3 years (including 3 years)	310.00	30.00	30.00
3 to 4 years (including 4 years)	430.00	50.00	100.00
4 to 5 years (including 5 years)	550.00	80.00	100.00
More than 5 years	100.00	100.00	100.00

If there is objective evidence that a credit impairment has occurred in an account receivable,

the company makes a provision for bad debts and recognizes the expected credit loss on the account receivable.

②Other receivables

Other receivables are based on the assumption that their credit risk has not increased significantly since the initial recognition, and the loss provision is measured according to the expected credit loss over the next 12 months. In addition to other receivables for individual assessment of credit risk, they are divided into different combinations based on the characteristics of credit risk:

Combination name.	Provision ratio.
Account age analysis combination.	Using age analysis method.
Combination of related parties within the scope of merger.	Excluding the provision for bad debts.
Risk-free portfolio.	Excluding the provision for bad debts

In the combination, the age analysis combination calculates its expected credit loss on the basis of book age, as follows:

Account age	Proportion of accounts receivable (%)		
	Corrugated board line related business	Power engine service	New energy battery business
Within 1 year (including 1 year)	1.00	5.00	1.00
1 to 2 years (including 2 years)	5.00	10.00	10.00
2 to 3 years (including 3 years)	10.00	30.00	30.00
3 to 4 years (including 4 years)	30.00	50.00	100.00
4 to 5 years (including 5 years)	50.00	80.00	100.00
More than 5 years	100.00	100.00	100.00

(2) Other receivables.

For lease receivables or long-term receivables formed by the company through the sale of goods or the provision of services, the Company chooses to always measure its provision for loss at an amount equivalent to the expected credit loss over the entire lifetime.

The negotiable instruments obtained by the company shall be divided into financial institutions and other enterprises according to the acceptor. If the acceptor is a negotiable instrument of a financial institution, the company expects no credit loss; if the acceptor is a negotiable instrument of other enterprises, the company regards the negotiable instrument as accounts receivable to determine the expected credit loss.

Accounting policies applicable before January 1, 2019.

Except for the financial assets measured at fair value and whose changes are included in the profits and losses of the current period, the company examines the book value of the financial assets on the balance sheet date, and if there is objective evidence that a certain financial asset is impaired, provision for impairment shall be made.

(1) Provision for impairment of available-for-sale financial assets:

If at the end of the period there is a serious decline in the fair value of the investment in available-for-sale equity instruments, or if such a downward trend is expected to be non-temporary after a comprehensive consideration of various relevant factors, it shall be deemed that the impairment has occurred, and the cumulative loss caused by the decline in the fair value of the owner's equity originally directly included in the owner's equity shall be transferred out together to recognize the impairment loss.

For available-for-sale debt instruments that have recognized impairment losses, if the fair value has increased in the subsequent accounting period and is objectively related to the events that occurred after the recognition of the original impairment loss, the originally recognized impairment loss shall be reversed and recorded in the profits and losses of the current period.

The impairment loss on the investment of available-for-sale equity instruments shall not be reversed through profit or loss.

(2) Provision for bad debts of receivables:

1 Receivables with significant individual amounts and separate provisions for bad debts:

The basis or standard for judging the significant amount of a single item:

Accounts for more than 10% (including 10%) of the balance of accounts receivable or other receivables.

The method of calculating the provision for bad debts with a large amount and a separate provision for bad debts:

If the impairment test is carried out separately, if there is objective evidence that the impairment has occurred, the provision for bad debts shall be made according to the difference between the present value of the expected future cash flow and its book value, which shall be included in the profits and losses of the current period. Separately test the receivables without impairment and classify them into the corresponding combination to make provision for bad debts.

(2) to calculate the provision for bad debt receivables according to the combination of credit risk characteristics:

A method of calculating and allocating provision for Bad debts according to the combination of Credit risk characteristics.	
Age analysis combination.	Using age analysis method.
Combination of related parties within the scope of merger.	Excluding the provision for bad debts.
Risk-free portfolio.	Excluding the provision for bad debts.

In the combination, the age analysis method is used to make provision for bad debts:

Account age	Corrugated board line related business(%)	Power engine service(%)	New energy battery business(%)
Within 1 year (including 1	1.00	5.00	1.00

year)			
1 to 2 years (including 2 years)	5.00	10.00	10.00
2 to 3 years (including 3 years)	10.00	30.00	30.00
3 to 4 years (including 4 years)	30.00	50.00	100.00
4 to 5 years (including 5 years)	50.00	80.00	100.00
More than 5 years	100.00	100.00	100.00

③ Receivables in which a single amount is not significant but a separate provision for bad debts is made:

Reasons for making separate provisions for bad debts:

There is objective evidence that impairment may occur, such as cancellation, bankruptcy or death of the debtor, unable to recover his bankruptcy property or estate after liquidation, serious lack of cash flow, and so on.

The method of calculating the provision for bad debts:

For receivables that have objective evidence that impairment may have occurred, separate them from the relevant portfolio and test the impairment separately. According to the difference between the present value of future cash flow and its book value, the impairment loss is confirmed and the provision for bad debts is made.

(3) Provision for impairment of investments held to maturity:

The measurement of the impairment loss of investment held to maturity shall be treated in accordance with the measurement method of impairment loss of accounts receivable.

11. Inventory.

1. Classification of inventory.

Inventory is classified into: raw materials, products in process, goods in stock, goods issued, semi-finished products,

materials commissioned for processing, etc.

2. Pricing method for issuing inventory.

The costs of inventory, delivery and production include raw materials, direct labour, other direct costs and indirect production costs apportioned in proportion to normal production capacity, as well as related interest expenses. The purchase and storage of all kinds of inventory are priced at actual cost and issued on a weighted average basis.

3. The basis for determining the net realizable value of different types of inventory.

In the course of normal production and operation, the net realizable value of goods directly used for sale, such as finished goods, goods in stock and materials used for sale, shall be determined on the basis of the estimated selling price of the inventory minus the estimated sales expenses and related taxes and fees. For the inventory of materials that need to be processed, in the normal process of production and operation, the net realizable value shall be determined on the basis of the estimated selling price of the finished goods produced minus the estimated cost to be incurred at the time of completion, the estimated sales expenses and the amount of relevant taxes and fees. The net realizable value of the inventory held for the execution of the sales contract or labor contract is calculated on the basis of the contract price. If the quantity of the inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory is calculated on the basis of the general sales price.

At the end of the period, provision for inventory decline is made according to a single inventory item; however, for inventory with a large number and lower unit price, provision for inventory decline is made according to inventory category; inventory with the same or similar end-use or purpose related to product lines produced and sold in the same region and difficult to be measured separately from other items shall be combined with the provision for inventory decline.

Except that there is clear evidence that the market price on the balance sheet date is abnormal, the net realizable value of inventory items is determined on the basis of the market price on the balance sheet date.

The net realizable value of the inventory items at the end of the period is determined on the basis of the market price on the balance sheet date.

4. Inventory system.

The perpetual inventory system is adopted.

5. Amortization methods for low-value consumables and packaging.

The main results are as follows: (1) the method of one-time resale is adopted for low-value consumable goods;

(2) the package adopts the method of one-time resale.

12. Hold assets for sale.

The company classifies non-current assets or disposal groups that meet the following conditions into categories of holding for sale:

(1) in accordance with the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under the current circumstances;

(2) the sale is very likely to occur, that is, the Company has made a decision on a sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year. If the relevant regulations require the relevant authorities or regulatory authorities of the company to approve the sale, it has been approved.

13. Long-term equity investment.

1. Criteria for judging joint control and significant influence.

Joint control refers to the common control over an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement can only be made with the unanimous consent of the participants who share the control. Where the Company exercises joint control over the invested entity and enjoys rights over the net assets of the invested entity together with other joint ventures, the invested entity shall be a joint venture of the Company.

Major impact refers to the right to participate in the financial and business decisions of an enterprise, but not to

control or work with other parties to control the formulation of these policies. If the company can exert significant influence on the invested entity, the invested entity shall be an associated enterprise of the company.

2. Determination of initial investment cost.

(1) long-term equity investment formed by enterprise merger.

Business combination under the same control: where a company pays cash, transfers non-cash assets or assumes debts, and issues equity securities as merger consideration, the initial investment cost of the long-term equity investment shall be taken as the initial investment cost of the long-term equity investment in accordance with the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party on the merger date. If it is possible to control the invested unit under the same control due to additional investment and other reasons, it shall enjoy the share of the book value of the merged party's net assets in the consolidated financial statements of the final controlling party on the merger date, determine the initial investment cost of long-term equity investment. The difference between the initial investment cost of the long-term equity investment on the merger date and the sum of the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration for further acquired shares on the merger date, if the equity premium is adjusted and the equity premium is insufficient to be offset, offset the retained earnings.

Business merger under different control: the company takes the merger cost determined on the purchase date as the initial investment cost of the long-term equity investment. If it is possible to control the invested units that are not under the same control due to additional investment and other reasons, the sum of the book value of the original equity investment plus the new investment cost shall be taken as the initial investment cost calculated according to the cost method.

(2) long-term equity investment obtained by other means.

The long-term equity investment obtained by means of cash payment shall be taken as the initial investment cost according to the purchase price actually paid.

The long-term equity investment obtained by issuing equity securities shall be taken as the initial investment cost according to the fair value of the equity securities issued.

When the exchange of non-monetary assets has a commercial essence, and the fair value of the exchanged assets or

exchanged assets can be measured reliably, it shall be measured on the basis of fair value. If the fair value of both the exchanged assets and the exchanged assets can be measured reliably, for the exchanged long-term equity investment, the fair value of the exchanged assets and the relevant taxes payable shall be taken as the initial investment cost of the converted long-term equity investment, unless there is conclusive evidence that the fair value of the converted assets is more reliable. Where the exchange of non-monetary assets does not have a commercial substance, or the fair value of both the exchanged assets and the exchanged assets cannot be measured reliably, for the exchanged long-term equity investment, the book value of the exchanged assets and the relevant taxes payable shall be taken as the initial investment cost of the long-term equity investment.

The long-term equity investment obtained through debt restructuring shall be recorded at other costs such as the fair value of the abandoned creditor's rights and taxes directly attributable to the asset, and the difference between the fair value and the book value of the abandoned creditor's rights shall be included in the profits and losses of the current period.

3. Follow-up measurement and profit and loss recognition method.

(1) long-term equity investment calculated by cost method.

The company's long-term equity investment in subsidiaries shall be accounted for by the cost method. Except for the declared but not yet paid cash dividends or profits included in the price or consideration actually paid at the time of the investment, the company recognizes the current investment income in accordance with the cash dividends or profits declared by the invested entity.

(2) long-term equity investment accounted for by equity method.

The equity method shall be used to calculate the long-term equity investment of joint ventures and joint ventures. When the initial investment cost is greater than the investment, it shall enjoy the difference in the fair value share of the identifiable net assets of the invested unit, and shall not adjust the initial investment cost of the long-term equity investment; when the initial investment cost is less than the investment, it shall enjoy the difference in the fair value share of the identifiable net assets of the invested unit, which shall be included in the profits and losses of the current period.

The company recognizes the investment income and other comprehensive income respectively according to the

share of the net profit and loss and other comprehensive income realized by the invested unit, and adjusts the book value of the long-term equity investment; the book value of the long-term equity investment shall be reduced accordingly according to the profits or cash dividends declared and distributed by the invested unit. For other changes in the owner's equity of the invested unit except net profit and loss, other comprehensive income and profit distribution, the book value of the long-term equity investment shall be adjusted and included in the owner's equity.

When recognizing the share of the net profit and loss of the invested unit, it shall be based on the fair value of the identifiable net assets of the invested unit at the time of the investment, and in accordance with the company's accounting policy and accounting period, the net profit of the invested unit is recognized after adjustment. During the period of holding investment, where the invested entity prepares the consolidated financial statements, it shall be accounted for on the basis of the changes in net profit, other comprehensive income and other owners' equity in the consolidated financial statements attributable to the invested unit.

The unrealized internal transaction gains and losses between the company, the joint venture and the joint venture shall be calculated and offset in accordance with the proportion to which the company is entitled, and the investment income shall be recognized on this basis. If the unrealized internal transaction loss with the invested entity belongs to the asset impairment loss, it shall be recognized in full. Where a transaction occurs between a company, an associated enterprise or a joint venture in which assets constitute business, accounting treatment shall be conducted in accordance with the relevant policies disclosed in this note "5. (5) Accounting methods for business mergers under the same control and under different controls" and "5. (6) methods for the preparation of consolidated financial statements".

When the company confirms that it should share the losses incurred by the invested unit, it shall be dealt with in the following order: first, write down the book value of the long-term equity investment. Secondly, if the book value of the long-term equity investment is not enough to offset, the book value of the long-term equity of the net investment of the invested unit shall continue to be recognized to the limit of the book value of the net investment of the invested unit, and the book value of the long-term receivables shall be offset. Finally, after the above treatment, if the enterprise still bears additional obligations in accordance with the investment contract or agreement, the estimated liabilities shall be recognized according to the expected obligations, which shall be included in the investment losses of the current period.

(3) disposal of long-term equity investment.

The difference between the book value of the long-term equity investment and the actual price obtained shall be included in the profits and losses of the current period.

When dealing with the long-term equity investment calculated by the equity method, the investment shall be treated on the same basis as the relevant assets or liabilities directly disposed of by the invested unit, and the part originally included in other comprehensive income shall be treated according to the corresponding proportion. The owner's equity recognized as a result of changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the invested unit shall be carried forward pro rata to the profits and losses of the current period, with the exception of other comprehensive income arising from the re-measurement of the net liabilities or changes in net assets of the benefit plan of the invested party.

If the common control or significant influence on the invested unit is lost due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted for in accordance with the criteria for the recognition and measurement of financial instruments, the difference between the fair value and the book value on the date of loss of common control or significant influence shall be recorded in the profits and losses of the current period. Other comprehensive income recognized by the original equity investment due to the use of the equity method shall be treated on the same basis as the relevant assets or liabilities directly disposed of by the invested unit when the application of the equity method is terminated. The owner's equity recognized as a result of changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the invested party shall be transferred to the profits and losses of the current period when the accounting method of equity is terminated.

If the company loses its control over the invested unit due to the disposal of part of the equity investment or the decrease of the proportion of shares held by the company due to the increase of capital of the subsidiary by other investors, when preparing individual financial statements, if the remaining equity can exercise joint control or significant influence on the invested unit, it shall be accounted for according to the equity method, and the remaining equity shall be adjusted by the equity method as soon as it is acquired. Where the remaining equity cannot exercise joint control or exert significant influence on the invested unit, the accounting treatment shall be carried out in accordance with the relevant provisions of the standards for the recognition and measurement of financial

instruments, and the difference between the fair value and the book value on the date of loss of control shall be recorded into the profits and losses of the current period.

The disposed equity is acquired through enterprise merger due to additional investment and other reasons, and when preparing individual financial statements, the remaining equity after disposal is calculated by cost method or equity method, the other comprehensive income and other owners' equity recognized by the equity method before the date of purchase are carried forward in proportion to the other comprehensive income and other owners' rights and interests recognized by the equity method. If the remaining equity after disposal is changed to accounting in accordance with the standards for recognition and measurement of financial instruments, all other comprehensive income and other owners' equity are carried forward.

14. Investment real estate.

Measurement model of investment real estate.

Cost method measurement.

Depreciation or amortization method.

Investment real estate refers to real estate held to earn rent or capital appreciation, or both, including leased land use rights, land use rights held and ready to be transferred after appreciation, leased buildings (including buildings for rental after the completion of self-construction or development activities and buildings that are being rented in the process of construction or development).

The company adopts the cost model to measure the existing investment real estate. The investment real estate-rental buildings measured according to the cost model shall adopt the same depreciation policy as the company's fixed assets, and the leased land use rights shall be carried out in accordance with the same amortization policy as the intangible assets.

15. Fixed assets.**(1) Confirmation conditions.**

Fixed assets refer to tangible assets that are held for the production of goods, the provision of labor services, leasing or management, and have a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are met at the same time: (1) the economic benefits related to the fixed assets are likely to flow into the enterprise; (2) the cost of the fixed assets can be measured reliably.

(2) Depreciation method

Category.	Depreciation method.	Depreciation life.	Residual value rate.	Annual depreciation rate.
Houses and buildings.	Life averaging method	20-40	5.00%	2.375%-4.75%
machinery equipment.	Life averaging method	5-18	5.00%	5.28%-19.00%
Transport equipment.	Life averaging method	5-10	5.00%	9.5%-19.00%

Electronic equipment.	Life averaging method	3-10	5.00%	9.5%-31.67%
Office equipment.	Life averaging method	3-10	5.00%	9.5%-31.67%
Other equipment.	Life averaging method	5-10	5.00%	9.5%-19.00%

The depreciation of fixed assets shall be classified and calculated by the life-span average method, and the depreciation rate shall be determined according to the category of fixed assets, the expected service life and the expected net salvage rate. If the service life of each component of the fixed asset is different or provides economic benefits for the enterprise in different ways, choose different depreciation rates or depreciation methods to calculate depreciation respectively.

If the fixed assets leased by financial leasing can be reasonably determined that the ownership of the leased assets will be acquired at the expiration of the lease term, depreciation shall be calculated within the useful life of the leased assets; if it is impossible to reasonably determine that the ownership of the leased assets can be obtained at the expiration of the lease term, depreciation shall be calculated within the shorter period of the lease term and the useful life of the leased assets.

(3) The identification basis, valuation and depreciation methods of financial leasing fixed assets.

If one of the following conditions is stipulated in the terms of the lease agreement between the company and the lessee, it is recognized as a financial leased asset: (1) the ownership of the leased asset belongs to the company after the expiration of the lease term; (2) the company has the option to purchase the asset, the purchase price is much lower than the fair value of the asset when the option is exercised; (3) the lease term accounts for most of the useful life of the leased asset; (4) there is no significant difference between the present value of the minimum lease payment on the lease start date and the fair value of the asset. At the beginning of the lease, the company takes the lower of the fair value of the leased asset and the present value of the minimum lease payment as the accounting value of the leased asset, and the minimum lease payment as the accounting value of the long-term payable, the difference is regarded as an unrecognized financing fee.

16. Projects under construction.

According to the necessary expenditure incurred before the construction of the asset reaches its intended usable state,

the project under construction shall be regarded as the accounting value of the fixed asset. If the built fixed assets have reached the intended usable state in the project, but the final accounts of the construction have not yet been handled, from the date of reaching the scheduled usable state, according to the project budget, cost or actual cost of the project, the fixed assets shall be transferred to the fixed assets according to the estimated value, and the depreciation of the fixed assets shall be calculated in accordance with the company's fixed assets depreciation policy, and the original provisional estimated value shall be adjusted according to the actual cost after handling the final accounts for completion. However, the original depreciation amount shall not be adjusted.

17. Borrowing costs.

1. Confirmation principle of capitalization of borrowing costs.

Borrowing costs, including interest on loans, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency loans.

If the borrowing costs incurred by a company can be directly attributed to the purchase, construction or production of assets that meet the conditions for capitalization, they shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses according to the amount incurred at the time of occurrence, it shall be recorded in the profits and losses of the current period.

Assets that meet the capitalization conditions refer to fixed assets, investment real estate, inventory and other assets that take quite a long time of purchase, construction or production activities to reach the intended state of use or sale.

Capitalization begins when borrowing costs meet the following conditions at the same time:

- (1) Asset expenditure has been incurred, which includes expenditure in the form of cash payment, transfer of non-cash assets or undertaking interest-bearing debt for the purchase, construction or production of assets that meet the capitalization conditions;
- (2) The cost of borrowing has been incurred;
- (3) The purchase, construction or production activities necessary to make the assets available for use or sale have begun.

2. Period of capitalization of borrowing costs.

The capitalization period refers to the period from the beginning of capitalization of borrowing costs to the time of cessation of capitalization, excluding the period of suspension of capitalization of borrowing costs.

When the assets of acquisition, construction or production that meet the conditions for capitalization reach the intended state of use or sale, the borrowing costs shall cease to be capitalized.

When part of the assets of acquisition, construction or production that meet the capitalization conditions are respectively completed and can be used separately, the borrowing costs of that part of the assets shall cease to be capitalized.

If each part of the asset of purchase, construction or production is completed separately, but can be used or sold only after the overall completion, the capitalization of borrowing costs shall be stopped when the asset is completed as a whole.

3. Suspension of capitalization period.

If there is an abnormal interruption of assets that meet the capitalization conditions in the process of purchase, construction or production, and the interruption time exceeds 3 months, the borrowing costs shall be suspended; if the interruption is a procedure necessary for the acquisition, construction or production of assets eligible for capitalization to reach the intended usable state or marketable state, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as profits and losses of the current period and continue to be capitalized after the resumption of the purchase and construction of assets or production activities.

4. The calculation method of the capitalization rate and capitalization amount of borrowing costs.

For special loans borrowed for the acquisition, construction or production of assets that meet the capitalization conditions, the borrowing costs actually incurred in the current period shall be used to determine the capitalization amount of the borrowing costs by deducting the interest income earned by the unused loan funds deposited in the bank or the investment income from temporary investments.

For general loans occupied for the acquisition, construction or production of assets that meet the capitalization

conditions, the amount of borrowing costs that should be capitalized shall be calculated and determined according to the weighted average of the accumulated asset expenditure exceeding the portion of the special loans multiplied by the capitalization rate of the general loans occupied. The capitalization rate is calculated based on the weighted average interest rate of general borrowing.

18. Intangible assets.

(1) valuation method, service life and impairment test.

1. Valuation method of intangible assets.

(1) The company carries on the initial measurement according to the cost when it acquires the intangible assets;

The cost of purchasing an intangible asset, including the purchase price, related taxes and fees, and other expenses directly attributable to the intended use of the asset. If the price of the purchase of intangible assets exceeds the normal credit conditions and the payment is deferred and has the nature of financing in essence, the cost of the intangible assets shall be determined on the basis of the present value of the purchase price.

The debt restructuring shall obtain the intangible assets used by the debtor to repay the debts, and determine its entry value on the basis of the fair value of the abandoned claims and other costs such as taxes directly attributable to the intended use of the assets, and the difference between the fair value and the book value of the abandoned claims shall be recorded into the profits and losses of the current period.

When the exchange of non-monetary assets has a commercial essence, and the fair value of the exchanged assets or exchanged assets can be measured reliably, it shall be measured on the basis of fair value. If the fair value of both the exchanged assets and the exchanged assets can be measured reliably, for the exchanged intangible assets, the fair value of the exchanged assets and the relevant taxes payable shall be taken as the initial investment cost of the exchanged intangible assets, unless there is conclusive evidence that the fair value of the converted assets is more reliable. Where the exchange of non-monetary assets does not have a commercial substance, or the fair value of both the exchanged assets and the exchanged assets cannot be reliably measured, for the exchanged intangible assets, the book value of the exchanged assets and the relevant taxes payable shall be taken as the initial investment cost of the intangible assets.

(2) Follow-up measurement.

Analyze and judge the service life of intangible assets when acquiring them.

Intangible assets with limited service life shall be amortized according to the straight-line method within the period of bringing economic benefits to the enterprise; if it is impossible to foresee the period for which intangible assets bring economic benefits to the enterprise, they shall be regarded as intangible assets with uncertain service life and shall not be amortized.

2. Estimation of the useful life of intangible assets with limited useful life:

Item	Expected service life.	Amortization method.	According to
Land use right.	40-50 years	Land use right for the term of use of the land certificate.	Land ownership.
Land ownership.	Permanent.	Overseas land certificate.	Land ownership.
Trademarks and patents.	5-10 years	Service life.	Trademarks and patents

At the end of each year, the useful life and amortization methods of intangible assets with limited service life are reviewed.

After review, the useful life and amortization method of intangible assets at the end of this year are not different from previous estimates.

3. The basis for judging intangible assets with uncertain service life and the procedure for reviewing their service life.

The land ownership of the subsidiary Fosber Group in Italy has a permanent term, and the company believes that the land ownership will be used in the foreseeable future and will bring expected economic benefits to the company, so it is determined that its useful life is uncertain.

The trademarks registered by subsidiaries Fosber Group and Fosber United States have a service life as required by law, but Fosber Group and Fosber United States may apply for extension at a lower fee at the expiration of the term

of protection. In addition, the relevant survey shows that the market demand for the products attached to the above trademark rights is long-term, and the company will benefit from the above-mentioned trademark products for a long time.

Therefore, the company recognizes the right to use the trademark as an intangible asset with uncertain service life. At the end of each year, the service life of intangible assets with uncertain service life is reviewed.

After review, the service life of the above intangible assets is still uncertain.

(2) Accounting policy for internal R & D expenditure.

1. Specific criteria for dividing the research phase and the development phase.

The expenditure of research and development projects within the company is divided into research phase expenditure and development phase expenditure.

Research stage: the stage of original planned investigation and research activities carried out in order to acquire and understand new scientific or technical knowledge.

Development phase: the stage in which research or other knowledge is applied to a plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

2. Specific conditions for the capitalization of expenditure in the development stage.

The expenditure in the development phase of an internal research and development project is recognized as intangible assets when the following conditions are met:

- (1) it is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) have the intention to complete the intangible asset and use or sell it;
- (3) the ways in which intangible assets generate economic benefits, including the ability to prove that the products produced by the intangible assets exist in the market or the intangible assets themselves exist in the market, and that the intangible assets will be used internally can prove their usefulness;
- (4) there are sufficient technical, financial and other resources to support the development of the intangible asset and

the ability to use or sell the intangible asset;

(5) the expenditure attributed to the development stage of the intangible assets can be measured reliably.

If the expenditure in the development stage does not meet the above conditions, it shall be recorded into the profits and losses of the current period when it occurs. The expenditure of the research stage shall be recorded into the profits and losses of the current period when it occurs.

19. Impairment of long-term assets.

Long-term assets such as long-term equity investment, investment real estate measured by cost model, fixed assets, projects under construction and intangible assets with limited service life shall be tested if there are signs of impairment on the balance sheet date. If the impairment test results show that the recoverable amount of the asset is lower than its book value, the impairment provision shall be calculated according to the difference and the impairment loss shall be included. The recoverable amount is the higher between the net amount of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset. The provision for impairment of assets shall be calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of individual assets, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset belongs. An asset group is the smallest portfolio that can independently generate cash inflows.

Goodwill, intangible assets with uncertain useful life, and intangible assets that have not yet reached the serviceable state shall be tested for impairment at least at the end of each year.

The company conducts a goodwill impairment test, and the book value of goodwill resulting from a business merger shall be apportioned to the relevant asset group in a reasonable manner from the date of purchase; if it is difficult to be apportioned to the relevant asset group, it shall be apportioned to the relevant asset group portfolio. When apportion the book value of goodwill, the company allocates according to the relative benefits that the relevant asset groups or asset groups can get from the synergy of business merger, and carries on the goodwill impairment test on this basis.

When conducting an impairment test on a relevant asset group or combination of asset groups containing goodwill, if there are signs of impairment in the asset group or combination of asset groups related to goodwill, first carry out

an impairment test on the asset group or combination of assets that do not include goodwill, calculate the recoverable amount, and compare it with the relevant book value to confirm the corresponding impairment loss. Then carry on the impairment test to the asset group or asset group combination including goodwill, and compare the book value of these relevant asset groups or asset groups (including the book value portion of the apportioned goodwill) with their recoverable amount. If the recoverable amount of the relevant asset group or asset group combination is lower than its book value, the impairment loss of goodwill shall be confirmed. Once the impairment loss of the above-mentioned assets is recognized, it shall not be reversed in the subsequent accounting period.

20. Long-term prepaid expenses.

Long-term prepaid expenses are expenses that have been incurred but should be borne by the current and subsequent periods for a period of more than one year.

1. Amortization method.

Long-term prepaid expenses are amortized evenly during the beneficial period.

2. Amortization life.

- (1) the expenditure for the improvement of fixed assets shall be amortized over the remaining useful life of the fixed asset;
- (2) other expenses shall be amortized averagely from 3 to 5 years according to the number of years of benefit.

21. Salary of staff and workers.

(1) The accounting treatment of short-term compensation.

During the accounting period in which employees provide services to the Company, the Company recognizes the actual short-term compensation as liabilities and includes it in the profits and losses or related asset costs of the current period.

The social insurance premium and housing accumulation fund paid by the company for the staff and workers, as

well as the trade union funds and staff education funds drawn in accordance with the provisions, during the accounting period during which the staff and workers provide services for the company, the corresponding amount of salary of the staff and workers shall be calculated and determined according to the prescribed basis and proportion.

If the welfare expenses of staff and workers are non-monetary welfare, if they can be measured reliably, they shall be measured at fair value.

(2) Accounting treatment of after-service benefits.

(1) set up a withdrawal plan.

The company shall pay basic old-age insurance and unemployment insurance for its employees in accordance with the relevant provisions of the local government. During the accounting period in which the staff and workers provide services for the company, the amount payable shall be calculated according to the local payment base and proportion, which shall be recognized as liabilities, and shall be included in the profits and losses of the current period or the cost of related assets.

In addition to the basic old-age insurance, the company has also established an enterprise annuity contribution system (supplementary old-age insurance) / enterprise annuity plan according to the relevant policies of the national enterprise annuity system. The company shall pay a certain proportion of the total wages of the employees to the local social insurance institutions / annuity plan, and the corresponding expenditure shall be included in the profits and losses of the current period or the cost of related assets.

(2) setting up a benefit plan.

According to the formula determined by the expected cumulative benefit unit method, the Company ascribes the welfare obligations arising from the established benefit plan to the period during which the employee provides services, which is included in the current profit or loss or related asset costs.

The deficit or surplus resulting from the present value of the set benefit plan obligations minus the fair value of the set benefit plan assets is recognized as a net liability or net asset of a set benefit plan. If there is a surplus in the benefit plan, the company shall measure the net assets of the benefit plan by which of the two items: the surplus of the benefit plan and the asset ceiling.

All obligations to set benefit plans, including those expected to be paid within 12 months after the end of the annual reporting period for the provision of services by employees, are discounted according to the market yield of treasury bonds or high-quality corporate bonds in an active market that match the balance sheet date with the duration and currency of the set benefit plan obligations.

The service costs arising from the establishment of the benefit plan and the net interest of the net liabilities or net assets of the benefit plan shall be included in the current profit or loss or the cost of related assets; The changes resulting from the re-measurement of the net liabilities or net assets of the benefit plan are included in other comprehensive income and do not return to profit or loss in subsequent accounting periods, all the parts originally included in other comprehensive income are carried forward to undistributed profits within the scope of equity at the termination of the original benefit plan.

When setting up the settlement of the benefit plan, the settlement gain or loss shall be confirmed according to the difference between the present value of the obligation of the set benefit plan and the settlement price determined on the balance sheet date.

(3) Accounting treatment of dismissal benefits.

When the Company cannot unilaterally withdraw the dismissal benefits provided by the termination plan or the proposed reduction, or recognize the costs or expenses associated with the restructuring involving the payment of the severance benefits, whichever is earlier, the employee emoluments liabilities arising from the termination benefits are recognized and included in the profits and losses of the current period.

(4) Accounting methods for other long-term employee welfare

22. Estimated liabilities.

1. Recognition criteria for estimated liabilities.

When the obligations related to litigation, debt guarantee, loss contract, restructuring and other contingent matters meet the following conditions at the same time, the company is recognized as an estimated liability:

- (1) the obligation is a current obligation of the Company;
- (2) the performance of this obligation is likely to lead to the outflow of economic benefits from the company;
- (3) the amount of the obligation can be measured reliably.

2. The method of measuring all kinds of estimated liabilities.

The Company expects that the liabilities are initially measured on the basis of the best estimate of the expenditure required to meet the relevant current obligations.

In determining the best estimates, the Company takes into account such factors as risks, uncertainties and the time value of money associated with contingencies. If the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

The best estimates are dealt with in the following cases:

If there is a continuous range (or interval) of the required expenditure, and the possibility of various results within that range is the same, the best estimate is determined according to the middle value of the range, that is, the average of the upper and lower limits.

Where there is no continuous range (or interval) of expenditure requirements, or although there is a continuous range, the possibility of various outcomes within that range is different, if a contingent event involves a single project, the best estimate is determined on the basis of the amount most likely to occur; if a contingent event involves multiple projects, the best estimate is determined on the basis of various possible outcomes and related probabilities.

If all or part of the expenses required for the Company's settlement of the estimated liabilities are expected to be compensated by a third party, the amount of compensation shall be recognized separately as assets when it is basically determined that it can be received, and the amount of compensation recognized shall not exceed the book value of the estimated liabilities.

23. Share payment.

The company's share-based payment is a transaction in which equity instruments are granted or liabilities determined on the basis of equity instruments in order to obtain services provided by employees or other parties. The company's share-based payments are equity-settled share-based payments.

Where the share-based payment settled by equity is exchanged for services provided by the staff and workers, the fair value of the equity instruments granted to the staff and workers shall be measured. If the company pays for shares in restricted shares, the staff and workers shall contribute to subscribe for the shares, and the shares shall not be listed, circulated or transferred until the unlocking conditions are met and unlocked; if the unlocking conditions stipulated in the final equity incentive plan are not met, then the company buys back the shares at the agreed price in advance. When the Company obtains the payment made by the employee to subscribe for restricted shares, it recognizes the share capital and capital reserve (equity premium) in accordance with the subscription obtained, and at the same time recognizes a liability in full with respect to the repurchase obligation and recognizes the inventory stock. On each balance sheet day during the waiting period, the Company makes the best estimate of the number of exercisable equity instruments on the basis of the latest follow-up information such as [changes in the number of workable employees] and [whether or not the prescribed performance conditions are met]. According to the fair value on the date of the grant, the services obtained in the current period shall be included in the relevant costs or expenses, and the capital reserve shall be increased accordingly. No adjustments will be made to the recognized relevant costs or expenses and the total amount of owners' equity after the date of exercise. However, if the right can be exercised immediately after the grant, the relevant costs or expenses shall be included in accordance with the fair value on the date of the grant, and the capital reserve shall be increased accordingly.

For the share payment that fails to exercise the right in the end, the cost or fee is not recognized, unless the exercise condition is a market condition or a non-exercisable condition, regardless of whether or not the market condition or non-exercisable condition is met, as long as the non-market conditions in all the conditions of the exercisable right are met, it is regarded as the exercisable right.

If the terms of equity-settled share payments are modified, at least the services obtained are confirmed in accordance with the unmodified terms. In addition, any change that increases the fair value of the equity instrument granted, or any change that is beneficial to the employee on the modification date, recognizes the increase in access to services.

If the equity-settled share payment is cancelled, it will be treated as an accelerated exercise on the cancellation date, and the amount that has not yet been recognized shall be recognized immediately. If the employee or other party

may choose to meet the conditions of the non-exercisable right but not during the waiting period, it shall be treated as canceling the share payment settled on the basis of equity. However, if a new equity instrument is granted and it is determined on the date of the grant that the new equity instrument is used to replace the cancelled equity instrument, the granted alternative equity instrument is dealt with in the same manner as the modification of the terms and conditions of the original equity instrument.

24. Income.

Whether the new income criteria have been implemented.

☐ Yes ☒ No

1. General principles for the recognition of income from the sale of goods.

- (1) the company has transferred the main risks and rewards in the ownership of the goods to the buyer;
- (2) the company does not retain the right of continued management, which is usually associated with ownership, nor does it exercise effective control over the goods that have been sold;
- (3) the amount of income can be measured reliably;
- (4) the relevant economic benefits are likely to flow into the company;
- (5) the related, incurred or to be incurred costs can be measured reliably.

2. Specific principles.

- (1) Corrugated printing press related business.

Domestic sales mode: domestic sales take the date of receipt of goods as the time point of revenue recognition, and domestic accessories sales take the goods out of warehouse as the time point of revenue recognition.

Export mode: the revenue of the whole export machine and accessories is confirmed by the customs declaration of the goods and obtaining the customs declaration approved by the customs, the shipment of the goods and the bill of lading of the goods.

(2) Domestic power engine business.

Domestic sales mode: the monthly closing customer takes the invoice after the sales reconciliation as the recognition time point of the income, and the other customers take the invoice after the exit of the warehouse as the recognition time point of the income.

Export mode: the time point of revenue recognition is to declare the goods and obtain the customs declaration approved by the customs, the goods are shipped and the bill of lading is obtained.

(3) Corrugated board production line related business.

Corrugated board production line business income is divided into machine sales revenue and installation service income.

Machine sales: 1) domestic sales model: machines arrive at customers and sign for receipt as the time point of revenue confirmation;

2) Export mode: the revenue recognition time is based on the declaration of the goods and obtaining the customs declaration approved by the customs, the shipment of the goods and the bill of lading.

Installation service revenue: confirm the revenue after the completion of the installation and trial operation of the machine.

(4) Domestic new energy battery business.

Revenue from sales: after the customer checks the product quantity, product name, test report and other factors, the company applies to the customer for settlement and recognizes the income when obtaining the right of collection.

Income from providing labor services: after the implementation of the R & D service provided by the company, the company applies to the customer for settlement after the R & D results are checked and accepted by the customer, and the income is recognized when the collection right is obtained.

25. Government subsidy.

1. Types.

Government subsidy is the monetary and non-monetary assets obtained by the company from the government free

of charge. It is divided into assets-related government subsidies and income-related government subsidies.

The government subsidy related to assets refers to the government subsidy obtained by the company for the purchase, construction or other formation of long-term assets. Government subsidies related to income refer to government subsidies other than those related to assets.

The company divides government subsidies into specific standards related to assets as follows: the use of the money is clearly defined in the government documents, and the direction in which the money is expected to be used is expected to form the relevant assets.

The company divides the government subsidy into specific criteria related to revenue as follows: the use is not specified in the government documents, and the money is expected to be used in the direction of supplementary liquidity.

If the subsidy object is not clearly specified in the government documents, the company classifies the government subsidy as asset-related or income-related judgment on the basis of: except that the company designates its use as asset-related, it will be included in the profits and losses of the current period.

2. Confirm time point.

When the relevant government subsidy is received, it shall be recognized as the government subsidy.

3. Accounting treatment.

Government subsidies related to assets shall write down the book value of the related assets or be recognized as deferred income. If it is recognized as deferred income, it shall be recorded into the profits and losses of the current period according to a reasonable and systematic method during the useful life of the relevant assets (other income if it is related to the daily activities of the company; non-operating income if it has nothing to do with the daily activities of the company);

Government subsidies related to revenue, which are used to compensate the Company for related costs or losses in subsequent periods, shall be recognized as deferred income, and during the period during which the relevant costs or

losses are recognized, it shall be included in the profits and losses of the current period (those related to the daily activities of the Company, other income; non-operating income if not related to the daily activities of the Company) or write-off related costs or losses; If it is used to compensate for the related costs or losses incurred by the Company, it shall be directly included in the profits and losses of the current period (those related to the daily activities of the Company shall be included in other income; those not related to the daily activities of the Company shall be included in non-operating income) or offset by related costs or losses.

26. Deferred income tax assets / deferred income tax liabilities.

The deferred income tax assets recognized as deductible temporary differences shall be limited to the amount of taxable income that is likely to be obtained in the future period to offset the deductible temporary differences. For deductible losses and tax credits that can be carried forward in subsequent years, the corresponding deferred income tax assets are recognized to the extent that future taxable income is likely to be used to offset deductible losses and tax credits.

For taxable temporary differences, except in special circumstances, deferred income tax liabilities shall be recognized.

Special cases in which deferred income tax assets or deferred income tax liabilities are not recognized include: initial recognition of goodwill; other transactions or events that occur other than a business merger that affect neither accounting profits nor taxable income (or deductible losses).

When there is a legal right to settle in net, and it is intended to settle assets in net or to acquire assets and liquidate liabilities at the same time, the current income tax assets and current income tax liabilities shall be reported with the net amount after offsetting.

When you have the legal right to settle current income tax assets and current income tax liabilities with net amount, and deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection and administration department on the same taxpayer or on different taxpayers, but during the period of reversal of each important deferred income tax asset and liability in the future, When the taxpayers involved intend to settle the current income tax assets and liabilities with net amount or acquire assets and pay off liabilities at the same time, the deferred income tax assets and deferred income tax liabilities shall be reported as the net amount after

offsetting.

27. Lease

(1) Accounting treatment method of operating lease

(1) The lease fee paid by the company for renting assets shall be apportioned on the straight-line method over the entire lease period without deducting the rent-free period and included in the current expenses. The initial direct costs paid by the company related to the lease transaction are included in the current expenses.

When the asset lessor bears the expenses related to the lease that should be borne by the company, the company deducts part of the expenses from the total rent, and allocates the deducted rental expenses within the lease period to be included in the current expenses.

(2) The lease fee charged by the company for the lease of assets shall be apportioned on the straight-line method over the entire lease period without deducting the rent-free period, and shall be recognized as lease-related income. The initial direct costs related to the lease transaction paid by the company are included in the current expenses; if the amount is larger, they are capitalized and included in the current income in installments on the same basis as the lease-related revenue recognition throughout the entire lease period.

When the company has undertaken the lease-related expenses that should be borne by the lessee, the company deducts this part of the total rental income from the rent, and allocates the deducted rental expenses within the lease period.

(2) The accounting treatment of financial leasing.

(1) Financing leased-in assets: at the beginning of the lease, the company takes the lower of the fair value of the leased assets and the present value of the minimum lease payment as the accounting value of the leased asset, and the minimum lease payment as the accounting value of long-term payables, the difference is regarded as an unrecognized financing expense. The company uses the effective interest rate method to amortize the unrecognized financing expenses during the lease period of the asset, which shall be included in the financial expenses. The initial direct expenses incurred by the company shall be included in the value of the leased assets.

(2) Financing leased-out assets: at the beginning of the lease, the company recognizes the difference between the sum of the unsecured residual value of the financial lease receivable and its present value as unrealized financing income and as lease income in each period in which the rent is received in the future. The initial direct expenses incurred by the company related to the rental transaction shall be included in the initial measurement of the financial lease receivable and reduce the amount of income recognized during the lease term.

28. Other important accounting policies and accounting estimates.

1. Termination of operation.

Termination of operation is a separable component that meets one of the following conditions, and has been disposed of by the Company or classified as holding for sale by the Company:

- (1) the component represents a separate major business or a separate major area of business;
- (2) this component is part of an associated plan to dispose of a separate major business or a separate major business area;
- (3) the component is a subsidiary acquired exclusively for resale.

2. Segment report.

The company determines the operating segment on the basis of the internal organizational structure, management requirements and internal reporting system, determines the reporting segment and discloses the segment information on the basis of the operating segment.

Operating segment refers to the components of the company that meet the following conditions at the same time:

- (1) this component can generate income and expenses in daily activities;
- (2) the management of the company can regularly evaluate the operating results of this component in order to decide to allocate resources to it and evaluate its performance;
- (3) the company can obtain relevant accounting information such as financial position, operating results and cash flow of this component. If two or more operating divisions have similar economic characteristics and meet certain

conditions, they can be merged into one operating segment.

29. Changes in important accounting policies and accounting estimates.

(1) Important accounting policy changes.

√ Applicable ☐ not applicable

The contents and causes of the change of Accounting Policy	Approval procedure	Notes
(1) in the balance sheet, "notes receivable and accounts receivable" are split into "notes receivable" and "accounts receivable"; "notes payable and accounts payable" are split into "notes payable" and "accounts payable"; comparative data are adjusted accordingly.	Examined and approved by the board of directors	(1) merger: "notes receivable and accounts receivable" are divided into "notes receivable" and "accounts receivable". The balance of "notes receivable" at the end of last year is 1,835,883,950.01 yuan, and that of "accounts receivable" is 1,496,368,415.86 yuan at the end of last year. "notes payable and accounts payable" are divided into "notes payable" and "accounts payable", and the balance of "notes payable" at the end of last year is 990,875,308.24 yuan. "accounts payable" at the end of the previous year balance of 1,588,338,349.43 yuan. (2) parent company: "notes receivable and accounts receivable" are divided into "notes receivable" and "accounts receivable". The balance of "notes receivable" is 54,212,840.07 yuan at the end of the previous year, and the balance of "accounts

		receivable" is 121,118,535.06 yuan at the end of the previous year. "notes payable and accounts payable" are divided into "notes payable" and "accounts payable". The balance of "notes payable" is 65,409,402.46 yuan at the end of last year, and the balance of "accounts payable" is 62,615,627.84 yuan at the end of last year.
(2) adjust the income statement "reduction: asset impairment loss" to "plus: asset impairment loss (loss filled in"-")". The comparative data are adjusted accordingly.	Examined and approved by the board of directors	(1) merger: the amount of "asset impairment loss" is -109,839,858.68 yuan in 2019 and -3,955,901,600.48 yuan in 2018. (2) parent company: the amount of "asset impairment loss" is -15,761,304.34 yuan in 2019 and -3,891,904,346.10 yuan in 2018.
(3) add "credit impairment loss" to the income statement, count the expected credit loss formed by the impairment provision of financial assets into the account of "credit impairment loss", and the comparative data will no longer be adjusted retroactively.	Examined and approved by the board of directors	(1) merger: the amount of "credit impairment loss" in 2019 is -34,097,839.70 yuan. (2) parent company: the amount of "credit impairment loss" in 2019 is -2,394,961.06 yuan.
(4) due to the change of the item name of the statement, "financial assets measured at fair value and whose changes are included in the profits and losses of the current period" are reclassified to "transactional financial assets".	Examined and approved by the board of directors	(1) consolidation: financial assets measured at fair value and whose changes are included in the profits and losses of the current period: a decrease of 800160.93 yuan

(5) reclassify some "receivables" to "financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income"	Examined and approved by the board of directors	(1) merger: notes receivable: reduced by 1,803,558,515.85 yuan, accounts receivable financing: increased by 1,803,558,515.85 yuan. (2) parent company: notes receivable: reduced by 51,480,607.78 yuan, accounts receivable financing: increased by 51,480,607.78 yuan.

(1) implement the Circular of the Ministry of Finance on revising and issuing the format of General Enterprise Financial statements for 2019 and the Circular on revising and issuing the format of Consolidated Financial statements (2019 Edition).

On April 30, 2019 and September 19, 2019, the Ministry of Finance issued the notice on revising and issuing the format of General Enterprise Financial statements in 2019 (Finance (2019) No. 6) and on the revision of the format of Consolidated Financial statements (2019 Edition). Notice (Finance and Accounting (2019) No. 16), the format of general enterprise financial statements has been revised.

(2) implementation of "Accounting Standards for Enterprises No. 22-recognition and Measurement of Financial Instruments", "Accounting Standards for Enterprises No. 23-transfer of Financial assets", "Accounting Standards for Enterprises No. 24-hedging Accounting" and "Accounting Standards for Enterprises No. 37-presentation of Financial Instruments" (revised in 2017).

In 2017, the Ministry of Finance revised "Accounting Standards for Enterprises No. 22-recognition and Measurement of Financial Instruments", "Accounting Standards for Enterprises No. 23-transfer of Financial assets", "Accounting Standards for Enterprises No. 24-hedging Accounting" and "Accounting Standards for Enterprises No. 37-presentation of Financial Instruments". The revised guidelines stipulate that for financial instruments that have not been terminated for recognition on the first implementation date, if the previous recognition and measurement are inconsistent with the requirements of the revised standards, they shall be adjusted retroactively. If the data of the previous comparative financial statements are inconsistent with the requirements of the revised standards, there is no need to adjust. The Company will adjust the retained earnings and other consolidated income at the beginning of

the year due to the cumulative impact of retroactive adjustments.

(3) implementation of Accounting Standards for Enterprises No. 7-Exchange of non-Monetary assets (revised in 2019).

The Ministry of Finance issued Accounting Standards for Enterprises No. 7-Exchange of non-monetary assets (revised in 2019) (Accounting (2019) No. 8) on May 9, 2019. The revised standards will come into effect on June 10, 2019. The exchange of non-monetary assets that occurred between January 1, 2019 and the date of implementation of this standard shall be adjusted in accordance with this standard. Non-monetary asset exchanges that took place before January 1, 2019 do not need to be adjusted retroactively in accordance with the provisions of these Standards. The implementation of the above standards by the Company had no significant impact during the reporting period.

(4) implementation of Accounting Standards for Enterprises No. 12-debt restructuring (revised in 2019).

The Ministry of Finance issued the Accounting Standards for Enterprises No. 12-debt restructuring (revised in 2019) (Finance and Accounting (2019) No. 9) on May 16, 2019. The revised standards will come into effect on June 17, 2019. The debt restructuring that occurs between January 1, 2019 and the date of implementation of this standard shall be adjusted in accordance with this standard. Debt restructuring that occurred before January 1, 2019 does not need to be adjusted retroactively in accordance with the provisions of these Standards. The implementation of the above standards by the Company had no significant impact during the reporting period.

(2) Changes in important accounting estimates

☐ Applicable ☒ not applicable

(3) Since 2019, the implementation of new financial instruments standards, new income standards or new lease standards will be adjusted to implement the projects related to the financial statements at the beginning of the year.

☒ Applicable ☐ not applicable

Unit: yuan

Item	December 31, 2018	January 1, 2019	Adjust integer
Current assets:			
Money funds	2,547,345,874.57	2,547,345,874.57	
Settlement provisions			
Dismantling funds			
Trading financial assets		800,160.93	800,160.93
Financial assets measured at fair value and their changes are included in the current profit and loss	800,160.93		-800,160.93
Derivative financial assets			
Bill receivable	1,835,883,950.01	1,835,883,950.01	-1,803,558,515.85
Accounts receivable	1,496,368,415.86	1,496,368,415.86	
Receivable financing		1,803,558,515.85	1,803,558,515.85
Prepayments	39,723,410.14	39,723,410.14	
Premium receivable			
Receivable reinsurance account			
Provision for reinsurance contract receivable			
Other receivables	104,911,299.69	104,911,299.69	
Among them: interest	7,885,209.04	7,885,209.04	

receivable			
Dividend receivable			
Buy back resale financial assets			
Stock	935,775,074.07	935,775,074.07	
Contract assets			
Holding assets for sale			
Non-current assets due within one year			
Other current assets	54,636,044.13	54,636,044.13	
Total current assets	7,015,444,229.40	7,015,444,229.40	
Non-current assets:			
Loans and advances			
Debt investment			
Available for sale financial assets			
Other debt investments			
Held to maturity investments			
Long-term receivables	11,623,598.01	11,623,598.01	
Long-term equity investment	79,771,169.72	79,771,169.72	
Investment in other equity instruments			
Other non-current financial			

assets			
Investment real estate			
Fixed assets	685,262,087.53	685,262,087.53	
Construction in progress	10,480,100.82	10,480,100.82	
Productive biological assets			
oil and gas asset			
Right-of-use asset			
Intangible assets	341,038,319.94	341,038,319.94	
Development expenditure			
Goodwill	670,286,756.52	670,286,756.52	
Long-term prepaid expenses	45,188,773.09	45,188,773.09	
Deferred tax assets	119,163,031.39	119,163,031.39	
Other non-current assets	8,715,609.47	8,715,609.47	
Total non-current assets	1,971,529,446.49	1,971,529,446.49	
total assets	8,986,973,675.89	8,986,973,675.89	
Current liabilities:			
Short-term loan	250,525,029.95	250,525,029.95	
Borrowing from the Central Bank			
Borrowed funds			
Transactional financial liabilities			

Financial liabilities measured at fair value and whose changes are included in the current profit and loss			
Derivative financial liabilities			
Bills payable	990,875,308.24	990,875,308.24	
Accounts payable	1,588,338,349.43	1,588,338,349.43	
Advance payment	403,630,155.02	403,630,155.02	
Contract liabilities			
Selling back financial assets			
Deposits and Interbank deposit			
Agent trading securities			
Agent underwriting securities			
Staff payable	107,225,672.90	107,225,672.90	
Taxes payable	298,253,035.20	298,253,035.20	
Other payables	150,463,325.70	150,463,325.70	
Of which: interest payable	3,332,499.94	3,332,499.94	
Dividend payable			
Fees and commissions			
Reinsurance accounts payable			
Holding liabilities for sale			

Non-current liabilities due within one year	95,200,648.23	95,200,648.23	
Other current liabilities	59,244.51	59,244.51	
Total current liabilities	3,884,570,769.18	3,888,825,075.66	
Non-current liabilities:			
Insurance contract reserve			
Long term loan	536,358,921.02	536,358,921.02	
Bonds payable			
Of which: preferred stock			
Perpetual debt			
Lease liability			
Long-term payables			
Long-term payable employee compensation	10,163,946.95	10,163,946.95	
Estimated liabilities	452,856,804.45	452,856,804.45	
Deferred income	41,528,340.45	41,528,340.45	
Deferred income tax liabilities	29,261,746.53	29,261,746.53	
Other non-current liabilities			
Total non-current liabilities	1,070,169,759.40	1,065,915,452.92	
Total Liabilities	4,954,740,528.58	4,954,740,528.58	
Owners' equity:			

Share capital	1,838,647,096.00	1,838,647,096.00	
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve	5,298,075,978.80	5,298,075,978.80	
Minus: treasury shares	63,597,455.75	63,597,455.75	
Other comprehensive income	20,300,909.34	20,300,909.34	
Special reserves			
Surplus reserve	51,830,974.45	51,830,974.45	
General risk preparation			
Undistributed profit	-3,118,692,266.64	-3,118,692,266.64	
Total equity attributable to owners of parent company	4,026,565,236.20	4,026,565,236.20	
Minority shareholder interest	5,667,911.11	5,667,911.11	
Total owner's equity	4,032,233,147.31	4,032,233,147.31	
Total Liabilities and Owner's Equity	8,986,973,675.89	8,986,973,675.89	

Adjustment description.

Parent company balance sheet.

Unit: yuan

Item	December 31, 2018	January 1, 2019	Adjust integer
Current assets:			

Monetary fund.	1,570,620,697.54	1,570,620,697.54	
Transactional financial assets.			
Financial assets measured at fair value and whose changes are included in the profits and losses of the current period.			
Derivative financial assets.			
Notes receivable.	54,212,840.07	2,732,232.29	-51,480,607.78
Accounts receivable.	121,118,535.06	121,118,535.06	
Receivable financing.		51,480,607.78	51,480,607.78
Advance payment.	2,479,601.45	2,479,601.45	
Other receivables.	108,624,755.41	108,624,755.41	
Among them: interest receivable.	7,684,542.37	7,684,542.37	
Dividend receivable.			
Inventory.	136,007,118.35	136,007,118.35	
Contract assets.			
Hold assets for sale.			
Non current assets due within one year.			
Other current assets.	826,850.50	826,850.50	

Total current assets.	1,993,890,398.38	1,993,890,398.38	
Non-current assets:			
Debt investment.			
Available-for-sale financial assets.			
Other creditor's rights investment.			
Hold-to-maturity investment.			
Long-term receivables.	11,623,598.01	11,623,598.01	
Long-term equity investment.	1,339,624,909.25	1,339,624,909.25	
Investment in other equity instruments.			
Other illiquid financial assets.			
Investment real estate.			
Fixed assets.	351,626,001.28	351,626,001.28	
Project under construction.	3,311,436.39	3,311,436.39	
Productive biological assets.			
Oil and gas assets.			
Right to use assets.			
Intangible assets.	59,453,607.94	59,453,607.94	
Development expenditure.			
goodwill.			

Long-term prepaid expenses.	3,672,675.03	3,672,675.03	
Deferred income tax assets.	3,184,523.16	3,184,523.16	
Other non-current assets.	591,489.00	591,489.00	
Total non-current assets.	1,773,088,240.06	1,773,088,240.06	
Total assets.	3,766,978,638.44	3,766,978,638.44	
Current liabilities:			
Short-term loan.	140,000,000.00	140,000,000.00	
Transactional financial liabilities.			
Financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period.			
Derivative financial liabilities.			
Notes payable.	65,409,402.46	65,409,402.46	
Accounts payable.	62,615,627.84	62,615,627.84	
Advance payment.	24,602,458.76	24,602,458.76	
Contractual liability.			
Salary payable to staff and workers.	14,558,039.50	14,558,039.50	
Taxes payable.	5,090,075.19	5,090,075.19	

Other payables.	59,251,915.06	59,251,915.06	
Among them: interest payable.			
Dividend payable.			
Hold unsold liabilities.			
Non-current liabilities due within one year.			
Other current liabilities.		1,116,666.67	
Total current liabilities.	371,527,518.81	371,527,518.81	
Non-current liabilities:			
Long-term loan.			
Bonds payable.			
Among them: preferred stock.			
Perpetual debt.			
Lease liability.			
Long-term payable.			
Long-term salary payable to staff and workers.			
Estimated liability.			
Deferred return.	15,540,291.66	15,540,291.66	
Deferred income tax liability.			
Other non-current liabilities.			

Total non-current liabilities.	15,540,291.66	15,540,291.66	
Total liabilities.	387,067,810.47	387,067,810.47	
Owner's equity:			
Capital stock.	1,838,647,096.00	1,838,647,096.00	
Other equity instruments.			
Among them: preferred stock.			
Perpetual debt.			
Capital reserve.	5,055,665,185.99	5,055,665,185.99	
Minus: inventory stock.	63,597,455.75	63,597,455.75	
Other comprehensive income.			
Special reserve.			
Surplus reserve.	51,830,974.45	51,830,974.45	
Undistributed profit.	-3,502,634,972.72	-3,502,634,972.72	
Total owner's equity.	3,379,910,827.97	3,379,910,827.97	
Total liabilities and owners' equity	3,766,978,638.44	3,766,978,638.44	

Adjustment description.

(4) Retrospective adjustment of new financial instruments standards or new leasing standards since 2019☐ Applicable ☒ Not applicable

VI. Taxes.**1. Main taxes and tax rates**

Tax category	Tax basis	Tax rate
Value added tax	The output tax is calculated on the basis of the income from the sale of goods and taxable services calculated according to the provisions of the tax Law. after deducting the input tax allowed to be deducted in the current period, the difference is value-added tax payable.	16%、13%、6%
Urban maintenance and construction tax	Calculated and levied on the basis of value-added tax and consumption tax actually paid	7%、5%
corporate income tax	Calculated and levied on the basis of taxable income	See the table below
Additional education fees	Calculated and levied on the basis of value-added tax and consumption tax actually paid	3%
Local education addition	Calculated and levied on the basis of value-added tax and consumption tax actually paid	2%
Property tax	If it is levied ad valorem, it shall be paid at 1.2% of the remaining value after deducting 30% of the original value of the property at once; if levied from rent, it	1.2%、12%

	shall be paid at 12% of the rental income.	
Land use tax	The area of land registered in the land use right certificate	3 yuan per square meter

If there are different tax payers of enterprise income tax rates, the disclosure shall be explained.

Name of tax subject	Income tax rate
Our company * 1	15%
Dongfang Precision (HK)	16.50%
Dongfang Precision (Netherland)	20%
Fosber Group	24%
Fosber US	21%
Fosber Tianjin	25%
Shunyi Investment	25%
Parsun Power*2	15%
Italian EDF	24%
Fosber Asia*3	15%
Tiruna Group	28%
Tiruna S.L.U.	28%
Tratatamientos Industriales Tiruna S.A.U.	28%
Tiruna Brazil	34%
Tiruna France SARL	15%
SCI Candan	15%
Tiruna UK Ltd	19%

Guangdong Tiruna	25%
Tiruna US	21%
Beijing Pride	15%
Changzhou Pride	25%

2. Tax preference.

* 1 The Company passed the review of the High-tech Enterprises of Guangdong Provincial Department of Science and Technology, Guangdong Provincial Department of Finance, Guangdong State Taxation Bureau and Guangdong Local Taxation Bureau in November 2017 and obtained the jointly issued "High-tech Enterprise Certificate" (Certificate No.: GR201744002995), which is valid for three years. The enterprise income tax shall be calculated and paid at a reduced tax rate of 15% within the period of validity.

* 2 Parsun Power, a subsidiary of the company, passed the review of high-tech enterprises of Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance and Jiangsu State Taxation Bureau on November 7, 2019 and obtained the high-tech enterprise certificate (certificate number: GR201932000339), which is valid for three years, and the enterprise income tax shall be reduced by 15% within the period of validity.

* 3 Fosber Asia, a subsidiary of the Company, approved and obtained the "High-tech Enterprise Certificate" (Certificate No.: GR201844003599) jointly issued by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province and the State Taxation Bureau of Guangdong Province on November 28th, 2018, valid for three years, and the enterprise income tax shall be reduced by 15% during the period of validity.

VII. Project Notes for Consolidated Financial statements.**1. Monetary funds.**

Unit: yuan

Item	Closing balance	Opening balance.
Cash in stock	249,951.68	136,697.03
Bank deposit	2,224,849,135.20	2,107,860,745.32
Funds in other currencies	131,604,347.72	439,348,432.22
total	2,356,703,434.60	2,547,345,874.57
Of which: the total amount of money deposited abroad	340,057,779.28	416,074,231.51

Other instructions.

Among them, the details of the currency funds that are restricted by mortgage, pledge or freeze, as well as those placed abroad and subject to restrictions on the repatriation of funds are as follows:

Item	Closing balance	Balance at the end of last year.
Bank acceptance margin	4,397,386.30	307,393,582.64
Loan guarantee	124,024,093.46	131,273,400.00
Pledged time deposit	480,000.00	480,000.00
Deposit for prepaid account.	526,000.00	
Long-term deposit for settlement and sale of foreign exchange.	551,217.45	201,449.58
Total	129,978,697.21	439,348,432.22

2. Transactional financial assets.

Unit: yuan

Item	Closing balance	Opening balance.
Financial assets measured at fair value and whose changes are included in the profits and losses of the current period.	1,039,381.59	800,160.93
Among them:		
Derivative financial assets	1,039,381.59	800,160.93
Financial assets that are designated to be measured at fair value and whose changes are included in the profits and losses of the current period.	1,163,000,000.00	
Among them:		
Bank investment in wealth management products	1,163,000,000.00	
Total	1,164,039,381.59	800,160.93

Other instructions:

3. Notes receivable.**(1) classified presentation of bills receivable.**

Unit: yuan

Item	Closing balance	Opening balance.
Bank acceptance bill		1,803,558,515.85

Commercial acceptance bill		32,325,434.16
Total		1,835,883,950.01

If the provision for bad debts of notes receivable is calculated according to the general model of expected credit loss, please refer to the disclosure methods of other receivables to disclose the relevant information about the provision for bad debts:

☐ Applicable ☒ not applicable

(2) Notes receivable that have been endorsed or discounted by the company at the end of the period and have not yet matured on the balance sheet date.

Unit: yuan

Item	Termination recognition amount at the end of the period.	Untermiated recognition amount at the end of the period.
Bank acceptance bill.	35,526,147.05	
Total	35,526,147.05	

4. Accounts receivable

(1) Classified disclosure of accounts receivable

unit: yuan

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Withdrawal ratio		Amount	Percentage	Amount	Withdrawal ratio	
Accounts receivable that make provision for bad debts on a single basis	1,088,998.63	0.18%	1,088,998.63	100.00%		253,258,629.96	16.29%	35,362,783.70		217,895,846.26
Among them:										
Accounts receivable for which individual amounts are significant and provision for bad debts is made separately.						242,106,495.85	15.58%	24,210,649.59	10.00%	217,895,846.26
Accounts receivable in which individual amounts are not significant but provision for bad debts is made separately.	1,088,998.63		1,088,998.63			11,152,134.11	0.71%	11,152,134.11	100.00%	0.00

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Accounts receivable made by combination of provisions for bad debts	613,715,620.08	99.82%	16,284,410.06	2.65%	597,431,210.02	1,301,050,905.13	83.71%	22,578,335.53	1.74%	1,278,472,569.60
Among them:										
Credit risk feature combination						1,301,050,905.13	83.71%	22,578,335.53	1.74%	1,278,472,569.60
Age analysis combination	613,715,620.08		16,284,410.06		597,431,210.02					
Total	614,804,618.71	100.00%	17,373,408.69		597,431,210.02	1,554,309,535.09	100.00%	57,941,119.23		1,496,368,415.86

Provision for bad debts on a single basis: accounts receivable that are not significant in a single amount but set aside the provision for bad debts separately.

Unit: yuan

Name	Ending balance			
	Book balance	Bad debt provision	Withdrawal ratio	Withdrawal reason
TECHSERVICE-KHABAROVSK CJSC	1,088,998.63	1,088,998.63	100.00%	The customer goes bankrupt and is unable to pay off the maturing debt
Total	1,088,998.63	1,088,998.63	--	--

Make provision for bad debts on a single basis:

Unit: yuan

Name	Ending balance			
	Book balance	Bad debt provision	Withdrawal ratio	Withdrawal reason

Provision for bad debts by combination: aging analysis combination.

Unit: yuan

Name	Ending balance		
	Book balance	Bad debt provision	Withdrawal ratio
Within 1 year (including 1 year)	569,470,250.59	14,107,722.48	2.48%
1 to 2 years (inclusive)	28,435,925.54	155,721.54	0.55%
2 to 3 years (inclusive)	5,658,734.95	234,054.25	4.14%
3 to 4 years (inclusive)	2,943,649.11	59,415.90	2.02%
4 to 5 years (inclusive)	2,150,918.82	335,339.38	15.59%
More than 5 years	5,056,141.07	1,392,156.51	27.53%
Total	613,715,620.08	16,284,410.06	--

The description that determines the basis of the combination:

Set aside provisions for bad debts according to the combination:

Unit: yuan

Name	Ending balance		
	Book balance	Bad debt provision	Withdrawal ratio

The description that determines the basis of the combination:

If the provision for bad debts of accounts receivable is calculated according to the general model of expected credit loss, please refer to the disclosure methods of other receivables to disclose the relevant information about the provision for bad debts:

☐ Applicable ☒ not applicable

Disclosure by age.

Unit: yuan

Account age	Book balance
Within 1 year (including 1 year)	538,200,317.40
1 to 2 years	57,597,031.52
2 to 3 years	8,856,560.79
More than 3 years	10,150,709.00
3 to 4 years	2,943,649.11
4 to 5 years	2,150,918.82
more than 5 years	5,056,141.07
Total	614,804,618.71

(2) provision for bad debts made, recovered or transferred in the current period.

Provision for bad debts in the current period:

Unit: yuan

Category	Opening balance	Current change amount				Ending balance
		Provision	To take back or turn back.	Write-off	Other	
Make provision for bad debts on a single basis	35,362,783.70	23,182,364.20			-57,456,149.27	1,088,998.63

Set aside provisions for bad debts according to the combination.	22,578,335.53	5,198,708.94		26,065.47	-11,466,568.94	16,284,410.06
Total	57,941,119.23	28,381,073.14		26,065.47	-68,922,718.21	17,373,408.69

Among them, the amount of bad debts to be recovered or transferred back in the current period is important:

Unit: yuan

Unit name	Recover or return the amount	Recovery mode

(3) the actual write-off of accounts receivable in the current period.

Unit: yuan

Item	Write-off amount
Actual write-off of accounts receivable	26,065.47

(4) the status of the top five accounts receivable collected by the defaulting party at the end of the period.

Unit: yuan

Unit name	Final balance of accounts receivable	As a percentage of the total balance of accounts receivable at the end of the period	Final balance of provision for bad debts
CARTONSTRONG ITALIA S.R.L.	48,818,739.20	7.94%	
CARTOGRAF S.A. DE C.V.	27,637,475.90	4.50%	
EVEREST CORRUGATED (PTY)	26,790,400.75	4.36%	

LTD			
SARL COMPLEX IMPORT EXPORT COOPERATIVE IMMOBILIERE	20,898,616.05	3.40%	
International Paper	17,326,211.49	2.82%	
Total	141,471,443.39	23.02%	

5. Accounts receivable financing.

Unit: yuan

Item	Ending balance	Opening balance
Notes receivable	55,447,099.32	1,803,558,515.85
Total	55,447,099.32	1,803,558,515.85

Changes in the current period of financing of receivables and changes in fair value

✓ Applicable □ not applicable

Item	Balance at the beginning of the year	Added in this time	Termination confirmation of the current period	Other changes	Ending balance
Notes receivable	1,803,558,515.85	11,593,989,485.39	12,351,634,595.31	-990,466,306.61	55,447,099.32
Total	1,803,558,515.85	11,593,989,485.39	12,351,634,595.31	-990,466,306.61	55,447,099.32

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

□ Applicable ✓ not applicable

Other instructions:

6. Advance payment.**(1) prepayments are shown by age.**

Unit: yuan

Account age	Ending balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	24,221,885.95	93.52%	38,250,140.85	96.29%
1 to 2 years	1,367,636.64	5.28%	353,286.27	0.89%
2 to 3 years	56,688.15	0.22%	716,013.27	1.80%
More than 3 years	254,913.11	0.98%	403,969.75	1.02%
Total	25,901,123.85	--	39,723,410.14	--

Explanation of the reasons for the non-timely settlement of prepayments with an age of more than one year and important amounts:

(2) the advance payment of the top five balances collected by the prepaid object at the end of the period

Prepaid object	Ending balance	Percentage of total balance of prepayments at the end of the period (%)
Unico, Inc.	3,051,603.24	11.78
Sun Corp.	2,519,963.44	9.73
GUDEMA TECNOLOGIE SRL	1,722,093.61	6.65
CARPINOX SRL	996,163.63	3.85
Shanghai Dasong Corrugated Roller Co., Ltd.	886,162.55	3.42
Total	9,175,986.47	35.43

7. Other receivables.

Unit: yuan

Item	Ending balance	Opening balance
Interest receivable	721,935.36	7,885,209.04
Other receivables	78,851,179.13	97,026,090.65
Total	79,573,114.49	104,911,299.69

(1) interest receivable.**1) Classification of interest receivable.**

Unit: yuan

Item	Ending balance	Opening balance
Time deposit	721,935.36	7,290,688.49
Financial products		594,520.55
Total	721,935.36	7,885,209.04

2) Provision for bad debts☐ Applicable ☒ not applicable**(2) other receivables.****1) Classification of other receivables by nature of the amount.**

Unit: yuan

Nature of payment	Book balance at the end of the period	Opening book balance
Current payment	1,587,414.17	72,584.67
Margin, Deposit	10,743,022.49	6,860,644.42
Export tax rebate	2,110,960.29	18,376,442.10

Prepaid service charge	5,314,977.17	7,139,744.74
Other	14,117,024.25	15,976,166.48
Equity transfer	41,031,375.00	41,198,325.00
Employee loans, petty cash	986,143.77	1,411,572.49
Performance compensation	8,200,000.00	8,500,000.00
Total	84,090,917.14	99,535,479.90

2) provision for bad debts.

Unit: yuan

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss over the next 12 months	Expected credit loss over the entire lifetime (no credit impairment occurs)	Expected credit loss over the entire lifetime (credit impairment has occurred)	
Balance of January 1, 2019	2,509,389.25			2,509,389.25
The balance of January 1, 2019 is in the current period.				
--moving on to the second stage	-850,000.00	850,000.00		
Current provision	4,095,756.87	1,610,000.00		5,705,756.87
Other change	2,975,408.11			2,975,408.11
Balance of 31 December 2019	2,779,738.01	2,460,000.00		5,239,738.01

Loss provision changes in book balances with significant changes in the current period

☐ Applicable ☒ not applicable

Disclosure by age.

Unit: yuan

Account age	Book balance
Within 1 year (including 1 year)	29,859,345.91
1 to 2 years	43,855,797.79
2 to 3 years	9,043,027.93
More than 3 years	1,332,745.51
3 to 4 years	685,639.96
4 to 5 years	369,509.02
more than 5 years	277,596.53
Total	84,090,917.14

3) Provision for bad debts made, recovered or transferred in the current period.

Provision for bad debts in the current period:

Unit: yuan

Category	Opening balance	Current change amount				Ending balance
		Provision	To take back or turn back.	Write-off	Other	
Make provision for bad debts on a single basis	850,000.00	2,095,330.00			-485,330.00	2,460,000.00
Set aside provisions for bad	1,659,389.25	3,610,426.87			-2,490,078.11	2,779,738.01

debts according to the combination.						
Total	2,509,389.25	5,705,756.87			-2,975,408.11	5,239,738.01

4) Other receivables in the top five of the ending balances collected by the defaulting party.

Unit: yuan

Unit name	The nature of the money	Ending balance	Account age	As a percentage of the total balance of other receivables at the end of the period	Final balance of provision for bad debts
3F IMMOBILIARE SRL	Equity transfer	41,031,375.00	1-2 years	48.79%	2,051,568.75
Jiateng Robot (shareholder)	Performance compensation	8,200,000.00	2-3 years	9.75%	2,460,000.00
N.E. ENGINEERING	Supplier cash rebate	1,457,334.25	Within 1 year	1.73%	
Export rebate receivable	Export rebate receivable	1,051,258.91	Within 1 year	1.25%	
Hisense South Co., Ltd.	Deposit	768,814.00	1-2 years	0.91%	38,440.70
Total	--	52,508,782.16	--	62.43%	4,550,009.45

8. Inventory.

Whether the new income criteria have been implemented.

□ Yes √ No

(1) inventory classification.

Unit: yuan

Item	Ending balance			Opening balance		
	Book balance.	Price reduction reserve.	Book value.	Book balance.	Price reduction reserve.	Book value.
Raw materials.	248,492,417.64	13,394,596.44	235,097,821.20	428,354,693.54	66,818,123.04	361,536,570.50
In product.	379,351,397.96	25,945,105.34	353,406,292.62	359,882,947.36	14,232,978.28	345,649,969.08
Inventory goods.	25,948,936.98	103,897.01	25,845,039.97	55,060,195.62	2,177,067.67	52,883,127.95
Send out goods.	43,439,406.00		43,439,406.00	132,544,524.75	5,165,565.57	127,378,959.18
Commissioned processing materials.	1,873,908.29		1,873,908.29	35,981,186.22		35,981,186.22
Semi-finished product.	12,014,421.40	244,188.37	11,770,233.03	12,564,774.67	219,513.53	12,345,261.14
Total	711,120,488.27	39,687,787.16	671,432,701.11	1,024,388,322.16	88,613,248.09	935,775,074.07

(2) provision for inventory price decline.

Unit: yuan

Item	Opening balance	The amount increased in the current period		Reduced amount in the current period		Ending balance
		Provision	Other	Turn back or. Resale	Other	

Raw materials.	66,818,123.04	20,620,097.36		21,615,657.10	52,427,966.86	13,394,596.44
In product.	14,232,978.28	17,837,425.37		6,125,298.31		25,945,105.34
Inventory goods.	2,177,067.67	377,756.29		1,993,175.46	457,751.49	103,897.01
Send out goods.	5,165,565.57	3,516,096.42	29,336,219.23	1,743,574.72	36,274,306.50	
Semi-finished product.	219,513.53	113,098.32		88,423.48		244,188.37
Total	88,613,248.09	42,464,473.76	29,336,219.23	31,566,129.07	89,160,024.85	39,687,787.16

"current reduction amount-other" mainly includes the provision for the disposal of subsidiary transfer inventory price reduction.

(3) the ending balance of inventory contains the capitalization amount of borrowing costs.

(4) the completed unsettled assets formed by the construction contract at the end of the period.

9. Non-current assets maturing within one year.

Unit: yuan

Item	Ending balance	Opening balance
Long-term receivables due within one year	356,983.48	
Total	356,983.48	

Important debt investments / other debt investments.

Unit: yuan

Creditor's rights project.	Ending balance				Opening balance			
	Face value.	Coupon rate.	Real interest rate.	Expiration date.	Face value.	Coupon rate.	Real interest rate.	Expiration date.

Other instructions:

10. Other current assets.

Whether the new income criteria have been implemented.

□ Yes √ No

Unit: yuan

Item	Ending balance	Opening balance
VAT to be deducted input tax.		492,892.14
Value-added tax allowance.	2,209,523.18	2,096,552.17
Withholding tax.	14,404,806.23	50,420,266.46
Prepaid interest expense.	129,649.62	599,403.65
Prepaid expenses.	207,209.64	
Other.	5,395,125.62	1,026,929.71
Total	22,346,314.29	54,636,044.13

Other instructions:

11. Long-term receivables.**(1) long-term receivables.**

Unit: yuan

Item	Ending balance			Opening balance			Discount rate range
	Book balance.	Provision for bad debts.	Book value	Book balance.	Provision for bad debts.	Book value	
Sell goods by installments				11,623,598.01		11,623,598.01	
Total				11,623,598.01		11,623,598.01	--

Impairment of provision for bad debts.

Unit: yuan

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss over the next 12 months	Expected credit loss over the entire lifetime (no credit impairment occurs)	Expected credit loss over the entire lifetime (credit impairment has occurred)	
The balance of January 1, 2019 in the current period.				

Loss provision changes in book balances with significant changes in the current period

☐ Applicable ☒ not applicable

12. Long-term equity investment.

Unit: yuan

Invested unit.	Opening balance (book value).	Changes in the current period.								Final balance (book value)	Impairment provision final balance
		Make an additional investment.	Reduce investment.	Investment profit and loss recognized under the equity method.	Other comprehensive income adjustment.	Changes in other rights and interests.	Declare a cash dividend or profit.	Provision for impairment.	Other		
I. Joint Venture											
Tiruna US	11,176,541.90	7,424,725.00		141,074.84	-58,004.61				-18,684,337.13	0.00	
Foshan Yinglian Digital Printing equipment Co., Ltd. (hereinafter	9,761,430.71	1,060,193.48		-310,888.72						10,510,735.47	

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referred to as "Yinglian Digital")											
Total	20,937,972.61	8,484,918.48		-169,813.88	-58,004.61				-18,684,337.13	10,510,735.47	
II. Combined venture											
Jiateng robot	57,333,197.11			2,803,543.87						60,136,740.98	
Talleres Tapre		1,535,856.50		189,406.64	-384.56					1,724,878.58	
Beijing BAIC Wisdom Energy Technology Co., Ltd. (hereinafter referred to as "BAIC Wisdom")	1,500,000.00			-282,002.82					-1,217,997.18		
Subtotal	58,833,197.11	1,535,856.50		2,710,947.69	-384.56				-1,217,997.18	61,861,619.56	

Total	79,771,169.72	10,020,774.98		2,541,133.81	-58,389.17				-19,902,334.31	72,372,355.03	

Other instructions

13. Other non-current financial assets.

Unit: yuan

Item	Ending balance	Opening balance
Financial assets measured at fair value and whose changes are included in the profits and losses of the current period	20,559,159.34	
Total	20,559,159.34	

Other instructions

14. Fixed assets.

Unit: yuan

Item	Ending balance	Opening balance
Fixed assets	585,754,900.75	685,262,087.53
Total	585,754,900.75	685,262,087.53

(1) fixed assets.

Unit: yuan

Item	Houses and buildings.	machinery equipment.	Transport equipment	Office equipment.	Electronic equipment.	Other equipment	Total
I. the original book value:							
1. Opening balance.	487,297,686.05	350,651,913.35	36,265,773.11	12,789,682.10	9,058,682.48	51,911,495.14	947,975,232.23
2.The amount increased in the current period.	88,211,177.90	321,948,827.69	2,200,581.59	257,660.27	3,169,061.79	27,918,267.21	443,705,576.45
(1) purchase.	3,606,194.67	5,910,257.21	431,710.56	257,660.27	2,705,260.15	17,605,142.81	30,516,225.67
(2) transfer of projects under construction.	238,887.31	52,158,104.89	1,199,609.38		463,801.64	9,732,724.73	63,793,127.95
(3) increase in business consolidation.	83,903,179.90	263,638,992.19	508,734.33			746,318.74	348,797,225.16
(4) the impact	462,916.02	241,473.40	60,527.32			-165,919.07	598,997.67

of exchange rate changes.							
3. Reduced amount in the current period.	1,110,902.98	226,845,560.66	13,760,976.43	165,025.37	7,309,053.72	46,353,173.84	295,544,693.00
(1) disposal or scrap		9,983,080.74	1,192,834.78	165,025.37	665,736.99	1,107,638.74	13,114,316.62
(2) Sale of assets and transfer of assets.	1,108,740.37	213,673,110.66	12,568,141.65		6,601,350.90	45,196,078.51	279,147,422.09
(3) other.	2,162.61	3,189,369.26			41,965.83	49,456.59	3,282,954.29
4.Final balance.	574,397,960.97	445,755,180.38	24,705,378.27	12,882,317.00	4,918,690.55	33,476,588.51	1,096,136,115.68
2 Accumulated depreciation.							
1.Opening balance.	88,172,136.51	123,917,305.26	22,998,053.24	4,340,779.28	5,363,710.35	17,921,160.06	262,713,144.70
2.The amount increased in the current period.	64,788,911.78	242,277,833.65	4,188,251.17	1,108,163.76	2,139,053.94	9,467,162.00	323,969,376.30
(1) provision.	16,962,367.41	35,140,902.07	3,748,775.92	1,108,163.76	2,139,053.94	8,940,580.63	68,039,843.73
(2)increase in business consolidation.	47,688,024.94	206,992,947.05	399,695.46			435,278.96	255,515,946.41

(3) the impact of exchange rate changes.	138,519.43	143,984.53	39,779.79			91,302.41	413,586.16
3.Reduced amount in the current period.	30,721.33	50,143,676.44	9,300,954.74	164,195.45	4,885,146.25	11,776,611.86	76,301,306.07
(1) disposal or scrap.		4,564,424.30	1,085,157.15	164,195.45	597,643.61	561,887.72	6,973,308.23
(2) Sale of assets and transfer of assets.	30,721.33	45,579,252.14	8,215,797.59		4,287,502.64	11,214,724.14	69,327,997.84
(3) other.							
4.Final balance.	152,930,326.96	316,051,462.47	17,885,349.67	5,284,747.59	2,617,618.04	15,611,710.20	510,381,214.93
3、Provision for impairment.							
1.Opening balance.							
2.The amount increased in the current period.							
(1) provision.							
3.Reduced							

amount in the current period.							
(1) disposal or scrap.							
4.Final balance.							
4 Book value.							
1. Final book value.	421,467,634.01	129,703,717.91	6,820,028.60	7,597,569.41	2,301,072.51	17,864,878.31	585,754,900.75
2.Book value at the beginning of the period	399,125,549.54	226,734,608.09	13,267,719.87	8,448,902.82	3,694,972.13	33,990,335.08	685,262,087.53

15. Projects under construction.

Unit: yuan

Item	Ending balance	Opening balance
Projects under construction	4,839,241.48	10,480,100.82
Total	4,839,241.48	10,480,100.82

(1) Projects under construction.

Unit: yuan

Item	Ending balance	Opening balance

	Book balance.	Impairment reserve.	Book value	Book balance.	Impairment reserve.	Book value
Building expansion.				2,697,286.87		2,697,286.87
Equipment installation	4,756,170.68		4,756,170.68	2,610,612.82		2,610,612.82
Liyang project construction.				2,623,573.25		2,623,573.25
Beijing Pride equipment installation and Engineering Project.				834,927.30		834,927.30
Software installation.	83,070.80		83,070.80	235,223.78		235,223.78
Fosber Asia office decoration				1,478,476.80		1,478,476.80
Total	4,839,241.48		4,839,241.48	10,480,100.82		10,480,100.82

(2) Changes in the current period of important projects under construction.

Unit: yuan

Project name.	Budget.	Opening balance.	The amount increased in the	The amount of fixed assets	Other reduction s in the current	Final balance.	The cumulati ve investme	Project progress.	Cumulati ve amount of	Among them: the capitaliz ed	Current interest capitaliz ation	Source of funds

			current period.	transferr ed in the current period.	period.		nt of the project accounts for the proportio n of the budget.		interest capitaliz ation.	amount of interest in the current period.	rate.	
Installati on and renovati on of Dongfan g Precision equipme nt.		3,311,43 6.39	3,137,18 7.66	4,645,19 0.67	1,720,36 2.58	83,070.8 0						Other
Beijing Prideequ ipment installati on and Engineer ing Project.		834,927. 30	37,930.3 0	317,942. 01	554,915. 59							Other
Liyang project construct ion.	650,476, 000.00	2,623,57 3.25	60,143,7 31.34	56,603,0 93.02	6,164,21 1.57							Fundrais ing

Fosber Asia office decoratio n.		1,478,47 6.80			1,478,47 6.80							Other
Parsun Power equipme nt installati on and Engineer ing Project.		2,146,55 1.72	1,354,68 6.81	2,226,90 2.25		1,274,33 6.28						Other
Fosber Group equipme nt installati on		85,136.0 6	6,663,40 5.66		3,266,70 7.32	3,481,83 4.40						Other
Total	650,476, 000.00	10,480,1 01.52	71,336,9 41.77	63,793,1 27.95	13,184,6 73.86	4,839,24 1.48	--	--				--

16. Intangible assets.**(1) Intangible assets.**

Unit: yuan

Item	Land use right.	right of patent.	Non-patented technology.	Land ownership	Trademark.	Software.	Total
I. the original book value:							
1. Opening balance.	95,890,550.53	52,434,511.04		16,789,326.21	226,232,495.19	22,252,776.65	413,599,659.62
2.The amount increased in the current period.	2,955,688.00	12,543,487.67		-68,036.21	222,915.32	11,972,928.18	27,626,982.96
(1) purchase.	2,955,688.00	12,754,597.45			697,031.55	5,107,790.03	21,515,107.03
(2) transfer of projects under construction.							
(3) increase in business consolidation.						6,842,829.76	6,842,829.76
(4) the impact of exchange rate changes.		-211,109.78		-68,036.21	-474,116.23	22,308.39	-730,953.83
3. Reduced amount in the current period.					109,183,100.00	8,212,327.59	117,395,427.59
(1) disposal or scrap						183,224.71	183,224.71
(2) Sale of assets and					109,183,100.00	8,029,102.88	117,212,202.88

transfer of assets.							
(3) other.	98,846,238.53	64,977,998.71		16,721,290.00	117,272,310.51	26,013,377.24	323,831,214.99
4. Final balance.							
2 Accumulated depreciation.	15,433,650.64	28,944,803.19			19,218,240.06	8,964,645.79	72,561,339.68
1. Opening balance.	2,097,039.40	9,277,522.40			10,041,176.68	10,964,027.79	32,379,766.27
2.The amount increased in the current period.	2,097,039.40	9,394,026.49			10,041,425.94	4,565,877.34	26,098,369.17
(1) provision.						6,379,995.85	6,379,995.85
(2)increase in business consolidation.		-116,504.09			-249.26	18,154.60	-98,598.75
(3)the impact of exchange rate changes.					29,115,493.33	1,876,827.16	30,992,320.49
3.Reduced amount in the current period.						177,755.73	177,755.73
(1) disposal or scrap.					29,115,493.33	1,699,071.43	30,814,564.76
(2) Sale of	17,530,690.04	38,222,325.59			143,923.41	18,051,846.42	73,948,785.46

assets and transfer of assets.							
(3) other.							
4.Final balance.							
3、Provision for impairment.							
1.Opening balance.							
2.The amount increased in the current period.							
(1) provision.							
3.Reduced amount in the current period.							
(1) disposal or scrap.							
4.Final balance.	81,315,548.49	26,755,673.12		16,721,290.00	117,128,387.10	7,961,530.82	249,882,429.53
4 Book value.	80,456,899.89	23,489,707.85		16,789,326.21	207,014,255.13	13,288,130.86	341,038,319.94

The proportion of intangible assets formed by internal research and development of the company to the balance of intangible assets at

the end of this period.

17. Goodwill.

(1) Original book value of goodwill.

Unit: yuan

The name of the investee or the formation of goodwill.	Opening balance.	Increase in this period.		Decrease in this period.		Final balance
		Formed by the merger of enterprises.	The impact of exchange rate changes.	Disposal.	The impact of exchange rate changes.	
Fosber Group	161,109,612.59		-652,872.41			160,456,740.18
Parsun Power	208,031,946.10					208,031,946.10
Italian EDF	68,893,042.76		-279,178.66			68,613,864.09
Beijing Pride	4,142,269,073.77			4,142,269,073.77		
Total	4,580,303,675.22		-932,051.08	4,142,269,073.77		437,102,550.37

(2) provision for impairment of goodwill.

Unit: yuan

The name of the investee or the formation of goodwill.	Opening balance	Increase in this period		Decrease in this period		Final balance
		Provision	The impact of exchange rate changes	Disposal	The impact of exchange rate changes	
Parsun Power	61,855,054.35					61,855,054.35
Italian EDF		68,753,453.43	-139,589.34			68,613,864.09
Beijing Pride	3,848,161,864.35			3,848,161,864.35		

Total	3,910,016,918.70	68,753,453.43	-139,589.34	3,848,161,864.35		130,468,918.44

Information about the asset group or asset group portfolio where goodwill is located.

Explain the goodwill impairment testing process, the key parameters (such as the forecast period growth rate, stable period growth rate, profit margin, discount rate, forecast period, etc.) and the confirmation method of goodwill impairment loss when predicting the present value of future cash flow.

(1) Goodwill Testing Process of Fosber Group

Item	Goodwill testing process of Fosber Group
The formation of goodwill	In March 2014 (hereinafter referred to as the "acquisition date"), the Company acquired a 60 per cent stake in Fosber Group at a consideration of RMB 355.7081 million, and the fair value of the identifiable net assets of the company on the merger date was equivalent to RMB 181.9708 million, and the difference in the merger cost greater than the share of identifiable net assets acquired in the merger was equivalent to RMB 173.7373 million, which was recognized as goodwill in the consolidated balance sheet.
Identification of asset group	The acquisition of Japanese Fosber Group's "corrugated board production line business" as the only asset group. At the end of this year, the asset group in which goodwill is located is the same as the asset group determined when goodwill was formed on the date of acquisition, and its composition has not changed.
Recoverable amount of asset group	It is determined according to the present value of the expected future cash flow of the asset group. Based on the five-year financial budget of the above asset group approved by management, the future cash flow is estimated, and the annual growth rate of operating income in the next five years varies from 4% to 5%. The sustainable cash flow after five years is determined according to the level of the last year of the detailed forecast period and combined with factors such as the development trend of the industry. The discount rate for calculating the present value is 12%, which is the pre-tax discount rate that reflects the specific risk of the relevant asset group.
Goodwill impairment test results	Taking December 31, 2019 as the benchmark date of goodwill impairment test, on the premise that the above assumptions are established, the recoverable amount of the Fosber Group asset group related to goodwill held by the Company is equivalent to RMB 1.0027372 billion, the book value of the Fosber Group asset group held by the Company is equivalent to RMB 298.3588 million yuan, and the book value of all goodwill is equivalent to RMB 267.4282 million. Since the recoverable amount of the asset group related to goodwill is greater than

	the sum of the book value of the asset group of Fosber and the book value of all goodwill, there is no need to make provision for impairment of goodwill in the current period.

(2) Parsun Power Goodwill Test process

Item	Parsun Power Goodwill Test process
The formation of goodwill	In July 2015 (hereinafter referred to as the "acquisition date"), the Company acquired an 80 per cent stake in Parsun Power at a consideration of RMB 376.1044 million, and the fair value of the identifiable net assets of the company obtained on the merger date was RMB 168.0725 million yuan. The difference between the merger cost and the share of identifiable net assets obtained in the merger is RMB 208.0319 million yuan, which is recognized as goodwill in the consolidated balance sheet.
Identification of asset group	The acquisition of the "power engine business" owned by Parsun Power is the only asset group. At the end of this year, the asset group in which goodwill is located is the same as the asset group determined when goodwill was formed on the date of acquisition, and its composition has not changed.
Recoverable amount of asset group	It is determined according to the present value of the expected future cash flow of the asset group. Based on the five-year financial budget of the above asset group approved by management, the future cash flow is estimated, and the annual growth rate of operating income in the next five years ranges from -3.77% to 14.17%. The sustainable cash flow after five years is determined according to the level of the last year of the detailed forecast period and combined with factors such as the development trend of the industry. The discount rate for calculating the present value is 14.81%, which is the pre-tax discount rate that reflects the specific risks of the relevant asset groups.
Goodwill impairment test results	Taking December 31, 2019 as the benchmark date of goodwill impairment test, under the premise of the above assumptions, the recoverable amount of Parsun Power asset group related to goodwill held by the Company is RMB 286.0105 million yuan. The book value of Parsun Power Asset Group held by the Company is RMB 102.817 million yuan, and the book value of all goodwill is RMB 182.7211 million yuan. Provision for impairment of goodwill is required of RMB 472400. The provision for impairment of goodwill has been set aside for RMB 61.8551 million in the previous period, so there is no need to replenish the provision for

	impairment of goodwill in the current period.

(3) Italian EDF goodwill testing process

Item	Italian EDF goodwill testing process
The formation of goodwill	In July 2016 (hereinafter referred to as the "acquisition date"), the Company acquired the equity interest in Italian EDF 100% of Italy at a consideration of RMB 69.6938 million, the fair value of the identifiable net assets of the company obtained on the merger date was equivalent to RMB 4.9471 million, and the difference in the merger cost greater than the share of identifiable net assets acquired in the merger was equivalent to RMB 64.7466 million, which was recognized as goodwill in the consolidated balance sheet.
Identification of asset group	The "corrugated printing press business" owned by Italian EDF on the date of acquisition is the only asset group. At the end of this year, the asset group in which goodwill is located is the same as the asset group determined when goodwill was formed on the date of acquisition, and its composition has not changed.
Recoverable amount of asset group	It is determined according to the present value of the expected future cash flow of the asset group. Based on the five-year financial budget of the above asset group approved by management, the future cash flow is estimated, and the annual growth rate of operating income in the next five years is -2.43% and 6.50%. The sustainable cash flow after five years is determined according to the level of the last year of the detailed forecast period and combined with factors such as the development trend of the industry. The discount rate for calculating the present value is 12.01%, which is the pre-tax discount rate that reflects the specific risks of the relevant asset groups.
Goodwill impairment test results	Taking December 31, 2019 as the benchmark date for goodwill impairment test, on the premise of the above assumptions, the recoverable amount of the Italian EDF asset group held by the Company related to goodwill is equivalent to RMB 36.9865 million, the book value of the Italian EDF asset group held by the Company is equivalent to RMB 37.232 million, and the book value of all goodwill is equivalent to RMB 68.6139 million. Since the recoverable amount of the asset group related to goodwill is less than the sum of the book value of the Italian EDF asset group and the book value of all goodwill, it is necessary to make provision for goodwill impairment of RMB 6885.93. As the goodwill impairment amount is larger than the original goodwill value,

	the goodwill impairment amount for the current period is RMB 68.6139 million.

The influence of Goodwill impairment Test.

Other instructions.

18. Long-term prepaid expenses.

Unit: yuan

Item	Opening balance	The amount increased in the current period.	Amortization amount for the current period.	Other reduced amounts	Final balance
Expenditure on supporting projects of factory buildings.	11,093,222.35	4,223,600.34	4,962,735.02	10,352,256.64	1,831.03
Plant security system engineering.	3,347,217.64	843,890.11	775,364.20	3,415,743.55	0.00
Office network construction.	28,675.69	137,871.05	36,477.10	91,685.06	38,384.58
Expenditure on plant decoration.	25,629,400.17	4,812,060.75	3,961,566.24	21,577,362.92	4,902,531.76
CE certification service fee.	32,311.33		4,245.29		28,066.04
After-sale maintenance equipment.	1,669,467.22		1,224,275.97	445,191.25	0.00
Amortization of leased assets.	101,429.06	3,838,299.27	3,852,863.88		86,864.45

Shenzhen Office.	3,287,049.63	156,879.76	477,566.44		2,966,362.95
Mold amortization		881,513.80	206,318.28		675,195.52
Total	45,188,773.09	14,894,115.08	15,501,412.42	35,882,239.42	8,699,236.33

Other instructions.

The other decrease is mainly due to the transfer of 35,807,386.14 yuan of long-term prepaid expenses from the disposal of Beijing Pride in the current period.

19. Deferred income tax assets / deferred income tax liabilities.

(1) Unoffset deferred income tax assets.

Unit: yuan

Item	Final balance		Opening balance	
	Deductible temporary difference.	Deferred income tax assets	Deductible temporary difference.	Deferred income tax assets
Provision for impairment of assets.	40,047,445.90	7,625,373.36	136,277,343.04	20,707,327.56
Unrealized profit from insider trading.	35,104,949.11	7,347,281.21	30,830,831.09	8,333,183.73
Deductible loss	32,046,890.02	8,501,046.65	22,923,051.48	3,438,457.72
Credit impairment reserve.	8,003,088.75	501,069.70		
Deferred return.	26,277,954.05	6,306,709.91	41,587,584.96	7,231,209.37
Estimated liability-after-sales maintenance service fee.	65,787,362.65	16,007,718.04	443,243,172.46	71,674,879.92

Withholding expenses.	7,338,871.73	1,834,719.89	30,715,178.02	5,153,745.41
Inventory price adjustment.			5,015,452.70	1,304,017.23
Other	3,081,562.71	901,102.85	5,521,305.35	1,320,210.45
Total	217,688,124.92	49,025,021.61	716,113,919.10	119,163,031.39

(2) Unoffset deferred income tax liability.

Unit: yuan

Item	Final balance		Opening balance	
	Deductible temporary difference.	Deferred income tax assets	Deductible temporary difference.	Deferred income tax assets
Value-added evaluation of assets of non-identical control enterprises' merger.	55,686,591.83	10,912,760.98	160,031,163.71	26,916,251.53
Depreciation difference of fixed assets.	10,397,629.99	2,636,973.15	6,044,939.98	1,571,680.79
Government subsidy difference.	1,006,278.22	241,506.77	593,895.04	156,451.62
Prepaid account.	1,669,971.57	418,570.04	871,105.23	226,488.77
Financial assets measured at fair value and whose changes are included in the profits and losses of the current	2,378,966.50	580,080.66	449,024.86	67,353.73

period.				
Other	7,202,199.04	2,125,801.31	317,070.16	323,520.09
Total	78,341,637.15	16,915,692.91	168,307,198.98	29,261,746.53

(3) deferred income tax assets or liabilities shown in net offset.

Unit: yuan

Item	Deferred income tax assets or liabilities ending balance after set-off.	Deferred income tax assets or liabilities ending balance after set-off.	Deferred income tax assets and liabilities offset at the beginning of the period.	Deferred income tax asset or liability balance at the beginning of the period after set-off
Deferred income tax assets		49,025,021.61		119,163,031.39
Deferred income tax liability		16,915,692.91		29,261,746.53

(4) details of unrecognized deferred income tax assets.

Unit: yuan

Item	Ending balance	Opening balance
Deductible temporary difference	14,250,399.21	12,786,413.53
Deductible loss		16,609,352.68
Total	14,250,399.21	29,395,766.21

(5) deductible losses on unrecognised deferred income tax assets will expire in the following years.

Unit: yuan

Year	Ending balance	Opening balance	Remarks
2020		3,510,209.30	
2021		13,027,803.86	
2022		71,339.52	
Total		16,609,352.68	--

Other instructions:

20. Other non-current assets.

Whether the new income criteria have been implemented.

☐ YES ☒ NO

Unit: yuan

Item	Ending balance	Opening balance
Prepaid purchase of long-term assets.	38,700.00	3,812,139.46
Deferred income-unrealized after-sale leaseback profit or loss.		278,794.57
Financing fees related to prepaid long-term loans	2,480,118.56	4,624,675.44
Total	2,518,818.56	8,715,609.47

Other instructions:

21. Short-term borrowing.

(1) Classification of short-term borrowings.

Unit: yuan

Item	Ending balance	Opening balance

Pledge loan.		100,000,000.00
Credit loan	117,888,353.14	150,525,029.95
Total	117,888,353.14	250,525,029.95

Description of the classification of short-term borrowings:

22. Notes payable.

Unit: yuan

Category	Ending balance	Opening balance
Bank acceptance bill	43,973,859.51	990,875,308.24
Total	43,973,859.51	990,875,308.24

The total amount of notes payable due and unpaid at the end of the current period is RMB.

23. Accounts payable.

(1) Presentation of accounts payable.

Unit: yuan

Item	Ending balance	Opening balance
Long-term asset payments.	69,749.79	723,901.72
Freight.		6,325,091.66
Purchase inventory.	470,629,176.02	1,574,282,157.00
Processing fee	712,857.59	862,031.53
Other	1,450,961.05	6,145,167.52
Total	472,862,744.45	1,588,338,349.43

24. Payment received in advance.

Whether the new income criteria have been implemented.

□ YES √ NO

(1) Presentation of advance receipts.

Unit: yuan

Item	Ending balance	Opening balance
Within 1 year (including 1 year).	254,027,005.07	385,932,215.89
1 to 2 years (inclusive).	29,263,151.54	13,556,984.10
2 to 3 years (inclusive).	830,688.85	2,057,247.07
More than 3 years	2,390,879.16	2,083,707.96
Total	286,511,724.62	403,630,155.02

(2) The status of settled and unfinished projects formed by the final construction contract.

Unit: yuan

Item	Amount

Other instructions:

25. Salary payable to staff and workers.**(1) List of salaries payable to staff and workers.**

Unit: yuan

Item	Opening balance	Increase in this period	Decrease in this period	Ending balance
1. short-term salary.	100,483,960.87	561,063,004.44	562,791,919.79	98,755,045.52
2. after-service benefits-set up a	6,741,712.03	74,111,238.98	72,930,666.58	7,922,284.43

withdrawal plan				
Total	107,225,672.90	635,174,243.42	635,722,586.37	106,677,329.95

(2) Presentation of short-term remuneration.

Unit: yuan

Item	Opening balance	Increase in this period	Decrease in this period	Ending balance
1. Wages, bonuses, allowances and subsidies.	97,028,659.07	492,924,651.36	495,850,252.04	94,103,058.39
2. Welfare expenses for staff and workers.	1,557,769.29	31,215,568.76	28,912,664.61	3,860,673.44
3. Social insurance premium.	517,830.81	26,722,832.50	27,150,694.24	89,969.07
Among them: medical insurance premium.	497,621.04	23,364,746.29	23,772,398.26	89,969.07
Industrial injury insurance premium.	19,908.68	2,560,241.82	2,580,150.50	
Maternity insurance premium.	301.09	797,844.39	798,145.48	0.00
4. Housing provident fund.	171.00	7,867,877.64	7,868,048.64	
5. Funds for trade unions and education for staff and workers	1,379,530.70	2,332,074.18	3,010,260.26	701,344.62
Total	100,483,960.87	561,063,004.44	562,791,919.79	98,755,045.52

(3) Set up the withdrawal plan and list it.

Unit: yuan

Item	Opening balance	Increase in this period	Decrease in this period	Ending balance
1. Basic old-age insurance.	6,707,536.17	73,338,638.98	72,123,890.72	7,922,284.43
2. Unemployment insurance premium	34,175.86	772,600.00	806,775.86	
Total	6,741,712.03	74,111,238.98	72,930,666.58	7,922,284.43

Other instructions:

26. Taxes payable.

Unit: yuan

Item	Ending balance	Opening balance
Value added tax.	7,909,778.04	239,105,457.76
corporate income tax.	27,833,282.53	24,550,253.57
individual income tax.	7,786,676.05	6,182,800.02
Urban maintenance and construction tax.	667,743.61	13,737,738.17
Additional education fees.	476,959.72	11,532,397.41
Stamp duty	810,738.35	822,020.86
Property tax	211,158.54	202,425.45
Land use tax	34,530.60	28,775.49
Other	3,197,362.07	2,091,166.47

Total	48,928,229.51	298,253,035.20

Other instructions:

27. Other payables.

Unit: yuan

Item	Ending balance	Opening balance
Interest payable.	1,410,745.58	3,332,499.94
Other payables	89,539,697.58	147,130,825.76
Total	90,950,443.16	150,463,325.70

(1) Interest payable.

Unit: yuan

Item	Ending balance	Opening balance
Interest payable on short-term loans.		1,792,562.50
Interest payable on long-term loans	1,410,745.58	1,539,937.44
Total	1,410,745.58	3,332,499.94

Important overdue interest payments:

Unit: yuan

Loan unit.	Overdue amount.	Overdue reason

Other instructions:

(2) Dividends payable.

Unit: yuan

Item	Ending balance	Opening balance

Other statements, including important dividends payable unpaid for more than one year, shall disclose the reasons for non-payment:

(3) Other payables.

1) List other payables by nature of the amount.

Unit: yuan

Item	Ending balance	Opening balance
Security deposit.	205,000.00	5,387,659.47
Current payment.	10,392,785.36	6,265,359.60
Withholding expenses.	46,603,711.83	32,622,924.70
Outstanding investment.		1,000,000.00
Far East international rent.	8,551.82	9,507.15
Equity acquisition funds.	25,869,305.00	61,814,563.00
Rent.		5,444,098.72
Equipment engineering fund.	637,290.63	24,496,255.57
Other	5,642,575.78	10,090,457.55
Petty cash	180,477.16	
Total	89,539,697.58	147,130,825.76

2) Other important payables with an age of more than one year.

Unit: yuan

Item	Ending balance	Reasons for non-repayment or carryover
Former shareholder of Italian EDF	25,869,305.00	Missed the agreed time of payment
Total	25,869,305.00	--

Other instructions.

28. Non-current liabilities due within one year.

Unit: yuan

Item	Ending balance	Opening balance
A long-term loan due within one year	353,399,238.29	95,200,648.23
Total	353,399,238.29	95,200,648.23

Other instructions:

29. Other current liabilities.

Whether the new income criteria have been implemented.

☐ YES ☒ NO

Unit: yuan

Item	Ending balance	Opening balance
Sales tax to be resold		59,244.51
Total		59,244.51

Changes in the increase or decrease in short-term bonds payable:

Unit: yuan

Bond name	Face value.	Date of issue.	Bond maturity.	Issued amount.	Opening balance.	Current issue.	Interest at face value.	Amortization of premium and discount.	Current repayment.		Final balance

Other instructions:

30. Long-term loan.

(1) Classification of long-term loans.

Unit: yuan

Item	Ending balance	Opening balance
Mortgage loan	9,645,245.56	357,781.95
Guaranteed loan	191,323,440.00	527,652,452.00
Credit loan	23,177,981.92	8,348,687.07
Total	224,146,667.48	536,358,921.02

Description of the classification of long-term borrowings:

Loan unit.	Currency.	Loan start date.	Loan termination date.	Interest rate (%).	Original currency balance.	Equivalent to RMB balance	loan conditions.	Pledge .	Pledge amount
BANCO BPM	EUR	2019/5/10	2022/6/30	1.75	253,273.88	1,979,462.01	Credit loan		
BANCA IMOLA	EUR	2010/9/6	2031/2/6	2.40	370,643.42	2,896,763.65	Credit loan		
PRÉSTAMO BANKINTER	EUR	2014/8/5	2021/8/5	0.82	148,989.63	1,164,428.45	Mortgage loan	machinery equipment	2,938,003.54
PRESTAMO CAJA RURAL	EUR	2019/4/29	2022/4/29	0.79	153,515.95	1,199,803.91	Mortgage loan	machinery	1,901,120.38

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PRESTAMO SANTANDER	EUR	2015/4/29	2022/4/29	0.79	136,549.66	1,067,203.87	Mort gage loan	ma chi ner y equ ipm ent	189,525.88
PRESTAMO CAJA RURAL	EUR	2016/11/24	2023/11/24	0.80	435,430.42	3,403,106.45	Mort gage loan	ma chi ner y equ ipm ent	2,397,154.14
CDTI 2017	EUR	2017/9/14	2028/10/17	0.00	130,300.16	1,018,360.90	Credi t loan	-	
PRÉSTAMO CAIXABANK	EUR	2012/1/20	2025/9/30	0.70	359,631.87	2,810,702.88	Mort gage loan	ma chi ner y equ ipm ent	4,555,947.87

MEDIOCRECITO	EUR	2019/7/17	2026/12/31	0.80	2,211,425.42	17,283,395.36	Credit loan		
Bank of China (Hong Kong) Limited	EUR	2018/2/23	2021/2/23	1.10	24,480,000.00	191,323,440.00	Guaranteed loan		
Total						224,146,667.48			11,981,751.81

Other instructions, including the interest rate range:

31. Long-term salary payable to staff and workers.

(1) Long-term salary scale payable to staff and workers.

Unit: yuan

Item	Ending balance	Opening balance
I. after-service benefits-setting net liabilities for benefit plans	12,252,657.36	10,163,946.95
Total	12,252,657.36	10,163,946.95

(2) Set up changes in the benefit plan.

Set the present value of benefit plan obligations:

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
I. opening balance.	10,163,946.95	10,367,298.56
II. The set benefit cost that is included in the profits and losses of the current period.	1,923,772.98	-263,145.32

4. Net interest.	1,923,772.98	-263,145.32
IV. Other changes.	164,937.43	59,793.71
3. Exchange rate change.	164,937.43	59,793.71
V. final balance	12,252,657.36	10,163,946.95

32. Estimated liabilities.

Whether the new income criteria have been implemented.

☐ YES ☒ NO

Unit: yuan

Item	Ending balance	Opening balance	Cause of formation
Product quality assurance.	73,639,095.36	443,239,907.67	
Other.	5,011,371.12	2,507,581.17	
Product salvage recovery fund		7,109,315.61	
Total	78,650,466.48	452,856,804.45	--

Other notes, including important assumptions and estimated statements relating to important estimated liabilities:

33. Deferred returns.

Unit: yuan

Item	Opening balance	Increase this time	Decrease this time	Ending balance	Formation cause
Government subsidy	41,528,340.45	8,652,850.00	31,905,381.55	18,275,808.90	
Total	41,528,340.45	8,652,850.00	31,905,381.55	18,275,808.90	--

Projects involving government subsidies:

Unit: yuan

Debt item.	Opening balance.	The amount of new subsidy in this period.	The amount of non-operating income in the current period.	The amount of other income will be included in the current period.	The amount of deduction of costs and expenses in the current period.	Other changes.	Final balance.	Related to assets / earnings
Compensation for demolition and relocation of the old factory building on Jinfeng Road.	4,149,837.87			297,660.63			3,852,177.24	Related to assets
Beijing Advanced Industrial Development Fund Industrial Innovation Cluster funding Project.	11,000,000.00			366,869.29		10,633,130.71	0.00	Related to assets
Construction	600,000.00					600,000.00	0.00	Related to

of two nodes for Internet logo analysis in automobile industry.								assets
Research on key Technologies and vehicle Application of Power platform for N2/N3 High performance Pure Electric Commercial vehicle.	649,000.00	225,250.00				874,250.00	0.00	Related to assets
The fusion of the two modernizations.	300,000.00			300,000.00				Related to assets
Equipment subsidy of Liyang Project Investment by the	9,289,210.92	8,427,600.00		1,507,691.87		16,209,119.05	0.00	Related to assets

Management Committee of Jiangsu Zhongguancun Science and Technology Industrial Park.								
Amortized deferred income (4 Mitsubishi gantry machining centers, 3 fixed beam gantry machining centers)	15,540,291.66			1,116,660.00			14,423,631.66	Related to assets
Total	41,528,340.45	8,652,850.00		3,588,881.79		28,316,499.76	18,275,808.90	Related to assets

Other instructions:

Other changes are mainly due to the transfer of deferred income of 28316499.76 yuan from the disposal of Beijing Pryder in the current period.

34. Share capital.

Unit: yuan

	Opening balance	This change increases or decreases (+, -)					Final balance
		Issue new shares	Send shares.	Conversion of provident fund into stock.	Other	Subtotal	
Total number of shares	1,838,647,096.00						1,838,647,096.00

Other instructions:

35. Capital reserve.

Unit: yuan

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Capital premium (equity premium)	5,297,788,424.33	11,375,443.61	1,447,073,583.57	3,862,090,284.37
Other capital reserve	287,554.47			287,554.47
Total	5,298,075,978.80	11,375,443.61	1,447,073,583.57	3,862,377,838.84

Other explanations, including the changes in the current period and the reasons for the changes:

The increase this year is as follows:

(1) There is an unfair situation in the related party transaction between Beijing Pride and the non-controlling shareholder, which shall be dealt with in accordance with the principle of equity transaction, and the difference between the fair value of the consideration and the actual transaction price shall be increased by increasing the capital reserve-equity premium, the amount is 11,375,443.61yuan.

The reduction this year is as follows:

(2) The handling fee paid by the company to buy back shares in 2019, reducing the capital reserve-equity premium of 19298.30 yuan.

(3) Dongfang Precision takes 1 yuan to buy back a fixed number of its own equity instruments as the

consideration for performance compensation, while recognizing transactional financial assets and investment income, and classifies the transactional financial assets as equity instruments, write off the capital reserve-equity premium of 1,447,054,285.27 yuan.

36. Inventory stock.

Unit: yuan

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Share repurchase	63,597,455.75	96,491,469.85		160,088,925.60
Total	63,597,455.75	96,491,469.85		160,088,925.60

Other explanations, including the changes in the current period and the reasons for the changes:

The increase in treasury shares is due to the repurchase of shares by the company in the current period.

37. Other comprehensive income.

Unit: yuan

Item	Opening balance	Current occurrence amount						Ending balance
		The amount incurred before the income tax of the current period.	Minus: the previous period is included in other comprehensive income and transferred to profit or loss in the current period.	Minus: in the prior period, it is included in other comprehensive income and transferred to retained earnings in the current period.	Minus: income tax expenses.	Belong to the parent company after tax.	Belong to minority shareholders after tax	

I. other comprehensive income that cannot be reclassified into profit or loss.	661,069.30	-468,239.41				-468,239.41		192,829.89
Among them: re-measure the amount of change in the benefit plan.	661,069.30	-468,239.41				-468,239.41		192,829.89
2Other comprehensive income that is reclassified into profit or loss.	19,639,840.04	5,133,228.40				5,138,415.39	-5,186.99	24,778,255.43
Cash flow hedging reserve.	460,113.12							460,113.12
Translation difference of foreign currency financial statements.	19,683,812.11	5,133,228.40				5,138,415.39	-5,186.99	24,822,227.50
Other.	-504,085.19							-504,085.19
Total other comprehensive income	20,300,909.34	4,664,988.99				4,670,175.98	-5,186.99	24,971,085.32

Other instructions, including the conversion of the effective portion of the hedging profit or loss of cash flow to the initial recognition amount of the hedged item:

38. Surplus reserve.

Unit: yuan

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Statutory surplus reserve	51,830,974.45			51,830,974.45
Total	51,830,974.45			51,830,974.45

A description of the surplus reserve, including the changes in the current period and the reasons for the changes:

39. Undistributed profits.

Unit: yuan

Item	Current period.	Last period
Undistributed profit at the end of the previous period before adjustment.	-3,118,692,266.64	809,008,015.53
Adjust the initial undistributed profit in the later period.	-3,118,692,266.64	809,008,015.53
Plus: net profit attributable to the owner of the parent company for the current period.	1,838,018,805.50	-3,875,995,219.91
Dividends payable on common shares.		51,705,062.26
Undistributed profit at the end of the period	-1,280,673,461.14	-3,118,692,266.64

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

- 1) due to the retroactive adjustment of the Accounting Standards for Enterprises and its related new regulations, the undistributed profit at the beginning of the period was affected by 0.00 yuan.
- 2) due to the change of accounting policy, the undistributed profit at the beginning of the period is 0.00 yuan.
- 3) due to the correction of major accounting errors, the undistributed profit at the beginning of the period was affected by 0.00 yuan.
- 4), due to the change of the merger scope caused by the same control, the undistributed profit at the beginning of the period is

affected by 0.00 yuan.

5) other adjustments affect the undistributed profit at the beginning of the period by 0.00 yuan.

40. Operating income and operating costs.

Unit: yuan

Item	Current occurrence amount.		The occurrence amount of the previous period	
	Income.	Cost	Income	Cost
Main business.	9,847,745,645.54	8,228,523,820.13	6,527,530,143.78	5,411,045,866.16
Other business	125,757,956.65	57,908,254.79	93,819,474.62	64,249,492.08
Total	9,973,503,602.19	8,286,432,074.92	6,621,349,618.40	5,475,295,358.24

Whether the new income criteria have been implemented.

☐ Yes ☒ No

Other instructions.

41. Taxes and surcharges.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Urban maintenance and construction tax.	5,305,701.26	17,814,995.05
Additional education fees.	4,575,005.13	14,939,845.56
Property tax.	4,382,315.92	4,079,504.20
Land use tax.	479,368.81	452,159.22
Vehicle and vessel use tax.	635,862.27	30,155.00
Stamp duty.	6,215,513.43	4,646,755.86

Environmental protection tax	77,509.78	1,356.66
Other	85,080.33	10,911.91
Total	21,756,356.93	41,975,683.46

Other instructions:

42. Sales expenses.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Staff and workers' salary.	56,567,481.19	38,701,187.40
Travel expenses	14,192,497.81	12,415,895.09
Transportation fee.	63,389,259.45	53,487,591.26
Commission and agency fee.	48,998,758.52	49,278,855.80
Advertising and exhibition fees.	13,124,552.50	8,979,879.43
Office expenses and other things.	22,740,557.50	6,098,039.92
Product quality deposit.	190,832,558.76	346,638,762.80
Depreciation amortization expense	4,681,809.15	5,123,184.86
Total	414,527,474.88	520,723,396.56

Other instructions:

43. Administrative expenses.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period

Staff and workers' salary.	174,333,946.78	147,475,855.27
Depreciation amortization expense.	41,902,217.00	50,359,203.18
Tax and fee.	3,072,845.58	2,883,836.10
Travel expenses and business hospitality expenses.	12,750,784.75	15,252,522.21
Intermediary fee.	65,984,973.26	9,889,906.36
Office expenses and other things	67,173,844.35	60,361,252.08
Total	365,218,611.72	286,222,575.20

Other instructions:

44. Research and development expenses.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Staff and workers' salary.	67,481,755.14	86,243,768.36
Material cost.	31,357,724.77	86,044,805.44
Utilities.	2,194,303.18	2,655,043.95
Depreciation amortization expense	14,869,894.79	8,107,337.74
Assembly inspection and commissioning fee.	8,287,240.29	11,959,301.97
Technology license fee.	23,253,278.02	5,886,825.84
Other costs	9,210,719.23	17,579,433.12
Total	156,654,915.42	218,476,516.42

Other instructions:

45. Financial expenses.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Interest expense.	20,712,697.63	27,848,603.36
Minus: interest income.	55,020,801.87	27,882,940.18
Exchange profit and loss.	1,288,171.81	-48,637.70
Other.	4,917,445.41	4,100,113.49
Discounted interest	11,232,640.90	19,128,481.32
Total	-16,869,846.12	23,145,620.29

Other instructions:

46. Other income.

Unit: yuan

Sources of other income.	Current occurrence amount.	The occurrence amount of the previous period
4 Mitsubishi gantry machining centers and 3 fixed beam gantry machining centers.	1,116,660.00	1,116,660.00
Subsidies for key scientific and technological projects of Foshan Nanhai Economic and Science and Technology Promotion Bureau in 2018 (benchmarking high-tech) enterprises.	1,000,000.00	
Special funds for Enterprise Research and Development in Foshan Nanhai District	246,300.00	

Economic and Science and Technology Promotion Bureau in 2016 and 2017.		
Foshan Nanhai Shishan town treasury payment center Beidou enterprise support reward (town-level part).	4,800,000.00	
Special funds for the demonstration Enterprise Project of "Intelligent Manufacturing and essential Safety" of Foshan production Safety Supervision and Administration Bureau.	480,000.00	
Special fund for promoting economic development of Nanhai District Economic Promotion Bureau of Foshan City in 2019 (promoting the insurance of export credit insurance).	9,491.02	
Financial support funds of Nanhai District Economic Promotion Bureau of Foshan City (Municipal Engineering Center).	200,000.00	
Foshan Nanhai District Economic and Science and Technology Promotion Bureau 2017 Special support Award for the Development of High-tech Enterprises.	153,000.00	
Foshan Nanhai District Economic and Science and Technology Promotion Bureau 2018 subsidy funds for Foshan top 50 benchmarking high-tech enterprises.	1,000,000.00	

Special funds for Foreign Trade Cooperation of Foshan Nanhai District economy and Science and Technology Promotion Bureau in 2018.	200,000.00	
Foshan Nanhai District economy and Science and Technology Promotion Bureau 2018 Science and Technology Innovation platform support Award funds.	500,000.00	
Shishan Town Economic Promotion Bureau "Big Dipper Enterprise" support reward (district level).	3,200,000.00	
Refund of income tax service fee.	120,839.33	
Special funds for Science and Technology Information of the Bureau for the Promotion of economy and Science and Technology of the State Treasury of Nanhai District.		5,600.00
Government subsidy for special funds for foreign economic cooperation of the Bureau for the Promotion of economy and Technology.		1,800,000.00
Domestic and foreign economic and trade development and port construction funds to promote credit insurance project funds in 2017.		5,600.00
Special funds for Provincial Science and Technology Development in the past 17		585,000.00

years.		
Stable post allowance.	234,166.52	232,798.62
Funding at the municipal level for the establishment of a project by the provincial engineering center in 2017.		200,000.00
Foshan industrial product quality improvement support funds (quality development).		50,000.00
Support funds for improving the quality of industrial products in Foshan in 2018.		40,000.00
Subsidy funds for high-tech enterprises in Foshan in 2017.		100,000.00
Insurance premium subsidy for production safety liability insurance.		56,163.70
Support funds for technological transformation of enterprises by promoting the Bureau.		200,000.00
Special funds for the development of foreign trade and economic cooperation.		241,500.00
Special fund for promoting economic development in 2018 ("going out").		411,402.00
Patent funding for the Council for the Promotion of economy and Technology in 2017.	15,000.00	
The Bureau of Science and Technology	100,000.00	

recognized the subsidy funds for high-tech enterprises in 2018.		
2018 Foshan City "four top" enterprises to cultivate incentives and support funds.		100,000.00
Compensation for demolition and relocation of the old factory building on Jinfeng Road.	297,660.63	297,660.63
Domestic and foreign patent funding for high-tech zones in 2018.	35,200.00	
Special funds for Business Development in 2019 (Export Credit guarantee subsidy).	216,700.00	
Declaration of funds by high-tech enterprises in 2019.	30,000.00	
Provincial Special funds for intellectual property Rights in 2019.	3,000.00	
Slicing funds for Class B Air pollution Prevention and Control Project in 2018.	390,000.00	
Support funds for small and medium-sized development projects of the Ministry of Commerce.	58,500.00	
Reward for Advanced Enterprises in Hushuguan Development Zone in 2018.	30,000.00	
International Market Development funds for small and medium-sized Enterprises in the third quarter of 2017 (High-tech		20,000.00

Finance Bureau).		
2017 newly recognized national and provincial high-tech product awards.		40,000.00
2018 Business Development Special Fund (the first batch) Export Credit Insurance.		171,000.00
2017 Advanced Enterprise Award (Management Committee of Hushuguan Development Zone).		80,000.00
Special funds for Business Development in Suzhou in 2017.		123,623.50
International Market Development funds for SMEs in the fourth quarter of 2017 (Finance Bureau of High-tech Zone) International Market Development funds for small and medium-sized Enterprises (sales).		54,000.00
2018 regional trademark subsidy.		1,600.00
The first batch of newly recognized provincial private science and technology enterprises reward funds in 2018.		50,000.00
Equipment subsidy of Liyang Project Investment by the Management Committee of Jiangsu Zhongguancun Science and Technology Industrial Park.	1,507,691.87	744,719.75
2019 the government subsidy for the first batch of science and technology grant	100,000.00	

funds in Liyang.		
2018 Award for promoting Scientific and technological Innovation.	180,500.00	
Beijing Advanced Industrial Development Fund Industrial Innovation Cluster funding Project.	366,869.29	
The fusion of the two modernizations.	300,000.00	
Intellectual property subsidy.	12,000.00	
Patent subsidy.	5,950.00	
Adopt and cultivate government tax incentive funds.	200,000.00	
Research and development funds for key projects of the Finance Bureau.		300,000.00
Patent subsidy reward		40,080.00
Scientific and technological innovation reward.		96,500.00
Foreign government subsidies	5,704,532.73	
Total	22,814,061.39	7,163,908.20

47. Return on investment.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period

Long-term equity investment income calculated by equity method.	2,541,133.81	1,954,952.54
Investment income from the disposal of long-term equity investments.	-91,050,267.19	6,574,193.78
Bank wealth management product income.	26,362,638.82	23,633,070.58
Performance compensation	1,447,054,285.27	
Total	1,384,907,790.71	32,162,216.90

Other instructions:

48. Income from changes in fair value.

Unit: yuan

The source of income from changes in fair value	Current occurrence amount.	The occurrence amount of the previous period
Transactional financial assets	-302,415.26	449,024.86
Total	-302,415.26	449,024.86

Other instructions:

49. Loss of credit impairment.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Losses on bad debts of other receivables.	-5,710,766.56	
Impairment loss on financing of receivables.	-6,000.00	
Loss of bad debts on accounts receivable	-28,381,073.14	

Total	-34,097,839.70	

Other instructions:

50. Loss of impairment of assets.

Whether the new income criteria have been implemented.

☐ YES ☒ NO

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
1 loss of bad debts.		-31,104,074.41
2 Loss of inventory price.	-41,086,405.25	-38,392,588.22
3 Loss of impairment of goodwill	-68,753,453.43	-3,886,404,937.85
Total	-109,839,858.68	-3,955,901,600.48

51. Income from asset disposal.

Unit: yuan

Sources of income from asset disposal.	Current occurrence amount.	The occurrence amount of the previous period
Disposal of other non-current assets	538,255.27	-677,688.93
Total	538,255.27	-677,688.93

52. Non-operating income.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period	The amount included in the non-recurring profit and loss of the current period
Government subsidy.	40,000.00	1,888,797.17	40,000.00
Value-added tax rebate.		116,902.51	
Fine income.	431,229.18	7,372.97	431,229.18
Other	12,099,617.87	2,445,878.14	12,099,617.87
Total	12,570,847.05	4,458,950.79	12,570,847.05

Government subsidies included in the profits and losses of the current period:

Unit: yuan

Subsidy project.	Issuing subject.	Reasons for distribution.	Nature type.	Does the subsidy affect the profits and losses of the current year?	Is it a special subsidy?	Amount incurred in the current period.	Amount incurred in the previous period.	Related to assets / earnings
Foreign government subsidy income		Subsidy		NO	NO		1,888,797.17	Related to revenue
Outstanding contribution enterprise reward		Reward		NO	NO	40,000.00		Related to revenue

Total						40,000.00	1,888,797.17	Related to revenue

53. Non-operating expenses.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period	The amount included in the non-recurring profit and loss of the current period
Foreign donation.	105,090.50	129,089.56	105,090.50
Loss on disposal of non-current assets.	5,233,637.05	4,103,644.37	5,233,637.05
Breach of contract expenditure.	753,917.00		753,917.00
Sponsorship expenditure.	196,898.00	41,375.92	196,898.00
Late fee.	28,561.06	3,887.69	28,561.06
Fine expenditure.	500.00	47,796.01	500.00
Other	2,438,357.92	1,457,101.94	2,438,357.92
Total	8,756,961.53	5,782,895.49	8,756,961.53

54. Income tax expenses.**(1) Statement of income tax expenses.**

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period

Current income tax expenses.	215,161,306.67	69,731,256.93
Deferred income tax expenses	-40,889,366.79	-63,312,239.17
Total	174,271,939.88	6,419,017.76

(2) The adjustment process of accounting profit and income tax expenses.

Unit: yuan

Item	Current occurrence amount.
Total profit.	2,013,617,893.69
Income tax expenses at statutory / applicable tax rates.	302,042,684.05
The influence of different tax rates on subsidiaries.	189,260,535.61
Adjust the impact of income tax in previous periods.	2,184,114.60
The impact of non-taxable income.	-340,335,162.68
The impact of undeductible costs, expenses and losses.	22,307,654.67
The impact of deductible losses on the use of unrecognized deferred income tax assets in the previous period.	-1,583,417.04
The effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current period.	11,741,275.00
Research and development plus deduction.	-11,345,744.33
Income tax expense	174,271,939.88

55. Other comprehensive income.

See note 37 for details.

56. Cash flow statement items.

(1) Other cash received related to business activities.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Government subsidy.	27,918,029.60	26,287,364.99
Interest income.	51,713,851.09	29,435,518.64
Current money and other.	74,176,495.35	23,489,217.13
Receive a letter of guarantee	590,491.85	
Total	154,398,867.89	79,212,100.76

(2) Other cash related to business activities paid.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Pay cash sales expenses.	145,334,515.96	114,997,752.84
Pay cash management expenses.	132,074,384.83	78,620,804.53
Deposit paid by letter of guarantee.	526,000.00	
Current money and other.	36,384,723.70	29,792,280.55
Deposit Margin.	8,317,055.21	2,046,755.88
Pay cash for research and development	20,547,103.04	44,328,442.48
Total	343,183,782.74	269,786,036.28

(3) Other cash received related to investment activities.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Performance compensation.	200,000.00	1,500,000.00
Bank financing	3,329,648,750.00	3,707,671,000.00
Total	3,329,848,750.00	3,709,171,000.00

(4) Other cash paid in connection with investment activities.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Bank financing	4,462,987,540.01	2,825,000,000.00
Total	4,462,987,540.01	2,825,000,000.00

(5) Other cash received related to fund-raising activities.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Letter of guarantee deposit.	16,502,736.75	189,121,589.60
Deposit for bank acceptance of bill of exchange	144,398,508.76	358,058,310.84
Total	160,901,245.51	547,179,900.44

(6) Other cash paid related to fund-raising activities.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Stock repurchase fund.	96,510,768.15	63,613,437.67
Deposit for bank acceptance of bill of exchange.	7,662,721.53	483,984,131.46
Financial lease fee		9,162,786.33
Total	104,173,489.68	556,760,355.46

57. Supplementary information on the statement of cash flows.**(1) Supplementary information on the statement of cash flows.**

Unit: yuan

Supplementary information	Current amount.	Previous period amount
1. Adjust net profit to cash flow of operating activities:	--	--
Net profit.	1,839,345,953.81	-3,869,036,633.68
Plus: provision for impairment of assets.	143,937,698.38	3,955,901,600.48
Depreciation of fixed assets, oil and gas assets and productive biological assets.	68,039,843.73	52,895,689.51
Amortization of intangible assets.	26,098,369.17	21,930,826.62
Amortization of long-term prepaid expenses.	15,501,412.42	36,673,952.19
Losses on the disposal of fixed assets, intangible assets and other long-term assets	-538,255.27	677,688.93

(income is given with "-" sign).		
Scrapping loss of fixed assets (income is listed with "-" sign).	5,233,637.05	4,103,644.37
Loss of fair value change (income is listed with "-" sign).	302,415.26	-449,024.86
Financial expenses (income is given with "-" sign).	31,945,338.53	46,977,084.68
Investment loss (income is listed with "-" sign).	-1,384,907,790.71	-32,162,212.57
Deferred income tax assets decrease (increase with "-" sign).	-50,201,552.00	-65,523,017.55
Increase in deferred income tax liabilities (reduced with "-" sign).	571,989.59	-2,900,956.58
Reduction of inventory (increase in "-" sign).	-546,145,845.44	46,467,834.96
Decrease in operating receivables (increase with "-" sign).	-221,590,998.95	-594,698,150.58
Increase in operating payables (reduced with "-" sign).	356,387,828.69	1,120,782,989.35
Other.	-2,682,257.25	83,485.85
Net cash flow from operating activities.	281,297,787.01	721,724,801.12
2. Major investments and fund-raising activities that do not involve cash receipts and payments:	--	--
3. Net changes in cash and cash equivalents:	--	--

The closing balance of cash.	2,226,724,737.39	2,057,997,442.35
Less: the opening balance of cash.	2,057,997,442.35	899,031,341.44
Net increase in cash and cash equivalents	168,727,295.04	1,158,966,100.91

(2) The net cash paid by the acquired subsidiary in the current period.

Unit: yuan

	Amount
Cash or cash equivalents paid in the current period when a business merger occurs in the current period.	123,995,066.16
Of which:	--
Of which: : Tiruna Group	123,995,066.16
Minus: cash and cash equivalents held by the company on the date of purchase.	26,748,538.29
Of which:	--
Of which: Tiruna Group	26,748,538.29
Of which:	--
Obtain the net cash paid by the subsidiary	97,246,527.87

Other instructions:

The difference between the net cash paid by subsidiaries in the current period and the consolidated cash flow statement item "net cash paid by subsidiaries and other business units" is mainly due to the difference in exchange rate conversion.

(3) The net cash received for the disposal of subsidiaries in the current period.

Unit: yuan

	Amount
Current disposal of cash or cash equivalents received by subsidiaries in the current period.	1,500,000,000.00
Of which:	--
Beijing Pride	1,500,000,000.00
Minus: cash and cash equivalents held by the company on the date of loss of control.	58,525,196.49
Of which:	--
Beijing Pride	58,525,196.49
Of which:	--
Disposal of net cash received by subsidiaries	1,441,474,803.51

(4) Composition of cash and cash equivalents.

Unit: yuan

Item	Ending balance	Opening balance
1. Cash.	2,226,724,737.39	2,057,997,442.35
Among them: cash in stock.	249,951.68	136,697.03
A bank deposit that can be used for payment at any time.	2,224,849,135.20	2,057,860,745.32
Other monetary funds that can be used for payment at any time.	1,625,650.51	
3. Balance of cash and cash equivalents at the end of the period	2,226,724,737.39	2,057,997,442.35

58. Assets with restricted ownership or use rights.

Unit: yuan

Item	Final book value	Limited reasons
Monetary fund	129,978,697.21	Margin
Fixed assets	11,981,751.80	Loan mortgage
Total	141,960,449.01	--

59. Foreign currency monetary items.**(1) Foreign currency monetary items.**

Unit: yuan

Item	Foreign currency balance at the end of the period	Converted exchange rate	Conversion of RMB balance at the end of the period
Monetary fund.	--	--	366,851,119.14
Among them: US Dollar.	25,474,974.03	6.9762	177,718,513.83
Euro.	24,174,278.31	7.8155	188,934,072.13
Hong Kong Dollar.	221,631.63	0.8958	198,533.18
Notes receivable.			56,743,777.57
Among them: euro.	7,260,415.53	7.8155	56,743,777.57
Accounts receivable.	--	--	491,858,968.41
Among them: US Dollar.	5,428,709.29	6.9762	37,871,761.75
Euro.	58,088,056.64	7.8155	453,987,206.66

Hong Kong Dollar.			
Other receivables.			58,019,821.21
Among them: euro.	7,423,686.42	7.8155	58,019,821.21
Accounts payable.			336,380,088.36
Among them: US Dollar.	58,760.76	6.9762	409,926.81
Euro.	42,985,872.45	7.8155	335,956,086.13
British Pound	1,538.28	9.1501	14,075.42
Short-term loan.			27,888,353.14
Among them: euro.	3,568,338.96	7.8155	27,888,353.14
Non-current liabilities due within one year.			19,208,458.30
Among them: euro.	2,457,738.89	7.8155	19,208,458.30
Long-term loan.	--	--	32,823,227.49
Among them: US Dollar.			
Euro.	4,199,760.41	7.8155	32,823,227.49
Hong Kong Dollar.			
Other payables.			45,097,183.11
Among them: US Dollar.	34,591.36	6.9762	241,316.24
Euro.	5,739,347.05	7.8155	44,855,866.87
Interest payable.			2,626,376.27
Among them: euro	336,047.12	7.8155	2,626,376.27

60. Government subsidy.**(1) Basic situation of government subsidies.**

Unit: yuan

Category	Amount	Presentation of items	The amount included in the profits and losses of the current period
Compensation for demolition and relocation of the old factory building on Jinfeng Road.	5,340,480.38	Deferred return	297,660.63
Equipment subsidy of Liyang Project Investment by the Management Committee of Jiangsu Zhongguancun Science and Technology Industrial Park.	18,565,150.00	Deferred return	1,507,691.87
Beijing Advanced Industrial Development Fund Industrial Innovation Cluster funding Project.	11,000,000.00	Deferred return	366,869.29
The fusion of the two modernizations.	300,000.00	Deferred return	300,000.00
4 Mitsubishi gantry machining centers and 3 fixed beam gantry machining centers.	20,100,000.00	Deferred return	1,116,660.00
Subsidies for key scientific and technological projects of Foshan Nanhai Economic and	1,000,000.00	Other income	1,000,000.00

Science and Technology Promotion Bureau in 2018 (benchmarking high-tech) enterprises.			
Special funds for Enterprise Research and Development in Foshan Nanhai District Economic and Science and Technology Promotion Bureau in 2016 and 2017.	246,300.00	Other income	246,300.00
Foshan Nanhai Shishan town treasury payment center Beidou enterprise support reward (town-level part).	4,800,000.00	Other income	4,800,000.00
Special funds for the demonstration Enterprise Project of "Intelligent Manufacturing and essential Safety" of Foshan production Safety Supervision and Administration Bureau.	480,000.00	Other income	480,000.00
Special fund for promoting economic development of Nanhai District Economic Promotion Bureau of Foshan City in 2019 (promoting the insurance of export credit insurance).)	9,491.02	Other income	9,491.02

Financial support funds of Nanhai District Economic Promotion Bureau of Foshan City (Municipal Engineering Center).	200,000.00	Other income	200,000.00
Foshan Nanhai District Economic and Science and Technology Promotion Bureau 2017 Special support Award for the Development of High-tech Enterprises.	153,000.00	Other income	153,000.00
Foshan Nanhai District Economic and Science and Technology Promotion Bureau 2018 subsidy funds for Foshan top 50 benchmarking high-tech enterprises.	1,000,000.00	Other income	1,000,000.00
Special funds for Foreign Trade Cooperation of Foshan Nanhai District economy and Science and Technology Promotion Bureau in 2018.	200,000.00	Other income	200,000.00
Foshan Nanhai District economy and Science and Technology Promotion Bureau 2018 Science and Technology Innovation platform support Award funds.	500,000.00	Other income	500,000.00

Shishan Town Economic Promotion Bureau "Big Dipper Enterprise" support reward (district level).	3,200,000.00	Other income	3,200,000.00
Refund of income tax service fee.	120,839.33	Other income	120,839.33
Special funds for Science and Technology Information of the Bureau for the Promotion of economy and Science and Technology of the State Treasury of Nanhai District.	5,600.00	Other income	
Government subsidy for special funds for foreign economic cooperation of the Bureau for the Promotion of economy and Technology.	1,800,000.00	Other income	
Domestic and foreign economic and trade development and port construction funds to promote credit insurance project funds in 2017.	5,600.00	Other income	
Special funds for Provincial Science and Technology Development in 2017	585,000.00	Other income	
Stable post allowance.	466,965.14	Other income	234,166.52

Funding at the municipal level for the establishment of a project by the provincial engineering center in 2017.	200,000.00	Other income	
Foshan industrial product quality improvement support funds (quality development).	50,000.00	Other income	
Support funds for improving the quality of industrial products in Foshan in 2018.	40,000.00	Other income	
Subsidy funds for high-tech enterprises in Foshan in 2017.	100,000.00	Other income	
Insurance premium subsidy for production safety liability insurance.	56,163.70	Other income	
Support funds for technological transformation of enterprises by promoting the Bureau.	200,000.00	Other income	
Special funds for the development of foreign trade and economic cooperation.	241,500.00	Other income	
Special fund for promoting economic development in 2018 ("going out").	411,402.00	Other income	
Patent funding for the Council for the Promotion of economy	15,000.00	Other income	15,000.00

and Technology in 2017.			
The Bureau of Science and Technology recognized the subsidy funds for high-tech enterprises in 2018.	100,000.00	Other income	100,000.00
2018 Foshan City "four top" enterprises to cultivate incentives and support funds.	100,000.00	Other income	
Domestic and foreign patent funding for high-tech zones in 2018.	35,200.00	Other income	35,200.00
Special funds for Business Development in 2019 (Export Credit guarantee subsidy).	216,700.00	Other income	216,700.00
Declaration of funds by high-tech enterprises in 2019.	30,000.00	Other income	30,000.00
Provincial Special funds for intellectual property Rights in 2019.	3,000.00	Other income	3,000.00
Slicing funds for Class B Air pollution Prevention and Control Project in 2018.	390,000.00	Other income	390,000.00
Support funds for small and medium-sized development projects of the Ministry of Commerce.	58,500.00	Other income	58,500.00

Reward for Advanced Enterprises in Hushuguan Development Zone in 2018.	30,000.00	Other income	30,000.00
International Market Development funds for small and medium-sized Enterprises in the third quarter of 2017 (High-tech Finance Bureau).	20,000.00	Other income	
2017 newly recognized national and provincial high-tech product awards.	40,000.00	Other income	
2018 Business Development Special Fund (the first batch) Export Credit Insurance.	171,000.00	Other income	
2017 Advanced Enterprise Award (Management Committee of Hushuguan Development Zone).	80,000.00	Other income	
Special funds for Business Development in Suzhou in 2017.	123,623.50	Other income	
International Market Development funds for SMEs in the fourth quarter of 2017 (Finance Bureau of High-tech Zone) International Market Development funds for small	54,000.00	Other income	

and medium-sized Enterprises (sales).			
2018 regional trademark subsidy.	1,600.00	Other income	
The first batch of newly recognized provincial private science and technology enterprises reward funds in 2018.	50,000.00	Other income	
The government subsidy for the first batch of science and technology grant funds in Liyang in 2019	100,000.00	Other income	100,000.00
2018 Award for promoting Scientific and technological Innovation.	180,500.00	Other income	180,500.00
Intellectual property subsidy.	12,000.00	Other income	12,000.00
Patent subsidy.	5,950.00	Other income	5,950.00
Adopt and cultivate government tax incentive funds.	200,000.00	Other income	200,000.00
Research and development funds for key projects of the Finance Bureau.	300,000.00	Other income	
Patent subsidy reward.	40,080.00	Other income	
Scientific and technological	96,500.00	Other income	

innovation reward.			
Outstanding contribution enterprise reward.	40,000.00	Non-operating income	40,000.00
Foreign government subsidies	7,593,329.90	Other income / non-operating income	5,704,532.73

VIII. Changes in the scope of the merger.

1. Business merger under different control.

(1) The merger of enterprises under different control occurred in the current period.

Unit: yuan

Name of the acquiree.	Time point of equity acquisition.	Equity acquisition cost.	Equity acquisition ratio.	Mode of equity acquisition.	Purchase date.	Basis for determining the date of purchase.	Income of the acquiree from the date of purchase to the end of the period.	Net profit of the acquiree from the date of purchase to the end of the period
Tiruna Group	May 30, 2019	123,995,066. 16	70.00%	Purchase	May 30, 2019	Completion of equity transfer	85,937,991.6 9	-11,546,342.2 6

Other instructions:

(2) Combined cost and goodwill.

Unit: yuan

Combined cost.	Tiruna Group
--Cash.	123,995,066.16

Total combined cost.	123,995,066.16
Minus: fair value share of identifiable net assets obtained.	130,859,277.67
Goodwill / merger cost less than the fair value share of identifiable net assets acquired	-6,864,211.51

(3) The acquiree can identify assets and liabilities on the date of purchase.

Unit: yuan

	Tiruna Group	
	Fair value on the date of purchase	Daily book value of purchase
Assets:	253,100,668.54	253,100,668.54
Monetary fund.	26,748,538.29	26,748,538.29
Receivables.	46,167,360.10	46,167,360.10
Stock.	63,604,991.10	63,604,991.10
Fixed assets.	87,052,673.35	87,052,673.35
Intangible assets.	455,709.74	455,709.74
Liabilities:	66,158,843.30	66,158,843.30
Borrowing money.	33,530,933.66	33,530,933.66
Accounts payable.	33,496,174.44	33,496,174.44
Deferred income tax liability.	1,716,106.55	1,716,106.55
Net assets.	186,941,825.25	186,941,825.25
Minus: minority interests.	56,082,547.57	56,082,547.57
Net assets acquired	130,859,277.67	130,859,277.67

2. Disposal of subsidiaries.

Is there a situation in which a single disposal loses control over the investment of a subsidiary?

√ Yes □ No

Unit: yuan

Subsidiary name	Equity disposal price.	Proportion of equity disposal.	Equity disposal mode.	The point at which control is lost.	The basis for determining the time point of loss of control.	The difference in the share of the subsidiary's net assets at the level of the consolidated financial statements corresponding to the disposal price and the disposal investment.	Proportion of remaining equity on the date of loss of control.	Book value of remaining equity at the date of loss of control.	Fair value of remaining equity at the date of loss of control.	The gain or loss arising from the remaining equity is re-measured according to fair value.	The determination method and main hypothesis of the Fair value of residual Equity on the date of loss of Control.	The amount of other comprehensive income related to atomic company's equity investment transferred to investment profit and loss

Pride	1,500,000,000.00	100.00%	Transfer	December 26, 2019	Industrial and commercial change	-91,523,625.38						

Is there a situation in which the investment in the subsidiary is disposed of step by step through multiple transactions and the control is lost in the current period?

☐ Yes ☒ No

3. Changes in the scope of merger for other reasons.

Explain the changes in the scope of the merger caused by other reasons (for example, newly established subsidiaries, liquidation subsidiaries, etc.) and their related information:

1. In March 2019, Parsun of the United States completed its cancellation.
2. In September 2019, Guangzhou Pride completed its cancellation.
3. In October 2019, Guangdong Frando completed the cancellation.

IX. Rights and interests in other subjects.

1. Interests in subsidiaries.

(1) The composition of enterprise groups

Subsidiary name.	Main operating place	Place of registration.	Nature of business.	Shareholding ratio.		Mode of acquisition
				Direct	Indirect	
Dongfang Precision (HK)	HK	HK	Trading enterprise	100.00%		Set up
Dongfang Precision (Netherlands)	Netherlands	Netherlands	Trading enterprise	90.00%	10.00%	Set up

Fosber Group	Italy	Italy	Manufacturing industry		100.00%	Business merger under different control
Fosber US	US	US	Manufacturing industry		100.00%	Business merger under different control
Fosber Tianjin	Tianjin, China	Tianjin, China	Manufacturing industry		100.00%	Business merger under different control
Fosber Asia	Foshan City, Guangdong Province, China	Foshan City, Guangdong Province, China	Manufacturing industry	56.40%		设立
Parsun Power	Suzhou City, Jiangsu Province, China	Suzhou City, Jiangsu Province, China	Manufacturing industry	35.00%	65.00%	Business merger under different control
Suzhou Shunyi	Suzhou City, Jiangsu Province, China	Suzhou City, Jiangsu Province, China	Investment company	100.00%		Business merger under different control
Italian EDF	Italy	Italy	Manufacturing industry		100.00%	Business merger under different control
Tiruna Group	Spain	Spain	Manufacturing industry		70.00%	Business merger under different control
Tiruna S.L.U.	Spain	Spain	Manufacturing industry		70.00%	Business merger under different control

						control
Tratatamientos Industriales S.A.U.	Tiruna Spain	Spain	Manufacturing industry		70.00%	Business merger under different control
Tiruna Brazil	Brazil	Brazil	Manufacturing industry		70.00%	Business merger under different control
Tiruna France SARL	France	France	Manufacturing industry		70.00%	Business merger under different control
SCI Candan	France	France	Manufacturing industry		70.00%	Business merger under different control
Tiruna UK Ltd	UK	UK	Manufacturing industry		70.00%	Business merger under different control
Guangdong Tiruna	Guangdong Province, China	Guangdong Province, China	Manufacturing industry		66.30%	Business merger under different control
Tiruna US	US	US	Manufacturing industry		85.00%	Business merger under different control

(2) Important non-wholly owned subsidiaries.

Unit: yuan

Subsidiary name.	Minority shareholders' shareholding ratio.	Profits and losses attributable to minority shareholders for the current period.	Declaration of dividends to minority shareholders in the current period.	Balance of minority shareholders' rights and interests at the end of the period
Fosber Asia	43.60%	4,801,578.69		11,035,039.52
Tiruna Group	30.00%	-3,463,902.68		53,003,332.11

An explanation that the proportion of shares held by minority shareholders of a subsidiary is different from the proportion of voting rights:

Other instructions:

(3) The main financial information of important non-wholly-owned subsidiaries.

Unit: yuan

Subsidiary name.	Ending balance						Opening balance					
	current assets.	Non-current assets.	Total assets.	current assets.	Non-current assets.	Total liabilities	current assets.	Non-current assets.	Total assets.	current assets.	Non-current assets.	Total liabilities
Fosber Asia	126,925,006.60	5,087,285.73	132,012,292.33	99,295,633.40	7,406,935.25	106,702,568.65	97,452,578.16	2,945,689.21	100,398,267.37	86,101,338.85		86,101,338.85
Tiruna Group	113,311,370.00	116,986,573.42	230,297,943.42	37,452,755.36	16,167,413.79	53,620,169.15						

Unit: yuan

Subsidiary name	Current occurrence amount				The occurrence amount of the previous period			
	business income.	Net profit.	Total comprehensive income.	Cash flow from operating	business income.	Net profit.	Total comprehensive income.	Cash flow from operating

				activities				activities
Fosber Asia	190,588,488.02	11,012,795.16	11,012,795.16	39,095,214.21	123,481,662.67	1,256,190.68	1,256,190.68	10,691,312.04
Tiruna Group	85,937,991.69	-11,546,342.26	-11,546,342.26	13,248,654.03				

Other instructions:

(4) Significant restrictions on the use of enterprise group assets and the settlement of enterprise group debts.

(5) Financial or other support provided to structured entities that fall within the scope of the consolidated financial statements.

Other instructions:

2. Interests in combined venture arrangements or joint ventures.

(1) An important joint venture or combined venture

Name of joint venture or combined venture.	Main operating place	Place of registration.	Nature of business.	Shareholding ratio.		Accounting treatment of investment in joint ventures or combined ventures
				Direct	Indirect	
Jiateng robot	Foshan City, Guangdong Province, China	Foshan City, Guangdong Province, China	Manufacturing industry	20.00%		Equity method
Yinglian Digital	Foshan City, Guangdong Province, China	Foshan City, Guangdong Province, China	Manufacturing industry	50.00%		Equity method

Talleres Tapre, S.L.	Spain	Spain	Manufacturing industry		14.00%	Equity method

(2) Main financial information of important joint ventures.

Unit: yuan

	Balance at the end of the period / amount incurred in the current period	Opening balance / previous period occurrence amount
	Yinglian Digital (RMB)	Yinglian Digital (RMB)
current assets.	8,319,156.14	23,058,103.08
Among them: cash and cash equivalents.	36,386.33	8,317,964.70
Non-current assets.	13,810,304.61	47,673.99
Total assets.	22,129,460.75	23,105,777.07
floating liability.	920,225.25	3,395,151.10
Total liabilities.	920,225.25	3,395,151.10
Vested in the shareholders' rights and interests of the parent company.	21,209,235.50	19,710,625.97
business income.		392,307.62
Financial expenses.	80,454.26	-12,597.06
Income tax expense.	-74,930.42	
Net profit.	-621,777.43	-4,356,187.50
Total comprehensive income	-621,777.43	-4,356,187.50

(3) Main financial information of important combined associates.

Unit: yuan

	Balance at the end of the period / amount incurred in the current period	Opening balance / previous period occurrence amount
	Jiateng robot (RMB)	Jiateng robot (RMB)
current assets.	219,472,243.57	215,629,059.12
Among them: cash and cash equivalents.	113,320,858.41	88,024,257.25
Non-current assets.	332,793,101.98	303,653,316.37
Total assets.	136,413,860.90	163,172,720.36
floating liability.	28,053,156.84	27,053,156.84
Total liabilities.	164,467,017.74	190,225,877.20
Vested in the shareholders' rights and interests of the parent company.	168,326,084.24	113,427,439.17
business income.	153,097,991.65	126,116,584.05
Financial expenses.	14,017,719.34	16,246,488.63
Income tax expense.	14,017,719.34	16,246,488.63

(4) Summary financial information of unimportant joint ventures and combined ventures.

Unit: yuan

	Balance at the end of the period / amount incurred in the current period	Opening balance / previous period occurrence amount
Joint venture:	--	--
Total book value of investment.	1,724,878.58	

The total number of the following items calculated by shareholding ratio.	--	--
--net profit.	189,406.64	
--other comprehensive income	-384.56	
--Total consolidated income	189,022.08	
Combined venture:	--	--
The total number of the following items calculated by shareholding ratio	--	--

x. Risks related to financial instruments

The company faces various financial risks during its operation: credit risk, market risk and liquidity risk. The company's board of directors is fully responsible for the determination of risk management objectives and policies, and assumes ultimate responsibility for the risk management objectives and policies. However, the board of directors has authorized the company's presidential office to design and implement procedures that ensure the effective implementation of risk management objectives and policies. The board of directors reviews the effectiveness of the implemented procedures and the rationality of risk management objectives and policies through the monthly report submitted by the fund manager. The company's internal auditors also audit risk management policies and procedures, and report relevant findings to the audit committee.

The overall goal of the company's risk management is to formulate a risk management policy that minimizes risks without excessively affecting the company's competitiveness and resilience.

1. Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations and causes the other party to incur financial losses. The company mainly faces customer credit risk caused by credit sales. Before signing a new contract, the company will assess the credit risk of new customers, including external credit ratings

and bank credit certificates in certain cases (when this information is available). The company has set a credit limit for each customer, which is the maximum amount that does not require additional approval.

The company uses quarterly monitoring of existing customers' credit ratings and monthly review of aging analysis of accounts receivable to ensure that the company's overall credit risk is within controllable limits. When monitoring customers' credit risk, they are grouped according to customers' credit characteristics. Customers who are rated as "high risk" will be placed on the list of restricted customers, and only with additional approval will the company be able to sell them on credit in the future period, otherwise they must be required to pay in advance.

2. Market risk

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

(1) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market interest rates. The interest rate risk faced by the company mainly comes from bank loans.

As of December 31, 2019, while other variables remained unchanged, if the borrowing rate calculated at floating rates rose or fell by 50 basis points, the company's net profit would decrease or increase by RMB 22,906.37. Management believes that the 50 basis points reasonably reflect the reasonable range in which interest rates may change in the next year.

(2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in foreign exchange rates. As far as possible, the company matches foreign currency income with foreign currency expenditure to reduce exchange rate risk. In addition, the company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk. During the current period and the previous period, the Company did not sign any forward foreign exchange contracts or currency swap contracts.

The exchange rate risk faced by the company mainly comes from financial assets and financial liabilities denominated in US dollars. The amounts of foreign currency financial assets and foreign currency financial

liabilities converted into RMB are listed below:

Item	Ending balance				Balance at the end of last year			
	US dollars	Euro	Other foreign currencies	Total	US dollars	Euro	Other foreign currencies	Total
Monetary fund	177,718,513.83	188,934,072.13	198,537.61	366,851,123.57	244,180,556.45	309,293,006.03	1,809.62	553,475,372.10
Notes receivable	56,743,777.57			56,743,777.57		29,593,201.87		29,593,201.87
Accounts receivable	37,871,761.75	453,987,206.67		491,858,968.42	33,058,048.67	260,433,995.63		293,492,044.30
Other receivables	-	58,019,821.22		58,019,821.22		68,473,552.08		68,473,552.08
Subtotal.	272,334,053.15	700,941,100.02	198,537.61	973,473,690.78	277,238,605.12	667,793,755.61	1,809.62	945,034,170.35
Subtotal	409,926.81	335,956,086.13	14,075.42	336,380,088.36	70,058.45	259,832,333.09	9,077.82	259,911,469.36
Short-term loan		27,888,353.14		27,888,353.14		6,525,029.95		6,525,029.95
Non-current liabilities due within one year		19,208,458.29		19,208,458.29	1,060,783.60	94,139,858.07		95,200,641.67
Long-term loan		32,823,227.48		32,823,227.48	357,778.62	94,139,858.07		94,497,636.69
Other	241,316.25	44,855,866.87		45,097,183.12	216,611.10	41,153,444.49		41,370,055.59

payables								
Interest payable.	-	2,626,376.27		2,626,376.27		1,587,011.19		1,587,011.19
Subtotal	651,243.06	463,358,368.18	14,075.42	464,023,686.66	1,705,231.77	497,377,534.86	9,077.82	499,091,844.45
Total	271,682,810.09	237,582,731.84	184,462.19	509,450,004.12	275,533,373.35	170,416,220.75	-7,268.20	445,942,325.90

On December 31, 2019, while all other variables remain unchanged, if the RMB appreciates or depreciates by 2% against the US dollar, the company will increase or decrease its net profit by 3,595,794.73 yuan (31 December 2018: 4,442,363.44 yuan) . Management believes that 2% reasonably reflects the reasonable range of possible changes in RMB against the US dollar in the next year.

3. 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 it has sufficient cash to repay its due debts. Liquidity risk is centrally controlled by the company's financial department. The finance department monitors cash balances, securities that can be cashed at any time, and rolling forecasts of cash flows over the next 12 months to ensure that the company has sufficient funds to repay debts under all reasonable forecasts.

The undiscounted contract cash flows of the financial liabilities of the Company are shown as follows:

Item	Ending balance				
	Within 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Total
Short-term loan.	117,337,912.48	550,440.66			117,888,353.14
Notes payable.	43,973,859.51				43,973,859.51
Accounts payable.	472,862,744.45				472,862,744.45
Other payables.	90,950,443.16				90,950,443.16

Non-current liabilities due within one year.	4,598,623.32	348,800,614.97			353,399,238.29
Long-term loan			203,034,208.34	21,112,459.14	224,146,667.48
Total	729,723,582.92	349,351,055.63	203,034,208.34	21,112,459.14	1,303,221,306.03

Item	Balance at the end of last year				
	Within 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Total
Short-term loan.	160,525,029.95	90,000,000.00			250,525,029.95
Notes payable.	990,875,308.24				990,875,308.24
Accounts payable.	1,588,338,349.43				1,588,338,349.43
Other payables.	233,704,487.17		3,310,000.00		237,014,487.17
Non-current liabilities due within one year.	47,974,468.55	47,226,179.68			95,200,648.23
Long-term loan			536,279,767.66	79,153.36	536,358,921.02
Total	3,021,417,643.34	137,226,179.68	539,589,767.66	79,153.36	3,698,312,744.04

XI. Disclosure of fair value.

1. The end-of-period fair value of assets and liabilities measured at fair value.

Unit: yuan

Item	Fair value at the end of the term			
	Fair value measurement at the first level	Fair value measurement at the second level	Fair value measurement at the third level	Total
I. continuous fair value measurement.	--	--	--	--
(1) transactional financial assets.	1,039,381.59	1,163,000,000.00		1,164,039,381.59
1. Financial assets measured at fair value and whose changes are included in the profits and losses of the current period.	1,039,381.59			1,039,381.59
(3) derivative financial assets.	1,039,381.59			1,039,381.59
2. Financial assets that are designated to be measured at fair value and whose changes are included in the profits and losses of the current period.		1,163,000,000.00		1,163,000,000.00
(1) Investment in debt instruments.		1,163,000,000.00		1,163,000,000.00
Receivable financing.		55,447,099.32		55,447,099.32
Other illiquid financial assets.			20,559,159.34	20,559,159.34

Total assets continuously measured at fair value.	1,039,381.59	1,218,447,099.32	20,559,159.34	1,240,045,640.25
2 Unsustainable fair value measurement	--	--	--	--

XII. Related parties and related transactions.

1. The situation of the parent company of the enterprise

Name	Relationship with our company	Shareholding ratio (%)
Tang Zhuolin (natural person).	The controlling shareholder of the company and one of the actual controllers	14.72
Tang Zhuomian (natural person)	The controlling shareholder of the company and one of the actual controllers	7.39

The ultimate control of this enterprise is. Tang Zhuolin, Tang Zhuomian.

2. The situation of the subsidiaries of the enterprise.

The details of the subsidiaries of this enterprise can be found in note 9, the rights and interests in other subjects.

3. The situation of joint ventures and combined ventures.

For details of the important joint ventures or combined ventures of the enterprise, see note 9, rights and interests in other subjects.

4. Other related parties

Names of other related parties.	Relationship between other related parties and the enterprise
Qiu Yezhi.	Director, General Manager, Chief Financial Officer
Zhou Wenhui.	Deputy general manager and secretary of the board of directors.
Xie Weiwei.	Director and deputy general manager.
Mai Zhirong.	independent director.
Peng Xiaowei.	independent director.
He Weifeng.	independent director.
Chen Huiyi.	Chairman of the board of supervisors.
Cen Meiling.	Supervisor.
Zhao Xiuhe.	Supervisor.
BAIC	Shareholders holding more than 5% of shares.
CATL	Shareholders holding more than 5% of shares.
SMART SHOT INC LIMITED (hereinafter referred to as "SMART SHOT").	Minority shareholders of the company's controlling subsidiary.

BAIC new energy.	More than 5% of the company's Northeast Auto Investment belongs to a brother enterprise under the same control, which constitutes a consistent actor with BAIC.
Foton Motor	Shareholders of the Company.
Beijing Baowo Automobile Co., Ltd. (hereinafter referred to as "Bowo Automobile").	The subsidiary controlled by Foton Motor, the shareholder of the Company.
Bowo Automobile (China) Co., Ltd. (hereinafter referred to as "Bowo China").	The subsidiary controlled by Foton Motor, the shareholder of the Company.
Beijing Hyundai Automobile Co., Ltd. (hereinafter referred to as "Beijing Hyundai").	A fraternal enterprise under the same control as BAIC New Energy, a shareholder of the company.
Pride	A subsidiary which has been transferred for less than 12 months
Changzhou Pride	A subsidiary which has been transferred for less than 12 months

5. Related party transactions.

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

List of goods purchased / services received.

Unit: yuan

Related party.	Related party transaction content.	Current occurrence amount.	Approved trading quota.	Whether it exceeds the trading quota.	The occurrence amount of the previous period
Contemporary Amperex Technology Co.	Purchase products and services	5,382,482,492.26			2,992,946,047.95

Limited					
Jiateng robot	Purchase products and services				42,947.42

Statement on the sale of goods / provision of services.

Unit: yuan

Related party.	Related party transaction content.	Current occurrence amount.	The occurrence amount of the previous period
BAIC new energy.	Sell products	7,017,964,740.18	3,983,238,141.48
Foton Motor	Sell products	183,966,713.54	236,483,332.92
Beijing Baowo.	Sell products	13,557,432.64	9,991,112.78
Baowo China.	Sell products		11,794.87
Yinglian Digital	Sell products and services		80.00

(2) Related leases.

As the lessor, the Company:

Unit: yuan

Lessee name.	Types of leased assets.	Lease income recognized in the current period	Lease income recognized in the previous period
Yinglian Digital	Housing	244,219.05	613,087.48

As the lessee, the Company:

Unit: yuan

Lessor name	Types of leased assets	Lease fee confirmed in the current period	Lease fee confirmed in the previous period

BAIC new energy	Housing	3,828,160.48	5,407,243.85

(3) Related party guarantee.

Our company acts as the guarantor.

Unit: yuan

Guaranteed party.	Guarantee amount	guarantee start date	guarantee expiration date	whether the guarantee has been completed
Dongfang Precision (Netherland)	273,542,500.00	August, 10, 2017	August, 17, 2020	NO
Dongfang Precision (Netherland)	350,759,640.00	February 20, 2018	June 20, 2021	NO

(4) Key management personnel compensation

unit: yuan

Item	Current amount	Amount in the previous period
Key management personnel compensation	13,526,996.13	9,532,744.17

6. Receivables due from related parties**(1) Receivable items**

unit: yuan

Item name	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision

accounts receivable	BAIC New Energy			762,228,587.41	7,622,285.87
accounts receivable	Foton Motor			168,083,523.27	1,680,835.23
accounts receivable	Yinglian Digital	660,000.00	66,000.00	1,100,000.00	55,000.00
accounts receivable	Beijing Hyundai			3,837.01	3,837.01
accounts receivable	Beijing Baowo			724,882.03	7,248.82
Other receivables	Yinglian Digital			11,467.93	114.68
Other receivables	SMART SHOT	58,227.04	5,822.70	58,227.04	2,911.35

(2) Items payable

unit: yuan

Item name	Related party	Book balance at the end of the period	Book balance at the start of the period
accounts receivable	CATL		752,208,918.70
accounts receivable	Jiateng robot		81,180.00
Other receivables	Yinglian digital	200,876.88	
Other receivables	SMART SHOT		43,500.00

XIII. Share payment.**1. General situation of share payment.**☐ Applicable ☒ not applicable.**2. Equity-settled share payments.**☐ Applicable ☒ not applicable.

3. Share payments settled in cash.

☐ Applicable ☒ not applicable.

4. Modification and termination of share payment.**5. Other.****XIV. Commitments and contingencies.****1. Important commitments.**

Important commitments that exist on the balance sheet date.

(1) operating lease commitment.

According to the irrevocable operating lease contract signed, the minimum lease payment payable by the Company after the balance sheet date is as follows:

Remaining lease term	Minimum lease payment
Within 1 year (including 1 year)	5,276,493.00
1 to 2 years (including 2 years)	5,540,403.00
2 to 3 years (including 3 years)	5,901,525.00
over 3 years	14,788,626.00
Total	31,507,047.00

2. Contingencies.**(1) important contingent matters existing on the balance sheet date.**

1. Dongfang Precision and Minsheng Bank Co., Ltd. Foshan Branch signed a letter of guarantee / standby letter of credit contract on August 10, 2017. to guarantee the equity and loan of 35 million euros acquired by Dongfang Precision (Netherland) from the Amsterdam branch of Industrial and Commercial Bank of China (Europe) Co., Ltd. Dongfang Precision pledged 110.11 million yuan as a deposit in Foshan Branch of Minsheng Bank of China. The guarantee period is from August 10, 2017 to August 17, 2020.

2. In January 2018, Dongfang Precision and Bank of China (Hong Kong) Co., Ltd. signed a letter of guarantee / standby letter of credit contract to provide a total guarantee of not more than 44.88 million euros for overseas subsidiary Dongfang Precision (Holland) to obtain loans from Bank of China (Hong Kong) Co., Ltd., with a guarantee period from February 20, 2018 to June 20, 2021.

XV.Events after the balance sheet date.

1. Other statements of events after the balance sheet date.

1. Repurchase and cancellation of performance compensation shares.

According to the agreement signed between the company and Pride's original shareholders, the company buys back the performance compensation shares that should be borne by Pride's original shareholders at a price of RMB 1, and the total number of repurchase and cancellation of performance compensation shares is 293520139 shares. The company received the confirmation of Securities transfer Registration issued by Shenzhen Branch of China Securities Registration and Clearing Co., Ltd. on January 7, 2020, and received a notice from Shenzhen Branch of China Securities Registration and Clearing Co., Ltd. on January 8, 2020, the relevant work related to the repurchase and cancellation of the performance compensation shares has been completed.

After the completion of the repurchase and cancellation of the performance compensation shares, the total share capital of the company has changed from 1838647096 shares to 1545126957 shares.

2. On authorizing the management to apply for comprehensive credit from the bank in 2020.

On January 10, 2020, the company held the 42nd (interim) meeting of the third session of the board of directors to examine and approve the "Resolution on authorizing the Management to apply for Comprehensive Credit from the Bank in 2020". The total amount of comprehensive credit applied to the bank for the year 2020 shall not exceed 3 billion yuan, which is valid for 2 years. Within the term of validity, the quota can be recycled and rolled over, and the board of directors authorizes the management of the company to be responsible for specific implementation-related matters.

3. Use idle self-owned funds to purchase bank wealth management products.

On January 10, 2020, the company held the 42nd (interim) meeting of the third session of the board of directors and

examined and adopted the "proposal on using idle self-owned funds to purchase financial products in 2020." it is agreed that in 2020, the company will use idle self-funds to purchase financial products with a low-and medium-risk risk level and a holding period of no more than 12 months. The amount that occurred during the year (that is, the maximum daily balance of purchasing wealth management products with idle self-funds from January to December 2020) shall not exceed 2 billion yuan, and the financial management quota purchased during the year can be used on a rolling basis, the board of directors authorizes the management of the company to be responsible for specific implementation-related matters.

4. Provide guarantee for overseas wholly-owned subsidiaries.

On January 10, 2020, the company held the 42nd (interim) meeting of the third session of the board of directors to examine and approve the "Bill on providing guarantee for overseas wholly-owned subsidiaries" and agreed to re-sign the relevant guarantee agreement with the Bank of China Foshan Branch to apply for a credit line of no more than 600 million yuan from the Bank of China Foshan Branch with its own real estate and land mortgage guarantee. And continue to provide guarantee for the Dutch subsidiary of Dongfang Precision with a total amount not exceeding 44.88 million euros.

5. The investment project on raising funds is terminated and the savings raised are permanently replenished to the working capital.

On March 11, 2020, the company held the 43th (interim) meeting of the third session of the board of directors to examine and approve the motion on terminating the fund-raising investment project and permanently replenishing the working capital with the savings raised. It is agreed that the investment project of the company's raised funds will be terminated and 1.10779 billion yuan of surplus raised funds will be used to permanently replenish current funds, and this bill needs to be submitted to the general meeting of the company for consideration and approval.

6. On the company's implementation of a restricted stock incentive plan in 2020.

On March 11, 2020, the company held the forty-third (interim) meeting of the third session of the board of directors to deliberate and pass the motion on the draft and summary of the company's 2020 restricted stock incentive plan,

the bill on the implementation of the 2020 restricted stock incentive plan, and the motion on requesting the general meeting of shareholders to authorize the board of directors to handle matters related to the company's 2020 restricted stock incentive plan. The number of restricted shares to be granted under this incentive plan is 27 million shares, of which 22.85 million shares are granted for the first time, 4.15 million shares are reserved, and the grant price is 1 yuan per share. This motion still needs to be submitted to the general meeting of shareholders of the company for consideration and approval.

XVI. Other important matters

1. Termination of business

unit: yuan

Item	Income	Cost	Total profit	Income tax expense	Net profit	Profit attributable to the owner of the parent company
Pride	7,106,097,351.49	6,635,980,332.99	421,268,666.68	110,455,237.91	310,813,428.77	310,813,428.77

Other instructions.

2. Segment information.

(1) The basis for determining the reporting segment and accounting policy.

The company determines the operating division on the basis of internal organizational structure, management requirements, internal reporting system, etc. The operating division of a company refers to the components that meet the following conditions at the same time:

- (1) This component can generate income and expenses in daily activities;
- (2) Management can regularly evaluate the operating results of this component in order to decide to allocate resources to it and evaluate its performance;
- (3) The relevant accounting information such as financial situation, operating results and cash flow of the component can be obtained

through analysis.

The company determines the reporting segment on the basis of industry segment / product segment, and the assets and liabilities commonly used with each segment are distributed among different segments in proportion to their size.

(2) Report the financial information of the segment.

Unit: yuan

Item	Domestic company	Foreign company	Inter-segment elimination	Total
Operating income	7,860,469,494.28	2,207,388,037.90	-94,353,929.99	9,973,503,602.19
Operating cost	6,717,295,986.48	1,694,193,810.44	-125,057,722.00	8,286,432,074.92
Total assets	4,691,025,284.89	1,978,249,353.80	-395,758,481.38	6,273,516,157.31
Total liabilities	494,264,450.35	1,545,727,634.67	-168,558,869.26	1,871,433,215.76

XVII. Notes on the main items of the parent company's financial statements

1. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: yuan

category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	amount	percent age	amount	Withdra wal ratio		amount	percent age	amount	Withdra wal ratio	
Among them:										

Accounts receivable										
for bad debt	153,764,3	100.00	2,668,13	1.74%	151,096,21	123,107,045	100.00	1,988,510	1.62%	121,118,535
provision by	44.60	%	0.50		4.10	.24	%	.18		.06
combination										
Among them:										
account age	57,569,28		2,668,13		54,901,157					
combination	7.50	37.44%	0.50	4.63%	.00					
Combination of										
related parties in the	96,195,05				96,195,057					
scope of	7.10	62.56%			.10					
consolidation										
Total	153,764,3	100.00	2,668,13		151,096,21	123,107,045	100.00	1,988,510		121,118,535
	44.60	%	0.50		4.10	.24	%	.18		.06

Provision for bad debts by single item:

unit: yuan

Name	Ending balance			
	Book balance	Bad debt provision	Withdrawal ratio	Reason for accrual

Provision for bad debts by combination: account age combination

unit: yuan

Name	Ending balance		
	Book balance	Bad debt provision	Withdrawal ratio
account age combination	57,569,287.50	2,668,130.50	4.63%
Among them:			
Within 1 year (including 1 year)	49,878,639.93	498,786.40	1.00%

1 to 2 years (including 2 years)	3,114,430.74	155,721.54	5.00%
2 to 3 years (including 3 years)	2,339,439.00	233,943.90	10.00%
3 to 4 years (including 4 years)	173,942.57	52,182.77	30.00%
4 to 5 years (including 5 years)	670,678.75	335,339.38	50.00%
More than 5 years	1,392,156.51	1,392,156.51	100.00%
Combination of related parties in the scope of consolidation	96,195,057.10		
Total	153,764,344.60	2,668,130.50	--

Provision for bad debts by combination: combination of related parties within the scope of consolidation

unit: yuan

Name	Ending balance		
	Book balance	Bad debt provision	Withdrawal ratio
Combination of related parties in the scope of consolidation	96,195,057.10		
Total	96,195,057.10		--

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose relevant information about bad debts:

☐ Applicable ☒ Not applicable

Disclosure by age

Unit: yuan

Account age	Book balance
Within 1 year (including 1 year)	114,803,763.84
1 to 2 years	32,275,536.72
2 to 3 years	4,448,266.21
over 3 years	2,236,777.83
3 to 4 years	173,942.57
4 to 5 years	670,678.75
More than 5 years	1,392,156.51
Total	153,764,344.60

(2) The provision for bad debts withdrawn, recovered or transferred back in the current period

Provision for bad debts in the current period:

Unit: yuan

Category	Opening balance	Amount of changes in the current period				Ending balance
		Accrual	Take back or turn back	Write off	Other	
Provision for bad debts by combination	1,988,510.18	679,620.32				2,668,130.50
Total	1,988,510.18	679,620.32				2,668,130.50

unit: yuan

Company name	Amount recovered or transferred back	Recovery method

(3) The top five accounts receivable according to the ending balance collected by the arrears

Unit: yuan

Company name	Closing balance of accounts receivable	Proportion of total closing balance of accounts receivable	Bad debt preparation period ending balance
Dongfang Precision (Netherland)	46,224,476.33	30.06%	
Dongfang Precision (HK)	39,018,627.72	25.38%	
SARL COMPLEX IMPORT EXPORT	13,406,498.41	8.72%	134,064.98
Fosber Asia	9,859,563.34	6.41%	
Italian EDF	5,012,252.35	3.26%	
Total	113,521,418.15	73.83%	

2. Other receivables

unit: yuan

Item	Ending balance	Opening balance
Interest receivable	0	7,684,542.37
Other receivables	36,670,496.12	100,940,213.04
Total	36,670,496.12	108,624,755.41

(1) Interest receivable

1) Classification of interest receivable

Unit: yuan

Item	Ending balance	Opening balance
Time deposit	0.00	7,090,021.82
Financial product	0.00	594,520.55

Total	0.00	7,684,542.37

(2) Other receivables**1) Other receivables are classified according to the nature of the money**

Unit: yuan

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Current payment	1,390,770.29	33,867.93
Security deposit	1,522,182.68	1,849,612.81
Export tax rebate	1,051,258.91	4,941,630.64
Performance compensation	8,200,000.00	8,500,000.00
Prepaid service charge	333,362.86	
Internal related parties	24,488,538.25	81,962,968.60
Employee loans, reserves	843,783.19	
Other	1,827,886.33	4,924,078.71
Total	39,657,782.51	102,212,158.69

2) Provision for bad debts

Unit: yuan

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss over the next 12 months	Expected credit loss over the entire lifetime (no credit impairment occurs)	Expected credit loss over the entire lifetime (credit impairment has occurred)	

Balance of January 1, 2019	1,271,945.65			1,271,945.65
The balance of January 1, 2019 is in the current period.	—	—	—	—
-- moving on to the second stage	-850,000.00	850,000.00		
Current provision	105,340.74	1,610,000.00		1,715,340.74
Other change	527,286.39	2,460,000.00		2,987,286.39

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

☐ Applicable ☒ Not applicable

Disclosure by age

Unit: yuan

Account age	Book balance
Within 1 year (including 1 year)	28,833,971.68
1 to 2 years	1,518,890.62
2 to 3 years	8,640,379.72
More than 3 years	664,540.49
3 to 4 years	414,540.49
4 to 5 years	250,000.00
more than 5 years	39,657,782.51

3) Bad debt provision in the current period of withdrawal, recovery or reversal

Provision for bad debts in the current period:

Unit: yuan

Category	Opening balance	Amount of changes in the current period				Ending balance
		Accrual	Take back or turn back	Write off	Other	
Provision for bad debts by single item	850,000.00	1,610,000.00				2,460,000.00
Provision for bad debts by combination	421,945.65	105,340.74				527,286.39
Total	1,271,945.65	1,715,340.74				2,987,286.39

4) Other receivables in the top five of the ending balance collected by the arrears

Unit: yuan

Company name	Nature of payment	Ending balance	Account age	Proportion of total closing balance of other receivables	Bad debt preparation period ending balance
Dongfang Precision (Netherland)	Current payment	11,724,915.62	Within 1 year	29.57%	
Fosber Asia	Current payment	11,547,630.94	Within 1 year	29.12%	
Guangdong Jiateng Robot Automation Co., Ltd. shareholders Chen You, Chen Hongbo, Fu Zhiyun, Huang Pingping	Performance compensation	8,200,000.00	2-3years	20.68%	2,460,000.00

Export tax receivable	Export tax receivable	1,051,258.91	Within 1 year	2.65%	
Hisense South Co., Ltd.	deposit	768,814.00	1-2years	1.94%	38,440.70
Total	--	33,292,619.47	--	83.96%	2,498,440.70

3. Long-term equity investment

Unit: yuan

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	430,846,359.90	61,855,054.35	368,991,305.55	5,182,547,200.13	3,910,016,918.70	1,272,530,281.43
Investment in joint ventures and combined ventures	70,647,476.45		70,647,476.45	67,094,627.82		67,094,627.82
Total	501,493,836.35	61,855,054.35	439,638,782.00	5,249,641,827.95	3,910,016,918.70	1,339,624,909.25

(1) Investment in subsidiaries

Unit: yuan

Invested unit	Opening balance (book value)	Changes in the current period				Ending balance (book value)	Impairment preparation period ending balance
		Additional investment	Reduce investment	Provision for impairment	Other		
Dongfang Precision (HK)	1,856,010.00					1,856,010.00	
Dongfang Precision (Netherland)	307,666.80					307,666.80	
Fosber Asia	16,738,279.20					16,738,279.20	
Shunyi Investment	305,584,828.17					305,584,828.17	
Parsun Power	44,504,521.38					44,504,521.38	61,855,054.35
Guangdong Frando	882,444.00		882,444.00				
Beijing Pride	902,656,531.88		902,656,531.88				
Total	1,272,530,281.43		903,538,975.88			368,991,305.55	61,855,054.35

(2) Investment in associates and joint ventures

Unit: yuan

Invested unit	Opening balance (book value)	Changes in the current period								Ending balance (book value)	Impairment preparation on
		Additional investment	Reduce investment	Investment gains and losses recognized under the	Other comprehensive income adjustment	Other equity changes	Declare cash dividends or profits	Provision for	Other		

				equity method				r i m p a i r m e n t			perio d endi ng bala nce
1. Joint venture											
Yinglian Digital	9,761,430.71	1,060,193.48		-310,888.72						10,510,735.47	
Total	9,761,430.71	1,060,193.48		-310,888.72						10,510,735.47	
2. Associates											
Jiateng robot	57,333,197.11			2,803,543.87						60,136,740.98	
Subtotal	57,333,197.11			2,803,543.87						60,136,740.98	
Total	67,094,627.82	1,060,193.48		2,492,655.15						70,647,476.45	

4. Operating income and operating costs

Unit: yuan

Item	Current amount		Amount in the previous period	
	Income	Cost	Income	Cost
Main business	439,412,077.02	262,077,447.56	426,299,315.81	281,017,958.82

Other business	15,346,182.28	15,657.61	9,414,952.84	37,052.17
Total	454,758,259.30	262,093,105.17	435,714,268.65	281,055,010.99

Whether the new income standard has been implemented

☐ Yes ☒ No

5. Investment income

Unit: yuan

Item	Current amount	Amount in the previous period
Cost method of long-term equity investment income	60,000,000.00	12,000,000.00
Long-term equity investment income calculated by equity method	2,492,655.15	1,071,203.98
Disposal of investment income from long-term equity investment	596,461,024.12	4.33
Bank wealth management product income	25,531,992.66	23,633,070.58
Performance compensation	1,447,054,285.27	
Total	2,131,539,957.20	36,704,278.89

XVIII. Supplementary Information

1. Breakdown of current non-recurring gains and losses

☒ Applicable ☐ Not applicable

Unit: yuan

Item	Amount	Explanation

Non-current asset disposal gains and losses	-95,745,648.97	Mainly to deal with the profit and loss of 100% equity of Pride
Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except for government subsidies that are fixed or quantified according to the national unified standard)	22,854,061.39	For details, please refer to notes VII (46) and VII (52) of the financial report
In addition to the effective hedging business related to the company's normal business operations, holding transactional financial assets, derivative financial assets, transactional financial liabilities, fair value changes in derivative financial liabilities, and disposal of transactional financial assets and derivative financial Investment income from assets, trading financial liabilities, derivative financial liabilities and other debt investments	1,473,114,508.83	Mainly for the performance compensation of Pride's original shareholders and bank wealth management income
Other non-operating income and expenses other than the above	9,007,522.57	
Minus: the amount of income tax impact	9,881,032.32	
Effect of minority shareholders' equity	46,476.86	
Total	1,399,302,934.64	--

For the company's non-recurring profit and loss items defined by the "Announcement of Information Disclosure by Companies Offering Securities to the Public No. 1-Non-recurring Gains and Losses" and the "Announcement No. 1 of Information Disclosure by Companies Offering Securities to the Public" —Non-recurring gains and losses "The non-recurring gains and losses items listed in the report are defined as recurring gains and losses, and the reasons should be explained.

☐ Applicable ☒ Not applicable

2. Return on net assets and earnings per share

Profit during the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (yuan / share)	Diluted earnings per share (yuan / share)
Net profit attributable to common shareholders of the company	36.87%	1.01	1.01
Net profit attributable to ordinary shareholders of the company after deducting non-recurring gains and losses	8.80%	0.24	0.24

Section 13 catalogue of documents for reference.

- 1 Financial statements signed and sealed by the legal representative, chief in charge of accounting work and head of accounting institution.
2. The original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant.
- 3 The original copies of all company documents and announcements publicly disclosed in the newspapers designated by the CSRC during the reporting period.
4. The text of the 2019 annual report of the company containing the signature of the legal representative.
5. The location of the above documents for reference: the securities department of the company.