

广东东方精工科技股份有限公司

2020 年半年报英文版披露说明

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《2020 年半年度报告》的英文版本。

本次报告翻译中，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《2020 年半年度报告》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 Semi-annual Report 2020 in English, that we believe can enable 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 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 Semi-annual Report 2020, the Chinese version shall prevail.



Guangdong Dongfang Precision Science&Technology Co.,Ltd.

Semi-annual Report 2020

August 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 semi-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 semi-annual report is true, accurate and complete.

All the directors attended the board meeting to review this report.

The relevant risks that may exist in the company's operation and development are described in detail in “X. Risks faced by the company and countermeasures” 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 Fosber Intelligent Equipment Co., Ltd.
Fosber US	Refers to	Fosber America, Inc.
Fosber Tianjin	Refers to	Fosber (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.
Italy QCorr	Refers to	QuantumCorrugated S.r.l.
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)
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 automatic printing linkage line and stand-alone products	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.
Prepress and postpress intelligent automatic packaging equipment	Refers to	Equipment matched with corrugated box printing linkage line or stand-alone products, which can provide corrugated box printing and packaging production process of pre-press and post-press related functions, including multi-color complete sets of printing slotting die-cutting machine, pre-feeding machine, waste transfer equipment, intelligent stacking equipment, sticky box equipment and so on.
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.
MES	Refers to	Manufacturing Execution System is a set of production information management system for workshop execution layer of manufacturing enterprises. MES can provide management modules for enterprises, including manufacturing data management, planning and scheduling management, production scheduling management, inventory management, quality management, human resource management, work center/equipment management, tool management, purchasing management, cost management, project Kanban management, production process control, bottom data integration analysis, upper data integration and decomposition, etc so as to create a solid, reliable, comprehensive and feasible manufacturing collaborative management platform for enterprises.
ERP	Refers to	Enterprise Resource Planning
WMS	Refers to	Warehouse Management System. Through the functions of incoming and outgoing business, warehouse allocation, inventory allocation and virtual warehouse management, WMS is a management system that comprehensively applies the functions of batch management, material correspondence, inventory count, quality inspection management, virtual warehouse management and real-time inventory management.
SCADA	Refers to	Supervisory Control And Data Acquisition
APS	Refers to	Advanced Planning and Scheduling

AGV	Refers to	Automated Guided Vehicle, refers to the transport vehicle equipped with electromagnetic or optical automatic navigation devices, which can drive along the prescribed navigation path, with safety protection and various transfer functions.
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, 2020 to June 30, 2020

Section 2 Company Profile and Main Financial Indicators

I. Company profile

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 (if any)	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		

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. Other circumstances

1. Contact information of the company

Whether the company's registered address, company office address and its postal code, company website and e-mail address have changed during the reporting period.

Applicable Not applicable

The company's registered address, company office address and its postal code, the company's website and e-mail address remain unchanged during the reporting period, which can be found in the 2019 annual report.

2. Information disclosure and location.

Whether the information disclosure and location have changed during the reporting period.

Applicable Not applicable

The name of the information disclosure newspaper selected by the company, the URL of the website designated by the CSRC that publishes the semi-annual report, and there is no change in the reporting period of the company's semi-annual report. For details, please refer to the 2019 annual report.

IV. Main accounting data and financial indicators

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

YES NO

	Current period	Same period of last year	Increase or decrease by...than the previous period
Operating income (yuan)	1,177,491,225.13	4,391,349,294.89	-73.19%
Net profit attributable to shareholders of the listed company (yuan)	127,198,462.09	182,391,136.39	-30.26%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (yuan)	81,018,675.86	166,155,556.81	-51.24%
Net cash flow from operating activities (yuan)	29,409,409.32	1,419,240,751.97	-97.93%
Basic earnings per share (yuan / share)	0.08	0.10	-20.00%
Diluted earnings per share (yuan / share)	0.08	0.10	-20.00%
Weighted average return on net assets	2.89%	4.47%	-1.58%
	At the end of the reporting	At the end of last year	Increase or decrease by...than the previous period
Total assets (yuan)	6,485,012,563.38	6,273,516,157.31	3.37%
Net assets attributable to shareholders of the listed company (yuan)	4,478,400,049.32	4,337,064,607.87	3.26%

V. The changes of the main financial indicators in the reporting period compared with the data in the same period last year after being adjusted according to comparable standards.

In view of the change in the scope of the company's consolidated financial statements during the reporting period compared with the same period last year: Pride was included in the company's consolidated financial statements in the first half of 2019, while no longer included in the company's consolidated financial statements during the reporting period, and the main business of Dongfang Precision focuses on high-end smart equipment. In order to more accurately reflect the changes in the operating performance of the company's main business in the first half of 2020 compared with the same period last year, and to ensure that the revenue and profit data are comparable, we compare the revenue and profit data for the reporting period with the data adjusted according to the comparable caliber excluding Pride in the same period of last year, as shown in the following table:

	Reporting period	After being adjusted according to the comparable caliber in the same period last year	Increase or decrease change
Operating income (yuan)	1,177,491,225.13	1,194,294,360.00	-1.41%
Net profit belonging to shareholders of the listed company (yuan)	127,198,462.09	117,761,020.85	8.01%
Net profit after deducting non-recurring gains and losses belonging to shareholders of the listed company (yuan)	81,018,675.86	101,320,863.52	-20.04%
Net cash flow from operating activities (yuan)	29,409,409.32	59,659,733.31	-50.70%

Supplementary note on "net cash flow from operating activities" during the reporting period:

During the reporting period, the parent company paid enterprise income tax in advance and paid part of the prepaid tax to the competent tax authorities in accordance with the provisions of the tax authorities, resulting in a large amount of cash outflow from business activities in the reporting period; after the completion of the settlement and payment of enterprise income tax, the tax authorities returned about 88.46 million yuan of prepaid tax to the parent company in July 2020. Excluding this effect, the net cash flow generated by operating activities during the reporting period increased by about 98% compared with the comparable adjusted amount in the same period last year.

VI. 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.

VII.Non-recurring items and amounts

Applicable Not applicable

Unit: yuan

Item	Amount	Explanation
Gains and losses from disposal of non-current assets (including write-offs of asset impairment provisions)	2,745.13	
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)	7,097,271.94	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	46,010,424.48	
Other non-operating income and expenses other than the above	-1,288,845.41	

Deduct: the amount of income tax impact	5,538,643.77	
Minority shareholders' equity impact (after tax)	103,166.14	
In total	46,179,786.23	--

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

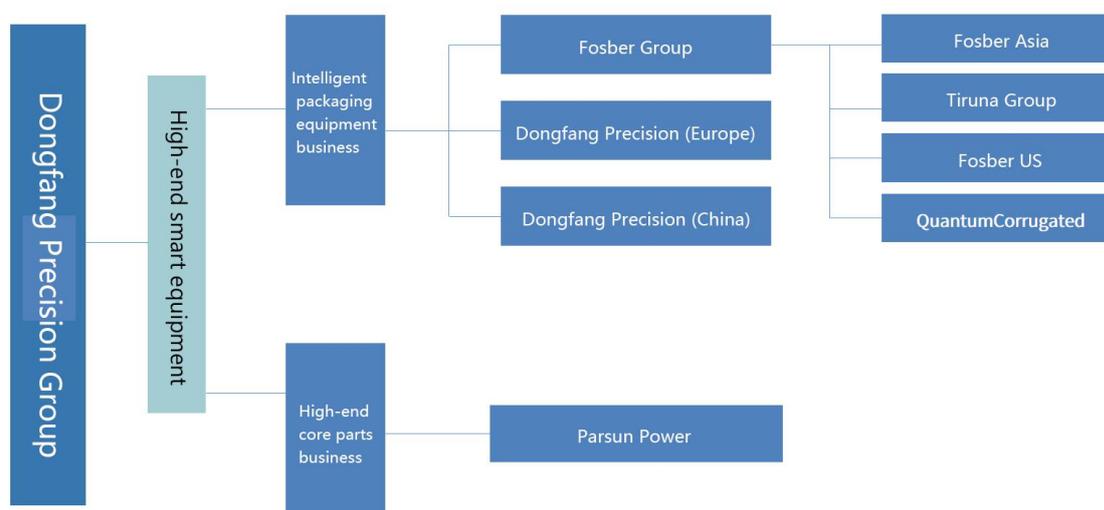
Applicable Not applicable

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

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. The layout and operation of the company's 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 "corrugated box packaging automation equipment and production lines". It has business entities focusing on the field of intelligent packaging equipment, such as Dongfang Precision (China), Dongfang Precision (Europe), Fosber Group, Fosber Asia, Fosber US and Italy QCorr, which has formed a global group layout.

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 prepress and postpress 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)



- | | | | |
|--|---|--|--|
| <p>瓦楞纸板生产线
CORRUGATOR</p> <p>1 佛斯伯高性能整套瓦楞纸板生产线2.5m/2.8m
FOSBER High Performance Complete Corrugator 2.5M/2.8M</p> | <p>瓦楞纸板印刷机
Corrugated Converting Machine</p> <p>2 固定式上印印刷模切开槽粘箱联动线 FD 821
Quikset Top Printing Machine Casemaker FD 821</p> <p>3 下印式全自动联动线
APSTAR HG2 RDC Full Automatic Converting Line</p> <p>4 上/下印式粘箱联动线
TOPRA GD/APSTAR HG2 FFG Inline</p> <p>5 上/下印式六色高网线水性印刷机
TOPRA GD/APSTAR HG2 Six Color High Graphic Flexo Line</p> | <p>前后端智能物流辅助设备
Peripherals</p> <p>6 高速预送纸机Flexfeed
High Speed Prefeeder Flexfeed</p> <p>7 清废堆叠机 Flexystack IFP/PRM/VACUUM
Stripper Stacker/Bundle Stacker Flexystack IFP,PRM/VACUUM</p> <p>8 分纸机
Bundle Breaker</p> <p>9 叠高机Unipal
Palletizer Unipal</p> <p>10 自动空托盘放置机
Automatic Empty Pallet Inserter</p> | <p>智能仓储物流系统
Intelligent Storage and Logistics Systems</p> <p>11 货架、夹层和自动化仓储系统
Racks, Mezzanines and Automatic Storage Systems</p> |
|--|---|--|--|

The main products of the company's intelligent packaging equipment business include: corrugated

cardboard production line, corrugated box printing complete production line, prepress and postpress 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 corrugated board production line 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 corrugated board production line is a large-scale automation equipment.

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.

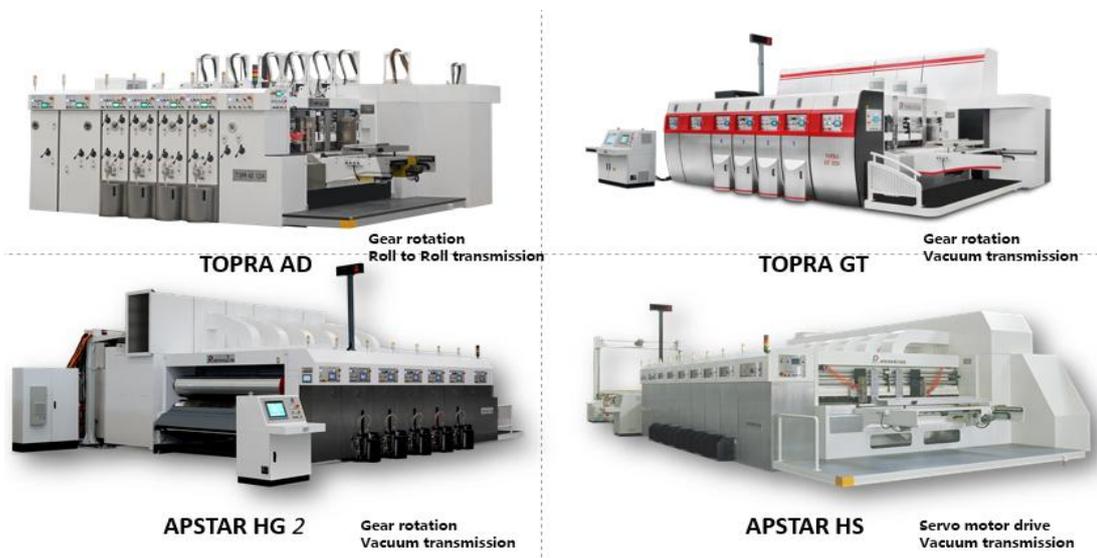
1.1.2 Corrugated box printing production line

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

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.

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 corrugated box printing production line 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

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) 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

1.3.1 The overall market scale of the downstream industry is growing steadily, which provides a strong support for the demand for corrugated carton packaging equipment.

The downstream industry of the company's intelligent packaging equipment business is the corrugated box production industry, and the downstream end customers of the corrugated box industry are electronic products, food and beverage, express delivery, home appliances and other

major consumer industries. With the rapid development of online shopping, express delivery and other industries, the continuous improvement of environmental standards, the international advocacy of circular economy, the domestic market demand for carton packaging products represented by corrugated carton packaging has steadily increased.

Online consumption has become one of the main daily consumption patterns of domestic consumers. The growth of the express delivery industry, which provides logistics and transport services for online consumption, is an important driver of the growth of 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%.

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 annual compound growth rate of express delivery volume from 2008 to 2020 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



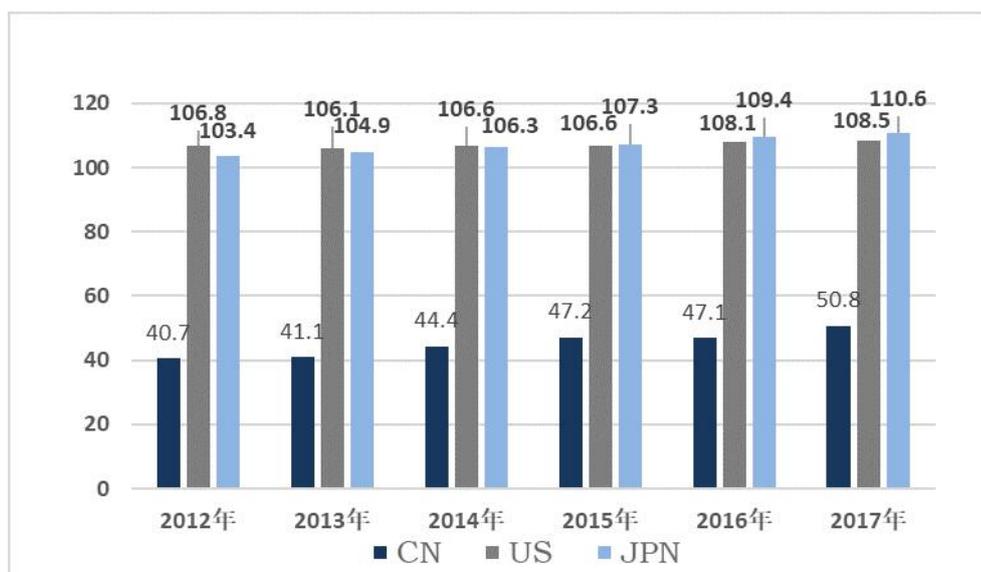
Data source: China Paper Association

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.

Compared with developed countries such as Japan and the United States, that figure for per capita consumption of corrugated 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)



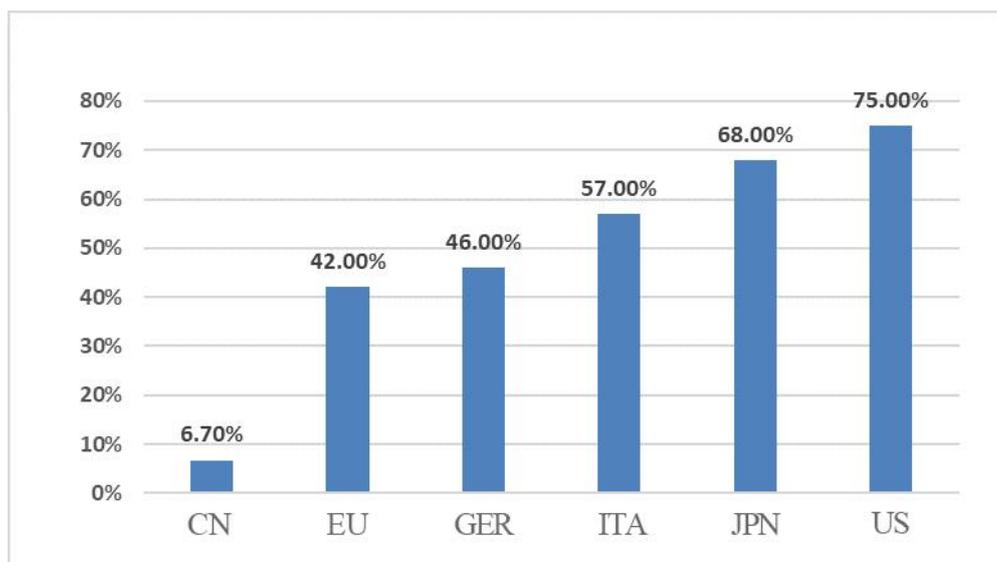
Data source: International Corrugated Case Association (ICCA), Wind Consulting

1.3.2 With the increase of market concentration brought about by the change of industry market competition pattern, the market share of head enterprises will continue to increase.

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 elimination, and the development trend of increasing market share of large enterprises is becoming increasingly clear. 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.

Data show that since 2016, the capacity utilization rate of the company's product downstream customer industry leading companies (Nine Dragons Paper, Shanying Paper, etc.) has continued to increase to more than 90%, and industry production capacity 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 industry concentration.

2017 CR5 international comparison of corrugated packaging industry



Data source: Frost & Sullivan, Wind Consulting

In recent years, China's demographic dividend has gradually disappeared, labor costs have continued to rise, and supply-side reforms, restricted industrial production due to stricter environmental protection, industrial upgrades, and centralized industrial production capacity have gradually become the trend, 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 transmitted to corrugated board manufacturing equipment and corrugated board printing equipment, accelerating the increase of industry concentration in the equipment industry, and eliminating outdated equipment manufacturers with low technological content and low production efficiency. In addition, as the number of equipment in stock in the industry market has increased, the downstream customer's demand for equipment spare parts and technical support is increasing. The proportion of spare parts sales and technical support services in the company's business structure increases, and its higher gross profit margin will drive the company's overall gross profit margin.

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 watercraft power equipment 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 watercraft power equipment 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 huge market potential in the future.

Parsun Power will continue to increase investment in the research and development of new products for high-power outboard engines and continue to launch new products that can meet the needs of market customers.

The continuous growth of the demand for outboard engines in the industry market, and Parsun Power continues to improve its own capacity and launch high-horsepower outboard engine products

with independent intellectual property rights to meet the needs of the market, which are the main performance drivers for the development of Parsun Power's main business.

II. Major changes in major assets

1. Major changes in main assets

Major assets	Major changes indication
Equity assets	The balance of equity assets increased by 10.72% over the end of last year, mainly due to a 1% increase in the company's shareholding in Jiateng Robot in the current period.
Fixed assets	No significant change.
Intangible assets	The balance of intangible assets increased by 27.15% over the end of last year, mainly due to the acquisition of Agnati assets by Fosber Group in the current period.
Project under construction	The balance of projects under construction increased by 163.17% over the end of last year, mainly due to the new production equipment of Fosber Group in the current period.
Transactional financial assets	The balance of transactional financial assets increased by 28.34% over the end of last year, mainly due to the addition of bank wealth management products in the current period.
Advance payment	The balance of advance payment increased by 107.25% over the end of last year, mainly due to the increase in payments for the purchase of raw materials in the current period.
Inventory	The inventory balance increased by 24.88% over the end of last year, mainly due to delays in production due to the epidemic.
Other current assets	The balance of other current assets increased by 438.50% over the end of last year, mainly due to the advance payment of enterprise income tax by the parent company.

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	M & A investment	1,465,492,264.73	Italy	Produce and market all by	Operation management	Good	11.35%	NO

Fosber S.p.A.				oneself				
Holds 100% equity of Italy EDF	M & A investment	162,315,494.70	Italy	Produce and market all by oneself	Operation management	Good	0.86%	NO

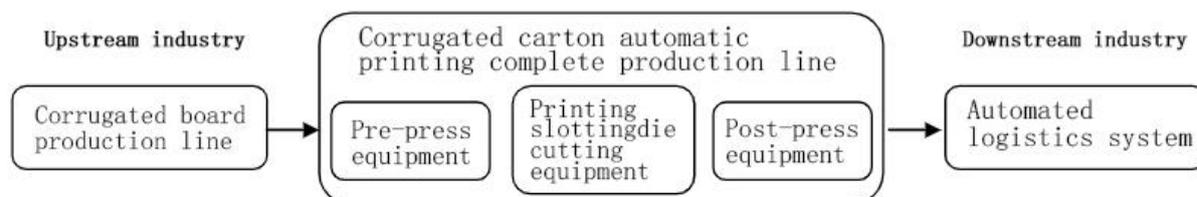
III. Analysis of core competitiveness

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, Fosber US and Italy QCorr; undertakes corrugated box printing 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



2. Stable, reliable and technologically advanced products

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.

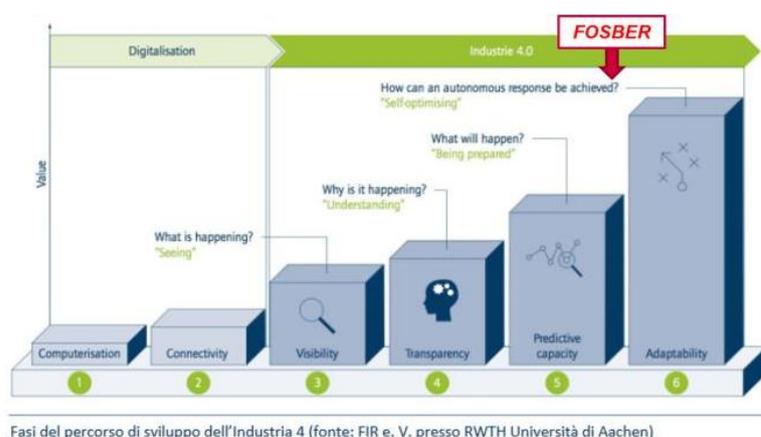
Fosber Group, under the company's Intelligent Packaging Equipment segment, focuses on corrugated cardboard production lines and equipment. It is an important high-end corrugated

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 have the characteristics of 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.

3. Industry-leading industrial internet technologies and services

The subsidiary Fosber Group actively implemented the Industry 4.0 model. Industry 4.0 is based on 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



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.

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 Printing, UCPS, Shanying Paper, Xintonglian Packing, 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.

Section 4 Discussion and Analysis of Business Situation

I. Overview

The global economy is facing the severe test brought by COVID-19 epidemic in the first half of 2020, and the spread of the epidemic has adversely affected the normal development of the business activities of most enterprises in the global manufacturing industry. Since the second quarter, with the effective control of the domestic epidemic, China's manufacturing industry has resumed work and production in an orderly manner, and market supply and demand have recovered in an all-round way. The printing and packaging industry at home and abroad has also been obviously affected by the epidemic. With the domestic economic growth back on track, the domestic printing and packaging industry has gradually stepped out of the shadow of the epidemic and gradually recovered.

Under the leadership of the board of directors and management team, Dongfang Precision paid close attention to the epidemic situation and resumed work steadily in the first half of 2020, basically realizing the resumption of domestic business by the end of February, and actively supporting the anti-epidemic work of foreign subsidiaries. In May, it realized the resumption of work and production of all the business entities at home and abroad under the group.

In the face of the complex and changeable domestic and foreign environment under the epidemic, and the catalytic acceleration of the epidemic on the unmanned, digital and intelligent progress of the manufacturing industry, the company's management team actively thought about and actively sought change, adhered to the strategy of "intelligent manufacturing" as the strategic vision and business core strategy, while tamping internal efforts and continuously improving the company's operational efficiency. At the same time, efforts were made to promote the transformation of high-end smart equipment business to digital and intelligent direction.

In the first half of 2020, the company realized the operating income of the consolidated statement of about 1.1774912 billion yuan, and realized the net profit of about 127.1985 million yuan belonging to the shareholders of the listed company.

Considering that Pride is included in the company's consolidated financial statements in the first

half of 2019 and is no longer included in the company's consolidated financial statements for the reporting period, and Dongfang Precision's main business is focused on high-end smart equipment. In order to more accurately reflect the changes in the operating performance of the company's main business in the first half of 2020 compared with the same period last year, and to ensure that the revenue and profit data are comparable, we compare the revenue and profit data for the reporting period with the data excluding Pride in the same period last year, as shown in the following table:

Unit: ten thousand yuan

	January to June 2020	January to June 2019 (excluding Pride)	Change ratio
Operating income	117,749.12	119,429.44	-1.41%
Net profit belonging to shareholders of the listed company	12,719.85	11,776.10	8.01%

From January to June 2020, the company's operating income decreased by 1.41% compared with the comparable adjustment in the same period last year, mainly due to the delay in the shipment and delivery of some orders caused by COVID-19 epidemic. The company has actively taken measures to reduce the impact of the epidemic on the main business, maintain stable income while improving operational efficiency, rationally use its own funds for cash management, and increase the rate of return on net assets. The company's net profit belonging to shareholders of the listed company in the first half of 2020 increased by about 8.01% compared with the comparable net profit adjusted for the same period last year.

The main work achievements in the the first half of 2020 are as follows:

(I) Multiple measures should be taken to actively respond to external changes and keep the income of the main business stable.

In the first half of 2020, the company focused on the core business of "high-end smart equipment", took many measures to actively respond to changes in the external business environment, and achieved the steady development of the main business.

In the corrugated board production line business, the wholly-owned subsidiary Fosber Group achieved operating income of about 100 million euros during the reporting period, basically the same as the same period last year. In the first half of the year, Fosber Group completed the

acquisition and holding of 60% of the business assets related to Italian corrugated board line manufacturer Agnati. Through this acquisition, Fosber Group obtained the business covering the whole value chain of Italy QCorr high-speed intelligent corrugated board production line, related customer resources, brands, intellectual property rights, and technical support services for the stock corrugated board production line sold by Agnati, and developed the ability to provide the world's leading high-speed intelligent corrugated board production line. Fosber Group also added 5 invention patents in the first half of the year, continuously improved and optimized the algorithm of PRO series intelligent production management information system, and added new modules and functions. Fosber Asia, a joint venture company, strengthened its development of target customers in the domestic market in the first half of the year, increased new orders over the same period last year, and basically realized the localization of Pro-line products for high-end customers in the Asian market.

In the business of corrugated box printing production line, the revenue of Dongfang Precision (China) increased by about 15% year-on-year during the reporting period; based on a stable team and continuously optimized internal processes, order delivery efficiency increased by about 20% compared with the same period last year. During the reporting period, the operating income of Dongfang Precision (Europe) increased steadily compared with the same period last year, and the amount of new orders has met the target for the whole year.

In terms of power equipment business, the subsidiary Parsun Power continued to strengthen the development of the domestic outboard engine market, with sales revenue from the domestic market increasing by about 15% in the first half of the year compared with the same period last year; and continued to promote the research and development of high-power outboard engines and the development of the outboard military market. Benefitting from the rapid economic recovery after the epidemic has been brought under control, Parsun Power's petrol generator and water pump revenue increased by 26.5% compared with the same period last year.

(II) Transform to Intelligent Manufacturing to Promote the Upgrading of "Intelligent Factories" in the Printing and Packaging Industry.

Under the impact of the COVID-19, we found that some key positions in the printing and packaging industry were over-reliant on the skills of skilled workers, traditional management models, and

some processes were still labor-intensive, which has become the main obstacle for enterprises to work resumption and production. The understanding of "machine replacement" and "intelligent factory" in the post-epidemic era is more deeply rooted in the printing and packaging industry, and enterprises in the industry may speed up the pace of intelligent construction.

Intelligent factory is a factory with the main characteristics of intelligent design, intelligent production, intelligent management, intelligent logistics and integrated optimization on the basis of digitalization, supported by industrial big data and Internet. In traditional industrial production, production efficiency and the quality of finished products are restricted by many factors, such as manpower, skills, and proficiency. In order to promote the manufacturing accuracy, reliability, consistency and production efficiency to a new height to meet the upgrading production needs, the transformation to automation, digitization and intelligence has become the consensus of the manufacturing industry and gradually accelerate the implementation.

For the printing and packaging industry, intelligent factory is a system engineering with digitalization and intelligence as the core and hardware and software construction as the important content, which represents a leap from traditional automatic production to data interconnection, AI independent learning and decision-making, and flexible production.

Since the beginning of the year, Dongfang Precision has made great efforts to promote the transformation of the company's corrugated printing and packaging equipment business to become digital and intelligent. On the basis of the complete hardware layout of corrugated printing and packaging equipment, the successful practice of production information management system, and the extended layout in the field of intelligent logistics, it has accelerated the integration of internal and external resources, enhanced intelligent capacity building, and provided intelligent manufacturing solutions for customers in the printing and packaging industry, so as to be committed to becoming a "smart factory" solution and business model supplier in the printing and packaging industry. In July 2020, Dongfang Precision and Yunyin Technology (Shenzhen) Co., Ltd., a holding subsidiary of Shanying International Holding Co., Ltd., signed a "Strategic Cooperation Agreement" to create an intelligent factory model and jointly promote the digital transformation and upgrading of the printing and packaging industry.

1. Complete layout of corrugated printing and packaging equipment industry chain.

After listing, Dongfang Precision has carried out vertical expansion along the subdivision industry chain of corrugated printing and packaging, and its main business has been expanded from complete sets of corrugated box printing equipment at the beginning of listing to including corrugated rollers, corrugated board production line, corrugated box automatic printing line and stand-alone products, prepress and postpress fully automatic equipment covering corrugated production, printing, die-cutting, sticky box, packaging and other complete production and processing chain necessary production equipment.

The integrity of the layout of Dongfang Precision industry chain is mainly reflected in two aspects:

(1) The layout of the whole industry chain covers all aspects of corrugated printing and packaging production lines and equipment, and basically completes the omni-directional layout of equipment products on the corrugated printing and packaging equipment industry chain. It owns Tiruna corrugated roller - Fosber corrugated board production line - Agnati/Italy QCorr high-end corrugated board production line - Dongfang Precision corrugated box automatic printing line and stand-alone products - Dongfang Precision Europe's corrugated box printing equipment and automatic prepress and postpress equipment - Jiateng robot AGV and other products.

(2) Dongfang Precision has the most complete and abundant product library of product specifications and market positioning in the industry. For example, in the field of corrugated box printing equipment segmentation, Dongfang Precision can provide up and down printing, altogether a total of 26 different specifications, different market positioning products, far more than competitors, and can fully meet the needs of different types of customers.

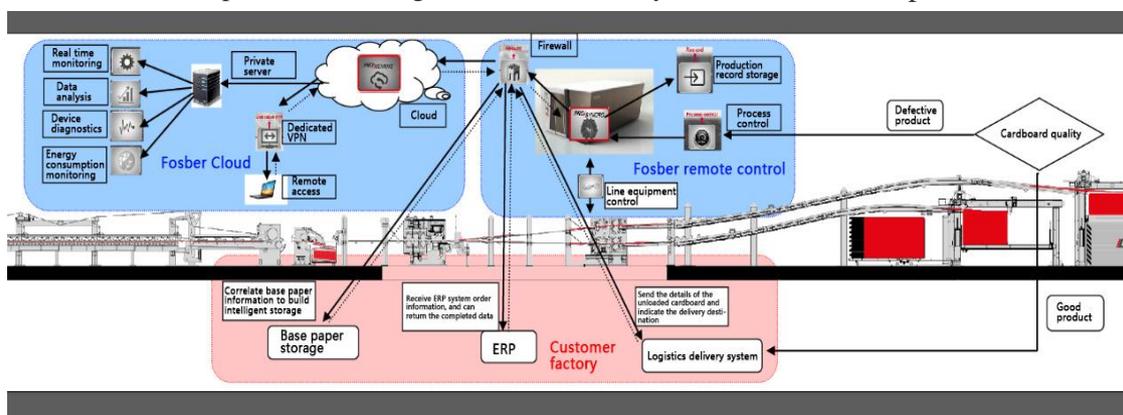
2. Successful practice of production information management system

The foundation and core of intelligent factory is an intelligent production system composed of ERP, MES, WMS, SCADA, APS and other information systems, in which the production process execution system (MES) is a set of production information management system for production execution. It can provide functions and modules including production process control, manufacturing data management, planning and scheduling management, production scheduling management, inventory management, quality management, cost management, project Kanban management and so on, so as to optimize the production activities from order to product completion in the whole workshop manufacturing process.

Dongfang Precision's corrugated board production line and corrugated box printing machine business have relatively mature practice in the production information management system:

(1) The subsidiary Fosber Group integrates intelligent sensing, AI, VR, 3D modeling technology, and years of accumulated corrugated board production line development, operation, technical support and other data combined with the development, operation, technical support and other aspects of the PRO series intelligent production management information system, can dock with customer ERP to achieve ERP scheduling; docking customer warehouse management system to achieve intelligent inventory management and warehousing logistics control. Through more than 200 sensors installed on the corrugated board production line, it can realize real-time monitoring of the production data of the corrugated board production line, real-time monitoring and Kanban management of the production process, and can carry out production line performance analysis and cost analysis based on data to provide support for customer production decisions. According to the real-time collected production data and the setting of the program algorithm, it can identify the abnormal production data in real time, make the automatic diagnosis, and automatically retrieve and output the solution in the database. The safe storage and transmission of data are realized through dedicated cloud servers and firewalls, and the real-time monitoring and remote control of the equipment are realized through the remote control system. It can not only effectively reduce the over-dependence on some processes or some personnel in the production process, but also improve production efficiency and ensure the quality of finished products.

Working schematic diagram of PRO series intelligent production management information system of Fosber Group

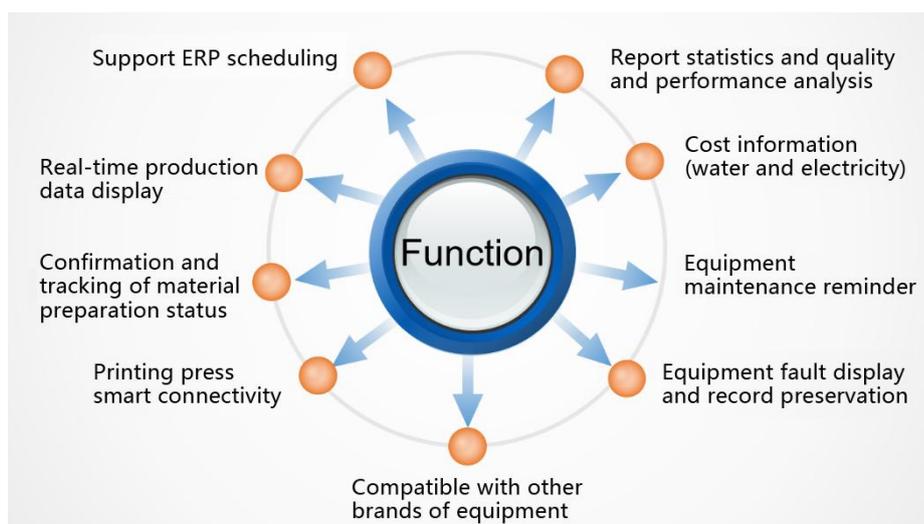


(2) Dongfang Precision (China) Press Business independently developed corrugated box printing machine production information management system, which can achieve ERP scheduling,

intelligent material preparation management, automatic deposit order adjustment setting the best parameters, production data collection, real-time production Kanban management, production performance management, cost analysis, quality traceability, equipment fault management, remote order management and other functions.

By optimizing the whole production process from the order to the completion of the product, the low value-added activities within the enterprise are reduced, and the intelligent, automatic and standardized production management of the corrugated box printing production line is realized. We can organically combine the production process, massive data of production equipment and algorithm analysis and processing, simplify the operation difficulty of the printing press and reduce the dependence on labor, improve effective production time, reduce material consumption, achieve lean production so as to meet customer cost reduction, efficient and flexible production needs.

Functional schematic diagram of production information management system for Dongfang Precision corrugated box printing press



3. Extended layout in the field of intelligent logistics.

Intelligent logistics is also a key part of intelligent manufacturing. In intelligent factory mode, materials are automatically sent in and out of warehouse, sorted and distributed by connecting MES and AGV, with WMS and WCS, real-time data sharing with MES is realized, intelligent inventory management is realized so as to provide effective support for purchasing planning and production execution.

Dongfang Precision acquired 20% equity in Jiateng Robot in 2014, laying out the field of intelligent

logistics. Jiateng Robot focuses on the R & D and sales of AGV and intelligent material distribution solutions and has launched 6 generations of AGV, thus becoming the leading provider of AGV and intelligent material distribution solutions in China. The core competitiveness of Jiateng Robot lies in the use of embedded computer main control hardware system and powerful logistics software system, including AGV central scheduling system, WMS and WCS.

After years of resource integration and R & D, the company has accumulated rich experience in the field of integrated solutions of "packaging-intelligent logistics". With the maturity and landing of the intelligent factory, the demand for the follow-up logistics automation equipment of the production line increases, the company will gradually be more advantageous in advance layout in the field of intelligent logistics.

(III) Launch an stock incentive plan to lay the foundation for sustainable development in the future.

In order to improve the company's long-term incentive mechanism, fully mobilize the enthusiasm of managers at all levels and core backbone of the company, effectively promote the long-term development of the company, and achieve the goal of "stabilizing the team, boosting morale, gathering talents and improving performance", the company launched the 2020 restricted stock incentive plan in the first quarter of 2020, with 27 million A shares repurchased from the secondary market as incentive shares, of which, 22.6 million shares were awarded for the first time, accounting for 1.46% of the total share capital. The grant price of restricted stock is 1 yuan per share. The total number of incentive recipients for the first grant is 40, including directors, senior managers and core technical (business) personnel who served in the company and Dongfang Precision wholly-owned and holding subsidiaries. The payment, capital verification and grant registration of some restricted shares for the first time was completed in June 2020. The implementation of the above stock incentive plan will help to eliminate the negative impact of the previous Pride event on the company's team and lay the foundation for the healthy and sustainable development of the company in the future and also helps the deep binding of the self-interests of the core backbone personnel of the company with the future performance growth of the company and the improvement of the return ability of shareholders, which is conducive to the improvement of the company's business performance and value creation ability.

(IV) Launch a share buyback plan for 2020 to stabilize the long-term value expectation of the company's shares.

On June 14, 2020, the company's board of directors received a share buyback proposal and an interim general meeting proposal submitted in writing to the company's board of directors by shareholders Ruan Huili and Ruan Weixing, who held more than 3% of the shares. After the resolution of the company's third interim shareholders' meeting in 2020, *The motion on the proposal of shareholders Ruan Huili and Ruan Weixing to buy back shares and buy back part of the company's shares by centralized bidding* was adopted.

Based on the confidence in the company's future development prospects and the high recognition of the company's value, on the basis of comprehensive consideration of the company's operating situation, main business development prospects, the company's financial situation and future profitability, and in order to safeguard the interests of the broad masses of investors and enhance investor confidence, the company intends to use its own funds, raised funds that have been legally changed to permanently replenish current funds and loans from financial institutions etc. to implement centralized bidding transactions to repurchase part of the company's A shares of RMB common shares (hereinafter referred to as "the repurchase of shares in 2020").

The total amount of funds to be used for the repurchase of shares in 2020 shall not be less than 500 million yuan (inclusive), no more than 1 billion yuan (inclusive), and the repurchase price shall not exceed 6.42 yuan per share. All the repurchased shares in 2020 will be used for write-off, reducing the company's registered capital. The implementation period shall be within 12 months from the date of examination and approval by the shareholders' meeting.

As of the date of disclosure of this report, the company has implemented the repurchase of shares in 2020 through centralized bidding transactions, with a total of 37,531,131 shares of the company, accounting for 2.43% of the company's total share capital, with a maximum transaction price of 5.10 yuan per share and a minimum transaction price of 4.72 yuan per share. The total amount paid is about 185 million yuan (excluding transaction fees). The implementation of the repurchase of shares in 2020 is in line with the established plan, and the company will continue to promote the repurchase of shares in 2020.

II. Main business analysis

Overview

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

Year-on-year changes in major financial data

Unit: yuan

	This reporting period	Same period last year	Year-on-year increase or decrease	Cause of change
Operating income	1,177,491,225.13	4,391,349,294.89	-73.19%	The consolidated statement of the same period of last year mainly includes the data of Pride from January to June of 2019. If the impact of Pride's data is excluded, the year-on-year decline is 1.41%.
Operating cost	841,826,823.84	3,696,850,553.46	-77.23%	The consolidated statement of the same period of last year mainly includes the data of Pride from January to June of 2019. If the impact of Pride's data is excluded, the year-on-year decline is 1.01%.
Selling expenses	91,295,589.80	194,155,656.79	-52.98%	The consolidated statement of the same period of last year mainly includes the data of Pride from January to June of 2019. The scope of consolidated statements for this reporting period does not include Pride.
Administrative expenses	122,309,575.89	151,165,409.76	-19.09%	The consolidated statement of the same period of last year mainly includes the data of Pride from January to June of 2019. The scope of the consolidated statements for this reporting period does not include Pride.
Financial expenses	-1,734,518.18	12,913,761.69	-113.43%	The consolidated statement of the same period of last year mainly includes the data of Pride from January to June of 2019. If the impact of Pride's data is excluded, the expense of the same period of last year is 3.19 million yuan. The income of this period is mainly caused by the increase of deposit interest income.
Income tax expenses	5,642,310.00	65,188,292.02	-91.34%	The main reason is that the consolidated statement of the same period last year includes the data of Pride from January to June 2019. If the impact of Pride data is excluded, the

				year-on-year decrease will be 22.91 million yuan, which is mainly caused by the year-on-year decrease of income tax of Fosber group in the current period.
R&D investments	41,336,617.90	64,108,287.55	-35.52%	The consolidated statement of the same period of last year mainly includes the data of Pride from January to June of 2019. If the impact of Pride data is excluded, the year-on-year increase will be 10.92 million yuan.
Net cash flow from operating activities	29,409,409.32	1,419,240,751.97	-97.93%	The main reason is that the scope of the consolidated statement for the same period last year includes Pride's data from January to June 2019. If the influence of Pride's data is excluded, the net operating cash flow decreases by 31.17 million yuan compared with the same period last year, mainly due to the prepaid enterprise income tax paid by the parent company. After the completion of the enterprise income tax settlement and payment, the tax authorities have returned about 88.46 million yuan of prepaid tax to the parent company in July 2020.
Net cash flow from investment activities	-384,795,059.32	-848,080,051.65	-54.63%	This is mainly due to the difference between the amount invested and the amount recovered from the purchase of wealth management products in this period, which is lower than that in the same period last year.
Net cash flow from fund-raising activities	-357,317,673.55	-1,566,139,069.07	-77.18%	The scope of the consolidated statements for the same period last year mainly includes Pride's data for the period from January to June 2019.
Net increase in cash and cash equivalents	-707,708,887.51	-985,768,719.59	-28.21%	It is mainly caused by the cash flow of investment activities and fund-raising activities.

Significant changes in the composition or source of profits during the reporting period.

applicable Not applicable

There is no significant change in the composition or source of profits during the reporting period.

Operating income composition

Unit: yuan

	This reporting period		Same period last year		Year-on-year increase or decrease
	Amount	Proportion of operating income	Amount	Proportion of operating income	
Total operating income	1,177,491,225.13	100%	4,391,349,294.89	100%	-73.19%
By industry					
Automobile parts		0.00%	3,197,054,934.89	72.80%	-100.00%
High-end smart equipment	1,177,491,225.13	100.00%	1,194,294,360.00	27.20%	-1.41%
By product					
Intelligent packaging equipment whole line and single machine	626,162,720.18	53.17%	717,972,353.27	16.35%	-12.79%
Intelligent packaging equipment accessories	302,586,619.85	25.70%	249,049,329.02	5.67%	21.50%
Intelligent packaging equipment software and services	100,749,743.45	8.56%	81,712,552.92	1.86%	23.30%
Power equipment	147,992,141.65	12.57%	145,560,124.79	3.31%	1.67%
Power battery system		0.00%	3,197,054,934.89	72.81%	-100.00%
By region					
Domestic	101,481,252.35	8.62%	3,336,894,840.72	75.99%	-96.96%
Overseas	1,076,009,972.78	91.38%	1,054,454,454.17	24.01%	2.04%

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 of last year	Operating cost increased or decreased compared with the same period of last year	Gross margin increased or decreased compared with the same period of last year
By industry						
Automobile parts				-100.00%	-100.00%	
High-end smart equipment	1,177,491,225.13	841,826,823.84	28.51%	-1.41%	-1.01%	-0.28%
By product						
Power battery system				-100.00%	-100.00%	
Intelligent packaging equipment	1,029,499,083.48	728,630,903.95	29.22%	-3.27%	-1.93%	0.07%
Power equipment	147,992,141.65	113,195,919.89	23.51%	2.35%	5.33%	-2.66%
By region						
Domestic	101,481,252.35	71,981,996.31	29.07%	-96.96%	-97.60%	19.10%
Overseas	1,076,009,972.78	769,844,827.53	28.45%	2.04%	9.64%	-4.96%

When the statistical caliber of the company's main business data is adjusted in the reporting period, the company's last issue of the main business data is adjusted according to the caliber at the end of the reporting period.

Applicable Not applicable

Explanation of the reason why the relevant data have changed by more than 30% year-on-year.

Applicable Not applicable

The company transferred 100% of Pride's equity in December 2019, and the year-on-year change of more than 30% of the relevant data in the first half of 2020 was mainly due to the change in the scope of the consolidated statement and the non-merger of Pride.

III. Analysis of non-main Business

Applicable Not applicable

Unit: yuan

	Amount	The percentage in total profits	Explanation of the reason for its formation	Is it sustainable?

Income from investment	32,724,984.33	24.77%	It mainly refers to the income of bank wealth management products and the income recognized to the associated enterprise under the equity law.	NO
Fair value changes in profit and loss	13,309,111.52	10.07%	It is mainly related to the income of bank wealth management products.	NO
Asset impairment	-2,978,396.97	-2.25%	It is mainly due to the Inventory provision for depreciation	NO
Non-operating income	176,776.93	0.13%	No major changes.	NO
Non-operating expenses	1,464,849.29	1.11%	It is mainly caused by outward donation, sponsorship expenditure and so on.	NO

IV. Analysis of assets and liabilities

1. Significant changes in the composition of assets

Unit: yuan

	At the end of this reporting period		At the end of the same period last year		The proportion of increase and decrease	Description of major changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary funds	1,940,001,676.49	29.92%	2,356,703,434.60	37.57%	-7.65%	It is mainly caused by the purchase of financial products in this period.
Accounts receivable	516,566,982.61	7.97%	597,431,210.02	9.52%	-1.55%	No significant change
Inventory	838,468,641.98	12.93%	671,432,701.11	10.70%	2.23%	No significant change
Investment real estate				0.00%		
Long-term equity investment	80,128,138.10	1.24%	72,372,355.03	1.15%	0.09%	No significant change
Fixed assets	569,720,809.77	8.79%	585,754,900.75	9.34%	-0.55%	No significant change

Project under construction	12,735,416.77	0.20%	4,839,241.48	0.08%	0.12%	No significant change
Short-term loan	82,888,933.77	1.28%	117,888,353.14	1.88%	-0.60%	No significant change
Long-term loan	49,092,928.25	0.76%	224,146,667.48	3.57%	-2.81%	It is mainly due to the reclassification of loans due within one year to "non-current liabilities due within one year".
Transactional financial assets	1,493,920,592.25	23.04%	1,164,039,381.59	18.55%	4.49%	It is mainly due to the increase in the purchase of financial products in this period.

2. Assets and liabilities measured at fair value

√ Applicable □ Not applicable

Unit: yuan

Item	Beginning number	Profit or loss on changes in fair value for the current period	Changes in the cumulative fair value of equity	Impairment accrued during the current period	Current purchase amount	Current sale amount	Other changes	Final number
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	1,163,000,000.00	13,309,111.52			5,100,446,609.60	4,783,300,000.00		1,493,455,721.12
2. Derivative financial assets (funds, trust products and others).	1,039,381.59					574,510.46		464,871.13
Subtotal of financial assets	1,164,039,381.59	13,309,111.52			5,100,446,609.60	4,783,874,510.46		1,493,920,592.25
The above total	1,164,039,381.59	13,309,111.52			5,100,446,609.60	4,783,874,510.46		1,493,920,592.25

Financial liabilities	0.00				304,022.63			304,022.63
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Note:

The statistical caliber of "current purchase amount" and "current sales amount" of the transactional financial assets in the above table are as follows: the cumulative amount of financial products purchased by the company during the reporting period and the cumulative amount of financial products sold (or redeemed) during the reporting period. There is a situation in which a sum of money is repeatedly used to buy, sell (or redeem) financial products during the reporting period. The maximum one-day balance of the funds used by the company to purchase wealth management products during the reporting period can be found in the entrusted financing section of XV. Major contracts and their performance in Section 5 Important Matters of this report.

Other changes

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
Monetary funds	420,985,826.61	Margin
Fixed assets	213,149,396.93	Loan mortgage
Intangible assets	50,379,689.01	Loan mortgage
In total	684,514,912.55	-----

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
2,931,883,245.00	1,031,176,742.00	184.32%

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	Source of funds
Fund		245,830.68	0.00	100,000,000.00			100,245,830.68	Own funds
Trust products		3,527,397.26	0.00	500,000,000.00		1,609,589.04	503,527,397.26	Own funds
Other	1,164,039,381.59	9,535,883.58	0.00	4,500,446,609.60	4,783,874,510.46	30,991,624.22	890,147,364.31	Raised funds and own funds
In total	1,164,039,381.59	13,309,111.52	0.00	5,100,446,609.60	4,783,874,510.46	32,601,213.26	1,493,920,592.25	--

Note:

The statistical caliber of "current purchase amount" and "current sales amount" of the transactional financial assets in the above table are as follows: the cumulative amount of financial products purchased by the company during the reporting period and the cumulative amount of financial products sold (or redeemed) during the reporting period. There is a situation in which a sum of money is repeatedly used to buy, sell (or redeem) financial products during the reporting period. The maximum one-day balance of the funds used by the company to purchase wealth management products during the reporting period can be found in the entrusted financing section of XV. Major contracts and their performance in Section 5 Important Matters of this report.

5. Investment in financial assets

(1) Securities investment

√ Applicable □ Not applicable

Variety of securities	Securities code	Securities abbreviation	Initial investment cost	Accounting measurement mode	Book value at the beginning of the period	Profit or loss on changes in fair value for the current period	Changes in the cumulative fair value of equity	Current purchase amount	Current sale amount	Reporting period profit and loss	Ending book value	Accounting subject	Source of funds
Fund			100,000,000.00	Fair value measurement		245,830.68	0.00	100,000,000.00			100,245,830.68	Transactional financial assets	Own funds
Trust products			500,000,000.00	Fair value measurement		3,527,397.26	0.00	500,000,000.00		1,609,589.04	503,527,397.26	Transactional financial assets	Own funds
Other			4,500,446,609.60	Fair value measurement	1,164,039,381.59	9,535,883.58	0.00	4,500,446,609.60	4,783,874,510.46	30,991,624.22	890,147,364.31	Transactional financial assets	Raised funds and own funds
Total			5,100,446,609.60	--	1,164,039,381.59	13,309,111.52	0.00	5,100,446,609.60	4,783,874,510.46	32,601,213.26	1,493,920,592.25	--	--
Announcement and disclosure date of securities investment examination and approval board	March 28, 2020												

Date of announcement and disclosure of shareholders' meeting for examination and approval of securities investment (if any)	April 14, 2020
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Note:

The statistical caliber of "current purchase amount" and "current sales amount" of the transactional financial assets in the above table are as follows: the cumulative amount of financial products purchased by the company during the reporting period and the cumulative amount of financial products sold (or redeemed) during the reporting period. There is a situation in which a sum of money is repeatedly used to buy, sell (or redeem) financial products during the reporting period. The maximum one-day balance of the funds used by the company to purchase wealth management products during the reporting period can be found in the entrusted financing section of XV. Major contracts and their performance in Section5 Important Matters of this report.

(2) Derivatives investment

Applicable Not applicable

There was no derivative investment during the reporting period.

6. Use of raised funds

Applicable Not applicable

(1) Overall use of raised funds

Applicable Not applicable

Unit: ten thousand yuan

Total funds raised	290,000
The total amount of raised funds used during the reporting period	0
The accumulated use of raised funds	187,902.15
Total funds raised during the reporting period for changes in use	0
Accumulated total amount of funds raised for changing	0

purposes	
Proportion of total funds raised for cumulative changes in use	0.00%
Description of the overall use of raised funds	
<p>As of June 30, 2020, the cumulative amount of funds raised by the company was 1.8790215 billion yuan. The details are as follows: (1) the cumulative amount of funds raised in the previous year was 1.9409055 billion yuan; (2) the amount of funds returned by Beijing Pride New Energy Battery Technology Co., Ltd. (hereinafter referred to as "Pride") in 2019 was 61.8841 million yuan.</p> <p>On March 27, 2020, the company held its first interim shareholders' meeting in 2020, which approved the bill on terminating the fund-raising investment project and permanently replenishing the current funds with the savings raised. In view of the fact that the company has transferred 100% of Pride's shares in December 2019, Pride is no longer a subsidiary of Dongfang Precision, and the previous parent-subsidiary relationship between Dongfang Precision and Pride has been officially terminated in law. The company's original planned investment project "Pride Liyang Base New Energy vehicle Battery R & D and industrialization Project", which was originally planned to raise matching funds through a non-public offering in 2017, no longer has any relationship with Dongfang Precision due to the overall transfer of 100% equity in Pride. The continued implementation of the fund-raising project does not have any commercial rationality and feasibility. The 2017 non-public offering fund-raising investment project was in fact terminated automatically at the end of 2019 when the company's sale of Pride's shares was completed. In order to effectively use funds to optimize the allocation of resources, expand and strengthen the main business and enhance the value creation ability of the listed company, and then create more value for shareholders, with the approval of the shareholders' meeting, the company decided to use all the savings raised to permanently replenish liquidity.</p> <p>As of June 30, 2020, the company has transferred a total of 1.013701 billion yuan from the fund-raising special account for permanent replenishment of current funds, and the remaining 100 million yuan of outstanding funds have been used for the purchase of large certificate of deposit products and the financial interest of 916,600 yuan in batches to the account. It is still deposited in the special account of raising funds, but it no longer belongs to the nature of raised funds.</p> <p>As of June 30, 2020, the cumulative net amount of bank deposit interest minus bank fees received by the company was 87.5988 million yuan, and the net interest on raised funds returned by Pride was 6.0403 million yuan. Since during the reporting period, the company has passed a resolution to terminate the fund-raising investment project and use all the savings raised for permanent replenishment of current funds. As of June 30, 2020, the balance of raised funds is RMB 0.</p>	

(2) Raised funds commitment project

√ Applicable □ Not applicable

Unit: ten thousand yuan

Commitment to investment projects and investment funds direction	Whether the item has been changed (including	Raised funds promised total investment	Adjusted total investment (1)	Amount invested during the reporting	Cumulative investment amount as of the end of the	Investment progress as of the end of	The date when the project reaches	Benefits achieved during the reporting	Whether the expected benefits are	Whether the project feasibility has

	g some changes)	nt		period	period (2)	the period (3) = (2) / (1)	the intended usable status	period	achieved	changed significan tly
Commitment to investment projects										
Pay cash consideration	NO	180,500	180,500		180,500	100.00%			Not applicabl e	NO
Pay intermediary fees	NO	9,500	9,500		7,402.15	77.92%			Not applicabl e	NO
Pride Liyang base new energy vehicle battery R&D and industrialization project	NO	100,000	100,000		0	0.00%			Not applicabl e	NO
Subtotal of committed investment projects	--	290,000	290,000		187,902.15	--	--		--	--
Over-raised funds										
NONE										
In total	--	290,000	290,000	0	187,902.15	--	--	0	--	--
The situation and reasons for not reaching the planned progress or expected benefits (by specific projects)	In December 2019, the company essentially terminated the fund-raising investment project through the Beijing Pride equity package solution related to the sale of the investment project. In March 2020, the 43th (interim) meeting of the third session of the company's board of directors and the first interim shareholders' meeting in 2020 examined and passed the motion on terminating the fund-raising investment project and permanently replenishing the current funds with the savings raised. It is agreed that the investment project of the funds raised by the company shall be terminated and all the funds raised by the savings shall be used to permanently replenish the working capital.									
Description of major changes in project feasibility	Not applicable									
The amount, purpose and use progress of over-raised funds	Not applicable									
Changes in the implementation location of investment projects with raised	Not applicable									

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	<p>Applicable</p> <p>On September 25, 2017, the company held the 17th meeting of the third session of the board of directors, which examined and passed the "Motion on the use of raised funds to replace self-raised funds that have been pre-invested in fund-raising projects". It is agreed that the company will use the raised funds of 61.8841 million yuan to replace the self-raised funds that have been invested in the project in advance, and the replacement was completed on September 28, 2017.</p> <p>According to the agreement signed between the company and Pride's former shareholder as well as Pride, in November 2019, when the company transfers 100% of its shares in 2019, Pride should return to the company a total of 67,924,400.00 yuan in principal and interest allocated in 2017. On December 25th, 2019, the company received 67,924,400.00 yuan paid by Pride by bank transfer.</p>
Use idle raised funds to temporarily supplement working capital	Not applicable
The amount and reason of the balance of funds raised during project implementation	<p>Applicable</p> <p>On March 27, 2020, the company held its first interim shareholders' meeting in 2020, which approved the bill on terminating the fund-raising investment project and permanently replenishing the current funds with the savings raised. In view of the fact that the company has transferred 100% of Pride's shares in December 2019, Pride is no longer a subsidiary of Dongfang Precision, and the previous parent-subsidiary relationship between Dongfang Precision and Pride has been officially terminated in law. The company's original planned investment project "Pride Liyang Base New Energy vehicle Battery R & D and industrialization Project", which was originally planned to raise matching funds through a non-public offering in 2017, no longer has any relationship with Dongfang Precision due to the overall transfer of 100% equity in Pride. The continued implementation of the fund-raising project does not have any commercial rationality and feasibility. The 2017 non-public offering fund-raising investment project was in fact terminated automatically at the end of 2019 when the company's sale of Pride's shares was completed.</p> <p>In order to effectively use funds to optimize the allocation of resources, expand and strengthen the main business of the listed company, enhance the value creation ability of the listed company, and then create more value for shareholders, with the approval of the shareholders' meeting, the company decided to use all the savings raised to permanently replenish liquidity.</p>
The purpose and destination of the unused raised funds	As of the end of this report, there are no unused funds raised by the company.
Problems or other situations in the use and disclosure of raised	Not applicable.

funds	
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(3) Raised funds to change projects

Applicable Not applicable

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

(4) The Status of fund-raising projects

Summary of fund-raising projects	Disclosure date	Disclosure index
For details, see the special report on the deposit and use of funds raised in the first half of 2020.	August 28, 2020	Cninfo (http://www.cninfo.com.cn)

7. The status of major projects invested by non-raised funds.

Applicable Not applicable

The company's reporting period is nothing more than major projects to raise funds for investment.

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

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	Company	Company type	Registered	Total assets	Net assets	Operating	Operating	Net profit
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name	type		capital			income	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	1,465,492,264.73	559,059,583.50	813,333,560.03	64,297,515.51	61,551,927.35

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

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

Applicable Not applicable

IX. Forecast of business performance from January to September 2020

A warning and explanation of the reasons for predicting that the cumulative net profit from the beginning of the year to the end of the next reporting period may be a loss or a substantial change compared with the same period last year.

Applicable Not applicable

X. Risks faced by the company and countermeasures

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. Although the domestic economic development

shows a trend of restorative growth, the complex and changeable economic environment at home and abroad not only affects the recovery process of the consumer market, but also affects the printing and packaging industry, which provides supporting supply chain services for the production of consumer goods, and then affects the development of the upstream equipment industry of the printing and packaging industry.

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. 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.

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.

Under the impact of the COVID-19 epidemic, the global economy has slowed down, and the rise of foreign trade protectionist forces has intensified international economic and trade frictions. 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.

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. If the prices of major raw materials continue to rise sharply in the future, and the company is not able to transfer the increased procurement costs to the downstream in time, then 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.

Section 5 Important Matters

I. Relevant information on the annual and interim general meetings of shareholders held during the reporting period

1. The status of the shareholders' meeting during the reporting period

Session of the meeting	Meeting type	Investor participation ratio	Date of convening	Disclosure date	Disclosure index
The first interim shareholders' meeting in 2020	Interim shareholders' meeting	37.80%	March 27, 2020	March 28, 2020	Cninfo (http://www.cninfo.com.cn), announcement of the resolution of the first interim general meeting of shareholders in 2020 (announcement number: 2020-022)
The second interim general meeting of shareholders in 2020	Interim shareholders' meeting	29.28%	April 13, 2020	April 14, 2020	Cninfo (http://www.cninfo.com.cn), announcement of the resolution of the second interim general meeting of shareholders in 2020 (announcement number: 2020-029)
2019 annual general meeting of shareholders	Annual shareholders' meeting	42.59%	May 20, 2020	May 21, 2020	Cninfo (http://www.cninfo.com.cn), announcement of the resolution of the 2019 shareholders' meeting (announcement number: 2020-046)
The third interim general meeting of	Interim shareholders' meeting	35.13%	June 24, 2020	June 29, 2020	Cninfo (http://www.cninfo.com.cn)

shareholders in 2020					om.cn), announcement of the resolution of the third interim general meeting of shareholders in 2020 (announcement number: 2020-059)
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2. The shareholders of the preferred shares whose voting rights have been restored request to hold an interim general meeting of shareholders.

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 semi-annual year, does not send bonus shares, and does not convert capital reserve into share capital.

III. 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	BAIC; CATL	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	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 40% of the shares of Dongfang Precision. After	April 25, 2017	Until April 24, 2020	Fulfilled

			deducting the amount of the compensated shares (if any), the ban will be lifted after 36 months from the listing date.			
	Qinghai Puren	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 May 20, 2020	Fulfilled
	Qinghai Puren	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 May 20, 2020	Fulfilled
	Pulead; Foton Motor	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, 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.	April 25, 2017	Until April 24, 2020	Fulfilled
	Pulead; BAIC; Foton Motor; CATL; Qinghai Puren	Commitments on industry competition, related party transactions, and capital occupation	1. For the related transactions between the company, the company controlled by the company and other companies actually controlled by the company's controlling shareholders, and Dongfang Precision and its holding subsidiaries that cannot be avoided or have reasonable reasons, they will strictly abide by the market principles. In accordance with the general principles of equality, mutual benefit and equal pay, fair and reasonable conduct. For related transactions between the company, the company controlled by the company, and the company's controlling shareholders who actually control other	April 25, 2017	Until January 8, 2020	Fulfilled

		<p>companies and Dongfang Precision and its holding subsidiaries, an agreement will be signed in accordance with the law, legal procedures will be performed, and relevant laws, regulations, and 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 the listed company 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</p>			
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			the transaction prices are strictly priced based on market prices to avoid adversely affecting the independence of the listed company.			
	Pulead; Qinghai Puren	Commitments on industry competition, related party transactions, and capital occupation	<p>1. The enterprise, the enterprise controlled by the enterprise and other enterprises actually controlled by 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.</p>	April 25, 2017	Until January 8, 2020	Fulfilled

	Pulead;BAIC; Foton Motor; CATL; Qinghai Puren	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 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	April 25, 2017	Until April 24, 2020	Fulfilled
	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 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.	April 25, 2017	Until May 20, 2020	Fulfilled
Commitments made during						

initial public offering or refinancing						
Equity incentive commitment						
Other commitments made to the company's small and medium shareholders						
Whether the promise is fulfilled on time	YES					
If the commitment is not fulfilled within the time limit, the specific reasons for the failure to complete the performance and the work plan for the next step shall be explained in detail.	Not applicable					

IV. Appointment and Dismissal of Accounting Firms

Has the semi-annual financial report been audited?

Yes No

The company's semi-annual report has not been audited.

V. Explanation of the "non-standard audit report" of accounting firms during the reporting period by the board of directors and the board of supervisors

Applicable Not applicable

VI. Explanation of the board of directors on the relevant situation of the "non-standard audit report" of the previous year

Applicable Not applicable

VII. Matters related to bankruptcy and reorganization

Applicable Not applicable

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

VIII. Litigation matters

Major litigation and arbitration matters

Applicable Not applicable

There are no major litigation or arbitration matters during the reporting period.

Other litigation matters

Applicable Not applicable

IX. The media questioning.

Applicable Not applicable

There are no questions in the media during the reporting period.

X. Penalties and rectification

Applicable Not applicable

There were no penalties and rectifications during the reporting period.

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

Applicable Not applicable

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

Applicable Not applicable

In order to improve the company's long-term incentive mechanism, fully mobilize the enthusiasm of managers at all levels and core backbone of the company, effectively promote the long-term development of the company, and achieve the goal of "stabilizing the team, boosting morale, gathering talents and improving performance", the company launched the 2020 restricted stock incentive plan in the first quarter of 2020, with 27 million A shares repurchased from the secondary market as incentive shares. The proportion of the total share capital is 1.75%, and the grant price of restricted shares is 1 yuan per share. The incentive objects are the directors, senior managers and core technical (business) personnel who served in the company (including subsidiaries, the same below) when the company announced this incentive plan.

The 2020 restricted stock incentive plan has been examined and approved by the 43th (interim) meeting of the third board of directors and the first interim general meeting of shareholders held on March 11, 2020 and March 27, 2020 respectively. For details, see *The Summary of the 2020 Restricted Stock Incentive Plan (draft)* disclosed on <http://www.cninfo.com.cn>, on March 12, 2020, and *The Announcement of the Resolution of the First Interim General Meeting of 2020* disclosed on <http://www.cninfo.com.cn> on March 28, 2020.

The company held the 44th (interim) meeting of the third session of the board of directors on March 27, 2020, and examined and adopted the *Bill on Granting Restricted Stocks to Incentive Targets*. The date of granting some restricted shares for the first time is March 27, 2020. For details, see *The Announcement on Granting Restricted Stocks to Incentive Targets* published on March 28, 2020 on <http://www.cninfo.com.cn>.

On June 8, 2020, the 48th (interim) meeting of the third session of the Board of Directors and the 31st (interim) meeting of the third session of the Board of Supervisors examined and adopted the *Bill on Adjusting the Related Matters of the 2020 Restricted Stock Incentive Plan*. The independent directors of the company expressed an independent opinion on this and agreed that the board of

directors of the company should adjust the list of incentive targets and the number of awards. After the adjustment, the number of incentive targets for the first grant part of the company's restricted stock incentive plan will be adjusted from 42 to 40, the number of first grant will be adjusted to 22.6 million shares, the number of reserved restricted shares will be adjusted to 4,400,000 shares, and the total number of rights and interests to be granted by the incentive plan will remain unchanged. For details, see the announcement on the adjustment of the 2020 restricted stock incentive plan disclosed by the company on June 9, 2020 on <http://www.cninfo.com.cn>.

On June 23, 2020, the company completed the registration of the first grant of the 2020 restricted stock incentive plan. For details, see *The Announcement on the Completion of the First Grant of the 2020 Restricted Stock Incentive Plan* published on <http://www.cninfo.com.cn> on June 24, 2020.

XIII. Major related transactions

1. Related transactions related to daily operations

Applicable Not applicable

There are no related transactions related to daily operations during the reporting period of the company.

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

There are no related creditor's rights and debts during the reporting period of the company.

5. Other major related party transactions

Applicable Not applicable

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

XIV. 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.

XV. Major contracts and their performance

1. Entrustment, contracting and leasing matters

(1) Trusteeship

Applicable Not applicable

There was no trusteeship during the reporting period.

(2) Contracting situation

Applicable Not applicable

There was no contracting during the reporting period.

(3) Lease situation

Applicable Not applicable

There were no leases during the reporting period.

2. Material guarantee

Applicable Not applicable

(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
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	27,863.5	August 10, 2017	27,863.5	Joint liability guarantee	36 months	NO	NO
Dongfang Precision (Netherlands)	January 11, 2020	35,728.97	March 16, 2020	35,728.97	Joint liability guarantee	40 months	NO	NO
The total amount of guarantees approved for subsidiaries during the reporting period (B1)		63,592.47		Total actual amount of guarantees issued to subsidiaries during the reporting period (B2)		35,728.97		
The total amount of guarantees for subsidiaries approved at the end of the reporting period (B3)		63,592.47		Total actual guarantee balance of subsidiaries at the end of the reporting period (B4)		63,592.47		
Subsidiary to subsidiary guarantee								
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
Italy QCorr	May 15, 2020	2,388.3	April 30, 2020	2,388.3	Joint liability guarantee	From the effective date of the guarantee to May 1, 2021	NO	NO

Italy QCorr	May 15, 2020	1,990.25	April 29, 2020	1,990.25	Joint liability guarantee	Within 48 months from the effective date of the guarantee	NO	NO
The total amount of guarantees approved for subsidiaries during the reporting period (C1)		4,378.55		Total actual amount of guarantees to subsidiaries during the reporting period (C2)		4,378.55		
The total amount of guarantees approved for subsidiaries at the end of the reporting period (C3)		4,378.55		Total actual guarantee balance of subsidiaries at the end of the reporting period (C4)		4,378.55		
Total company guarantee (ie the sum of the top three items)								
The total amount of guarantees approved during the reporting period (A1 + B1 + C1)		67,971.02		Total actual guarantee amount during the reporting period (A2 + B2 + C2)		40,107.52		
The total amount of guarantees approved at the end of the reporting period (A3 + B3 + C3)		67,971.02		Total actual guarantee balance at the end of the reporting period (A4 + B4 + C4)		67,971.02		
The proportion of the actual total guarantee (ie A4 + B4 + C4) to the company's net assets				15.18%				
Of which:								
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)						67,971.02		
The amount of the guarantee amount exceeding 50% of the net assets (F)						0		
Total amount of the above three guarantees (D + E + F)						67,971.02		
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				

(2) External guarantees in violation of regulations

Applicable Not applicable

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

3. Entrusted financial management

Applicable Not applicable

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	Raised funds	65,000	0	0
Bank wealth management products	Own funds	167,300	88,000	0
In total		232,300	88,000	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

4. Other major contracts

Applicable Not applicable

There were no other major contracts during the reporting period.

XVI. Social responsibility

1. Major environmental protection issues

The company and its subsidiaries are not among the key pollutant discharge units announced by the environmental protection department.

2. Fulfilling the social responsibility of poverty alleviation with precision

In the first half of 2020, the company and its wholly-owned and holding subsidiaries have not carried out accurate poverty alleviation work, and there is no follow-up accurate poverty alleviation plan for the time being.

3. Fulfillment of social responsibility during the reporting period

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) Corporate governance: During the reporting period, the company strictly followed the requirements of laws and regulations such as the "Company Law", "Securities Law", and "Code of Corporate Governance for Listed Companies in China", 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) Customer-supplier relationship: 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 and customer 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.

(3) Production safety: 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.

(4) Environmental protection: Dongfang Precision has invested a total of about 6.006 million yuan in environmental protection in China, including the expenses of new environmental protection equipment, equipment maintenance, operation, hazardous waste transfer and disposal, etc., and the normal operation of environmental protection equipment is managed and operated by special personnel. There is even regular maintenance of environmental protection equipment so as to ensure the normal operation of the equipment. Dongfang Precision has obtained the "Environmental Assessment Approval" from the environmental protection department, passed the certification review of "OHSAS18001:2007 Occupational Health and Safety Management System" and "ISO14001:2005 Environmental Management system", and obtained the certificates of "Environmental Cleaner Production" and "National Pollution Discharge License". In terms of exhaust emissions, the prescribed total amount of exhaust emissions is VOCs:0.606t/a (including organized emissions of 0.397 t/a and unorganized emissions of 0.209 t/a). In the production process, the company takes a variety of measures to control waste discharge, treat waste gas, etc., to achieve discharge standards. In wastewater discharge, through metal surface treatment cleaning wastewater treatment facilities and reclaimed water reuse system for treatment, the Company can meet the standards in Table 1 - Standard for Water Quality of Reclaimed Water for Products and Processes in Urban Sewage Recycled Industrial Water Quality (GB/T 19923-2005) , and then recycled without discharge.

(5) 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 "fighting epidemic" road through wind and

rain: 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.

(6) Anti-fraud: during the reporting period, the company organized and implemented logistics business procurement audit, information business backup project procurement audit to conduct a comprehensive review of the supplier qualification background and access procedures, price comparison, technical solutions, services and delivery of procurement business, and prompt and report business risks in time for the existing problems such as insufficient search of supplier resources and price comparison at different levels so as to effectively improve the effectiveness of the procurement business, monitor and prevent the risk of procurement fraud.

XVII. Explanation of other important matters

Applicable Not applicable

Based on the changes in the actual situation of the company (such as total share capital, etc.), and the revision of superior laws such as *The Company Law* and *Code of Corporate Governance for Listed Companies in China* during the period from 2018 to 2019, and combined with the needs of the actual situation of the company, we promote the creation of a relatively stable internal and external development environment, so that the company can focus on the development of the company's "high-end smart equipment" main business and other factors. The forty-third (interim) meeting of the third session of the board of directors and the first interim general meeting of shareholders held by the company on March 11, 2020 and March 27, 2020 respectively examined and passed the bill on revising the Articles of Association of the Company.

XVIII. 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. Restricted shares	731,859,476	39.80%	0	0	0	-489,573,912	-489,573,912	242,285,564	15.68%
1. National holdings	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person holding shares	356,869,565	19.41%	0	0	0	-356,869,565	-356,869,565	0	0.00%
3. Other domestic-funded shares	374,989,911	20.39%	0	0	0	-134,004,347	-134,004,347	240,985,564	15.60%
Of which: domestic legal person holding shares	155,304,347	8.45%	0	0	0	-155,304,347	-155,304,347	0	0.00%
Domestic natural person holding shares	219,685,564	11.95%	0	0	0	21,300,000	21,300,000	240,985,564	15.60%
4. Foreign shareholdings	0	0.00%	0	0	0	1,300,000	1,300,000	1,300,000	0.08%
Of which: Overseas legal person holding shares	0	0.00%	0	0	0	0	0	0	0.00%
Overseas natural person holding shares	0	0.00%	0	0	0	1,300,000	1,300,000	1,300,000	0.08%
II. Unrestricted	1,106,787,620	60.20%	0	0	0	196,053,773	196,053,773	1,302,841,393	84.32%

shares									
RMB common stock	1,106,787,620	60.20%	0	0	0	196,053,773	196,053,773	1,302,841,393	84.32%
Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
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	-293,520,139	-293,520,139	1,545,126,957	100.00%

Reasons for changes in shares

Applicable Not applicable

1. The repurchase and cancellation of the performance compensation shares shall be completed during the reporting period.

At the end of 2019, the company resolved the dispute over Pride's performance commitment by implementing a "package of solutions". In the above plan, the company buys back 293,520,139 shares of Dongfang Precision A shares held by Pride's former shareholders, Pulead, CATL, BAIC, Foton Motor, Qinghai Puren, etc., which was completed in January 2020.

2. Some restricted shares are listed and circulated during the reporting period.

With the application of the company and the approval of the Shenzhen Stock Exchange, 193,871,164 limited sale condition shares held by shareholders such as Pulead, CATL, BAIC, Foton Motor, Qinghai Puren, etc., will be lifted on Monday, April 27, 2020. 24,782,609 limited sale condition shares held by shareholders such as Qinghai Puren will be lifted from the restricted listing and circulation on Wednesday, June 3, 2020.

3.The first registration of the company's 2020 restricted stock incentive plan will be completed within the reporting period

The company launched the restricted stock incentive plan in the first half of 2020 and completed the registration of the first grant in June 2020, granting a total of 22,600,000 restricted shares, of which three foreign incentive targets were granted a total of 1,300,000 incentive shares.

Approval of changes in shares

Applicable Not applicable

With regard to the above-mentioned share changes, the company has fulfilled the approval procedures of the shareholders' general meeting and the board of directors in accordance with the laws and regulations and the Articles of Association, and all of them have been approved by the Shenzhen Stock Exchange.

Transfer of ownership of changes in shares

Applicable Not applicable

During the reporting period, the "repurchase and cancellation of performance compensation shares" and "the first grant and registration of the company's 2020 restricted stock incentive plan" involved the transfer of shares, all of which were approved by the Shenzhen Stock Exchange. completed in Shenzhen Branch of China Securities Registration and Clearing Co., Ltd.

Progress in the implementation of share repurchase

Applicable Not applicable

The 49th (interim) meeting of the third session of the board of directors held on June 15, 2020 and the third interim shareholders' meeting of 2020 held on June 24, 2020 examined and approved the 2020 annual share repurchase plan. The company uses its own funds, funds raised that have been changed into permanent replenishment of current funds in accordance with the law, and loans from financial institutions, to implement a centralized bidding transaction to buy back part of the company's A-shares of RMB common shares (hereinafter referred to as "the repurchase of shares in 2020"). The total amount of funds to be used by the company shall not be less than 500 million yuan (inclusive), not more than 1 billion yuan (inclusive), and the repurchase price shall not exceed RMB 6.42 yuan per share; all the repurchased shares will be used for write-off and reduce the company's registered capital; the implementation period shall be within 12 months from the date of consideration and adoption of this share repurchase plan by the shareholders' general meeting.

As of the date of disclosure of this report, the company has implemented the repurchase of shares in 2020 through centralized bidding transactions, with a total of 37,531,131 shares of the company, accounting for 2.43% of the company's total share capital, with a maximum transaction price of 5.10 yuan per share and a minimum transaction price of 4.72 yuan per share. the total amount paid is about 185 million yuan (excluding transaction fees).

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 stock shareholders

Applicable Not applicable

	Before the change of shares	After the change of shares
Basic earnings per share for 2019 (RMB / share)	1.01	1.19
Diluted earnings per share for 2019 (RMB / share)	1.01	1.19
Net assets per share for 2019 (yuan / share)	2.36	2.81

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

Shareholder name	Number of restricted shares at the beginning of the period	The number of shares whose sales restrictions have been lifted in this period	The number of increased restricted shares in this period	Number of restricted shares at the end of the period	Reasons for sales restriction	Date of lifting the restriction on sale
Pulead	188,347,825	188,347,825	0	0	Participate in the non-public offering of shares and make a commitment to limit the sale of shares	On January 8, 2020, the performance compensation repurchase cancelled 111,537,653 shares; on April 27, 2020, the restriction on the sale of 76,810,172 shares was lifted.
BAIC	118,956,522	118,956,522	0	0	Participate in the non-public offering of shares and make a commitment to limit the sale of shares	On January 8, 2020, the performance compensation repurchase cancelled 70,444,833 shares; on April 27, 2020, the restriction on the sale of 48,511,689 shares was lifted.
CATL	114,000,000	114,000,000	0	0	Participate in the non-public offering of shares and make a commitment to limit the sale of shares	On January 8, 2020, the performance compensation repurchase cancelled 67,509,632 shares; on April 27, 2020, the restriction on the sale of 46,490,368 shares was lifted.
Foton Motor	49,565,218	49,565,218	0	0	Participate in the non-public offering of shares and make a commitment to limit the sale of shares	On January 8, 2020, the performance compensation repurchase cancelled 29,352,014 shares; on April 27, 2020, the restriction on the sale of 20,213,204 shares was lifted.
Qinghai Puren	41,304,347	41,304,347	0	0	Participate in the non-public offering of shares and make a	On January 8, 2020, the performance compensation repurchase cancelled 14,676,007 shares; on April 27, 2020,

					commitment to limit the sale of shares	the restriction on the sale of 1,845,731 shares was lifted; on June 3, 2020, the restriction on the sale of 24,782,609 shares was lifted.
Qiu Yezhi	16,632,388	0	9,000,000	25,632,388	Participate in the company's 2020 restricted stock incentive plan	When the conditions for the lifting of sales restrictions stipulated in the 2020 restricted stock incentive plan are met
Xie Weiwei	0	0	1,000,000	1,000,000	Participate in the company's 2020 restricted stock incentive plan	When the conditions for the lifting of sales restrictions stipulated in the 2020 restricted stock incentive plan are met
Zhou Wenhui	0	0	1,200,000	1,200,000	Participate in the company's 2020 restricted stock incentive plan	When the conditions for the lifting of sales restrictions stipulated in the 2020 restricted stock incentive plan are met
Other 37 incentive targets granted part of the restricted stock incentive plan for the first time in 2020	0	0	11,400,000	11,400,000	Participate in the company's 2020 restricted stock incentive plan	When the conditions for the lifting of sales restrictions stipulated in the 2020 restricted stock incentive plan are met
Total	528,806,300	512,173,912	22,600,000	39,232,388	--	--

II. Securities issuance and listing

Applicable Not applicable

III. The number of company shareholders and shareholdings

Unit: shares

Total number of ordinary shareholders at the	52,278	Total number of preferred shareholders with	0
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end of the reporting period							voting rights restored at the end of the reporting period (if any) (see Note 8)	
Common stock shareholders holding more than 5% of the shares or the top 10 common stock 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	17.52%	270,737,568		203,053,176	67,684,392	Freeze	187,000,000
Tang Zhuomian	Domestic natural person	8.79%	135,885,134			135,885,134		
Pulead Technology Industry Co.,Ltd.	State-owned legal person	4.97%	76,810,172	-111,537,653		76,810,172		
Beijing Automotive Group Industry Investment Co.,Ltd.	State-owned legal person	3.14%	48,511,689	-70,444,833		48,511,689		
Contemporary Amperex Technology Co. Limited	Domestic non-state-owned legal person	3.01%	46,490,368	-67,509,632		46,490,368		
Ruan Huili	Domestic natural person	2.92%	45,087,232	-83,100		45,087,232		
Construction Investment Investment Co., Ltd.	State-owned legal person	2.54%	39,215,685			39,215,685		
Luzhou Industrial Investment Group Co., Ltd.	State-owned legal person	2.06%	31,770,010			31,770,010		
Huarong Securities-China	Other	2.03%	31,372,549			31,372,549		

Merchants Securities-Huarong Youzhi No. 1 Collective Asset Management Plan								
Qiu Yezhi	Domestic natural person	2.02%	31,176,518	9,000,000	25,632,388	5,544,130		
Strategic investors or general legal persons become top 10 ordinary 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. The company is not aware of whether there is an associated relationship or concerted action among other shareholders.							
Shareholdings of the top 10 common stock shareholders with unlimited sales								
Name of shareholder	Number of ordinary 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					
Pulead Technology Industry Co.,Ltd.	76,810,172	RMB common stock	76,810,172					
Tang Zhuolin	67,684,392	RMB common stock	67,684,392					
Beijing Automotive Group Industry Investment Co.,Ltd.	48,511,689	RMB common stock	48,511,689					
Contemporary Amperex Technology Co. Limited	46,490,368	RMB common stock	46,490,368					
Ruan Huili	45,087,232	RMB common stock	45,087,232					
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					

Qinghai Puren Intelligent Technology R & D Center (Limited Partnership)	26,628,340	RMB common stock	26,628,340
Explanation of the relationship or concerted action among the top 10 common stock shareholders of unrestricted shares outstanding, and between the top 10 common stock shareholders of unrestricted shares outstanding and the top 10 common stock shareholders	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. 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 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)	As of June 30, 2020, among the top 10 shareholders of the company, Pulead Technology Industry Co., Ltd. held 73,755,050 shares of the company through the customer credit transaction guarantee securities account of CITIC Construction Investment Securities Co., Ltd.		

Whether the top 10 common stock shareholders of the company and the top 10 common stock 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 repurchase transactions during the reporting period.

IV. Changes of controlling shareholder or actual controller

Controlling shareholder changes during the reporting period

Applicable Not applicable

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

Change of actual controller during the reporting period

Applicable Not applicable

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

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 and Senior Management

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

√ Applicable □ Not applicable

Name	Job title	Job status	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)	Number of shares held at the end of the period (shares)	Number of restricted shares awarded at the beginning of the period (shares)	Number of restricted shares granted in the current period (shares)	Number of restricted shares awarded at the end of the period (shares)
Tang Zhuolin	Chairman of the Board	Current	270,737,568			270,737,568			
Qiu Yezhi	Director and General Manager	Current	22,176,518			31,176,518		9,000,000	9,000,000
Xie Weiwei	Director and Deputy General Manager	Current				1,000,000		1,000,000	1,000,000
Mai Zhirong	Independent Director	Current							
Peng Xiaowei	Independent Director	Current							
He Weifeng	Independent Director	Current							
Zhou Wenhui	Board Secretary	Current				1,200,000		1,200,000	1,200,000
Chen Huiyi	Chairman of the Supervisory Board	Current	480			480			
Zhao Xiuhe	Employee Representative	Current							

	Supervisor								
Cen Meiling	Supervisor	Current							
In total	--	--	292,914,566	0	0	304,114,566	0	11,200,000	11,200,000

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

Applicable Not applicable

The company's directors, supervisors and senior managers have not changed during the reporting period, as detailed in the 2019 annual report.

Section 10 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 semi-annual report.

NO

Section 11 Financial Report

I. Audit report

Is the semi-annual report audited?

Yes No

The company's semi-annual financial report has NOT been audited.

II. Financial statements

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

1. Consolidated balance sheet

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

June 30, 2020

Unit: yuan

Item	June 30, 2020	December 31, 2019
Current assets:		
Monetary funds	1,940,001,676.49	2,356,703,434.60
Settlement provisions		
Dismantling funds		
Transactional financial assets	1,493,920,592.25	1,164,039,381.59
Derivative financial assets		
Notes receivable		
Accounts receivable	516,566,982.61	597,431,210.02
Receivable financing	39,532,463.47	55,447,099.32
Advance payment	53,680,384.23	25,901,123.85
Premium receivable		
Receivable reinsurance account		
Provision for reinsurance contract receivable		

Other receivables	83,949,250.19	79,573,114.49
Of which: interest receivable	3,486,564.94	721,935.36
Dividend receivable		
Buy back resale financial assets		
Inventory	838,468,641.98	671,432,701.11
Contract assets		
Holding assets for sale		
Non-current assets due within one year		356,983.48
Other current assets	120,333,967.45	22,346,314.29
Total current assets	5,086,453,958.67	4,973,231,362.75
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	80,128,138.10	72,372,355.03
Investment in other equity instruments		
Other non-current financial assets	17,649,624.09	20,559,159.34
Investment real estate		
Fixed assets	569,720,809.77	585,754,900.75
Project under construction	12,735,416.77	4,839,241.48
Productive biological assets		
Oil and gas asset		
Right-of-use asset		
Intangible assets	317,714,806.59	249,882,429.53
Development expenditure		
Goodwill	332,717,576.86	306,633,631.93
Long-term prepaid expenses	11,295,458.17	8,699,236.33
Deferred income tax assets	55,153,179.77	49,025,021.61
Other non-current assets	1,443,594.59	2,518,818.56
Total non-current assets	1,398,558,604.71	1,300,284,794.56
Total assets	6,485,012,563.38	6,273,516,157.31
Current liabilities:		
Short-term loan	82,888,933.77	117,888,353.14

Borrowing from the Central Bank		
Borrowed funds		
Transactional financial liabilities	304,022.63	
Derivative financial liabilities		
Notes payable	51,457,356.15	43,973,859.51
Accounts payable	451,561,359.28	472,862,744.45
Advance payment		286,511,724.62
Contract liabilities	442,374,748.64	
Selling back financial assets		
Deposits and Interbank deposit		
Agent trading securities		
Agent underwriting securities		
Salary payable to staff and workers	88,359,478.62	106,677,329.95
Taxes payable	32,072,332.40	48,928,229.51
Other payables	105,356,789.44	90,950,443.16
Of which: interest payable	2,426,515.21	1,410,745.58
Dividend payable		
Fees and commissions		
Reinsurance accounts payable		
Holding liabilities for sale		
Non-current liabilities due within one year	491,320,129.60	353,399,238.29
Other current liabilities		
Total current liabilities	1,745,695,150.53	1,521,191,922.63
Non-current liabilities:		
Insurance contract reserve		
Long term loan	49,092,928.25	224,146,667.48
Bonds payable		
Of which: preferred stock		
Perpetual debt		
Lease liability		
Long-term payables		
Long-term salary payable to staff and workers	17,938,177.86	12,252,657.36
Estimated liabilities	98,094,210.40	78,650,466.48

Deferred income	17,568,648.59	18,275,808.90
Deferred income tax liabilities	13,919,737.18	16,915,692.91
Other non-current liabilities		
Total non-current liabilities	196,613,702.28	350,241,293.13
Total Liabilities	1,942,308,852.81	1,871,433,215.76
Owners' equity:		
Share capital	1,545,126,957.00	1,838,647,096.00
Other equity instruments		
Of which: preferred stock		
Perpetual debt		
Capital reserve	4,085,401,043.51	3,862,377,838.84
Minus: treasury shares	79,406,925.60	160,088,925.60
Other comprehensive income	28,922,999.01	24,971,085.32
Special reserves		
Surplus reserve	51,830,974.45	51,830,974.45
General risk preparation		
undistributed profit	-1,153,474,999.05	-1,280,673,461.14
Total equity attributable to owners of parent company	4,478,400,049.32	4,337,064,607.87
Minority shareholder interest	64,303,661.25	65,018,333.68
Total owner's equity	4,542,703,710.57	4,402,082,941.55
Total Liabilities and Owner's Equity	6,485,012,563.38	6,273,516,157.31

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	June 30, 2020	December 31, 2019
Current assets:		
Monetary funds	1,501,340,503.96	1,899,380,375.38
Transactional financial assets	1,493,417,186.84	1,163,000,000.00
Derivative financial assets		
Notes receivable		
Accounts receivable	111,962,124.93	151,096,214.10
Receivable financing	37,585,033.47	51,139,322.12
Advance payment	4,221,561.72	3,233,763.27

Other receivables	47,847,407.67	36,670,496.12
Of which: interest receivable	1,694,150.03	
Dividend receivable	12,264,643.27	
Inventory	131,753,806.72	111,225,290.10
Contract assets		
Holding assets for sale		
Non current assets due within one year		356,983.48
Other current assets	89,518,896.49	4,961,417.06
Total current assets	3,417,646,521.80	3,421,063,861.63
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	449,097,520.04	439,638,782.00
Investment in other equity instruments		
Other non-current financial assets		
Investment real estate		
Fixed assets	333,420,698.22	340,791,611.76
Project under construction	211,656.67	83,070.80
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	59,435,044.45	60,733,612.10
Development expenditure		
Goodwill		
Long-term prepaid expenses	3,140,484.58	3,335,014.92
Deferred income tax assets	6,190,965.18	4,923,465.18
Other non-current assets	585,189.00	585,189.00
Total non-current assets	852,081,558.14	850,090,745.76
Total assets	4,269,728,079.94	4,271,154,607.39
Current liabilities:		
Short-term loan		90,000,000.00
Transactional financial liabilities		
Derivative financial liabilities		

Notes payable	42,427,217.57	43,843,859.51
Accounts payable	67,256,660.67	70,687,704.41
Advance payment		17,451,789.10
Contract liabilities	30,598,160.14	
Salary payable to staff and workers	12,411,500.40	26,144,254.56
Taxes payable	3,750,126.46	1,921,575.57
Other payables	55,517,138.57	50,214,415.95
Of which: interest payable		
Dividend payable		
Holding liabilities for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	211,960,803.81	300,263,599.10
Non-current liabilities:		
Long-term loan		
Bonds payable		
Of which: preferred stock		
Perpetual debt		
Lease liability		
Long-term payable		
Long-term salary payable to staff and workers		
Estimated liability		
Deferred income	13,865,301.66	14,423,631.66
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities	13,865,301.66	14,423,631.66
Total liabilities	225,826,105.47	314,687,230.76
Owner's equity:		
Share capital	1,545,126,957.00	1,838,647,096.00
Other equity instruments		
Of which: preferred stock		
Perpetual debt		
Capital reserve	3,831,614,807.09	3,608,591,602.42

Minus: treasury shares	79,406,925.60	160,088,925.60
Other comprehensive income		
Special reserve		
Surplus reserve	51,830,974.45	51,830,974.45
Undistributed profit	-1,305,263,838.47	-1,382,513,370.64
Total owner's equity	4,043,901,974.47	3,956,467,376.63
Total liabilities and owners' equity	4,269,728,079.94	4,271,154,607.39

3.Consolidated Income Statement

Unit: yuan

Item	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
1. Total operating income	1,177,491,225.13	4,391,349,294.89
Of which: operating income	1,177,491,225.13	4,391,349,294.89
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	1,094,590,537.26	4,126,558,011.79
Of which: operating cost.	841,826,823.84	3,696,850,553.46
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.	5,688,141.92	12,523,381.19
selling expenses.	91,295,589.80	194,155,656.79
Administrative expenses.	122,309,575.89	151,165,409.76
Research and development expenses.	35,204,923.99	58,949,248.90
Financial expenses.	-1,734,518.18	12,913,761.69
Of which: interest expense.	6,239,583.43	19,117,767.18
Interest income.	11,409,249.10	12,761,403.50

Plus: other income.	7,097,271.94	3,531,512.52
Investment income (loss with "-" sign).	32,724,984.33	10,101,832.28
Of which: the return on investment in collaborative ventures and joint ventures.	23,671.37	538,060.82
Income from derecognition of financial assets measured at amortised cost (loss with "-" sign).		
Exchange gain (loss with "-" sign).		
Net exposure hedging gain (loss with "-" sign).		
Fair value change income (loss with "-" sign).	13,309,111.52	
Loss of credit impairment (loss is listed with "-" sign).	358,541.25	-39,443,469.18
Loss on impairment of assets (loss with "-" sign).	-2,978,396.97	3,093,106.42
Income from asset disposal (loss with "-" sign).	1,972.08	-408,669.80
3 Operating profit (losses are listed with "-" sign).	133,414,172.02	241,665,595.34
Plus: non-operating income.	176,776.93	9,972,949.51
Minus: non-operating expenses.	1,464,849.29	2,600,939.94
4 The total profit (the total loss shall be filled in with the sign "-").	132,126,099.66	249,037,604.91
Minus: income tax expenses.	5,642,310.00	65,188,292.02
5. Net profit (net loss is listed with "-" sign).	126,483,789.66	183,849,312.89
(1) Classified by business sustainability.		
1. Net profit from continuing operations (net loss with "-" sign).		
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.	127,198,462.09	182,391,136.39
2. Minority shareholders' profit and loss.	-714,672.43	1,458,176.50
6. Net after tax of other comprehensive	3,951,913.69	-257,578.17

income.		
Net after tax of other comprehensive income attributable to the owner of the parent company.	3,951,913.69	-257,578.17
(1) other comprehensive income that cannot be reclassified into profit or loss.	65,719.32	
1. Re-measure the change in the benefit plan.	65,719.32	
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.	3,886,194.37	-257,578.17
1. Other comprehensive income that can be transferred to profit or loss under the equity method.		
2.Changes in fair value of other debt investments.		
3.The amount of financial assets reclassified to other comprehensive income.		
4.Provision for credit impairment of other debt investments.		
5.Cash flow hedging reserve.		
6.Translation difference of foreign currency financial statements.	3,886,194.37	-257,578.17
7.Other.		
Net after tax of other consolidated income attributable to minority shareholders.		
7 Total comprehensive income.	130,435,703.35	183,591,734.72
Total consolidated income attributable to the owner of the parent company.	131,150,375.78	182,133,558.22
Total consolidated income attributable to	-714,672.43	1,458,176.50

minority shareholders.		
8. Earnings per share:		
(1) Basic earnings per share.	0.08	0.10
(2) Diluted earnings per share	0.08	0.10

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	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
I. Operating income	159,641,747.94	145,408,081.79
Minus: operating cost	94,695,220.31	95,186,297.55
Taxes and surcharges	3,903,443.82	3,143,128.47
Selling expenses	10,202,503.51	11,185,492.45
Administrative expenses	40,321,247.10	39,890,833.58
Research and development expenses	9,543,406.45	6,236,439.17
Financial expenses	-4,909,234.03	-5,002,130.56
Of which: interest expense	897,594.00	3,750,363.67
Interest income	6,338,571.34	9,146,694.77
Plus: other income	4,597,985.41	2,637,630.00
Investment income (loss with "-" sign)	51,493,566.58	9,507,895.91
Of which: the return on investment in collaborative ventures and joint ventures	23,671.37	551,059.52
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)	13,417,186.84	
Loss of credit impairment (loss is listed with "-" sign)	-1,857,481.56	519,758.39

Loss on impairment of assets (loss with "-" sign)		
Income from asset disposal (loss with "-" sign)		2,981.92
2. Operating profit (loss shall be listed with "-" sign)	77,251,381.17	7,436,287.35
Plus: non-operating income	4,447.22	79,137.45
Minus: non-operating expenses	1,273,796.22	683,006.13
3. The total profit (the total loss shall be filled in with the sign "-")	75,982,032.17	6,832,418.67
Minus: income tax expenses	-1,267,500.00	1,398,230.98
4. Net profit (net loss is listed with "-" sign)	77,249,532.17	5,434,187.69
(1) Net profit from continuing operation (net loss with "-" sign)		
(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 debt investments		

3.The amount of financial assets reclassified to other comprehensive income.		
4.Provision for credit impairment of other debt investments.		
5.Cash flow hedging reserve.		
6.Translation difference of foreign currency financial statements.		
7.Other.		
6. Total comprehensive income	77,249,532.17	5,434,187.69
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated statement of cash flows

Unit: yuan

Item	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Cash flow generated by business activities:		
Cash received from the sale of goods and the provision of services.	1,418,765,853.87	3,594,432,732.45
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.	19,045,479.18	25,568,755.13
Receipt of other cash related to business activities.	31,236,687.94	21,351,600.88
Subtotal cash inflows from operating activities.	1,469,048,020.99	3,641,353,088.46
Cash paid for the purchase of goods and services.	926,364,370.99	1,331,701,848.31
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.	245,758,501.22	322,880,132.50
Taxes and fees paid.	48,319,826.97	414,487,266.58
Payment of other cash related to business activities.	219,195,912.49	153,043,089.10
Subtotal cash outflow from operating activities.	1,439,638,611.67	2,222,112,336.49
Net cash flow from operating activities.	29,409,409.32	1,419,240,751.97
2. Cash flow generated by investment activities:		
Recover the cash received from the investment.		
Cash received from investment income.	19,332,320.61	9,562,419.23
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets.		40,024.97
Disposal of net cash received by		

subsidiaries and other business units.		
Receipt of other cash related to investment activities.	4,827,403,841.13	50,200,000.00
Subtotal cash inflows from investment activities.	4,846,736,161.74	59,802,444.20
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets.	86,047,976.06	23,967,938.26
Cash paid for investment.	1,183,245.00	
Net increase in pledged loans.		
Obtain net cash paid by subsidiaries and other business units.		93,914,557.59
Payment of other cash related to investment activities.	5,144,300,000.00	790,000,000.00
Subtotal cash outflow from investment activities.	5,231,531,221.06	907,882,495.85
Net cash flow from investment activities.	-384,795,059.32	-848,080,051.65
3 Cash flow generated by fund-raising activities:		
Absorb the cash received by the investment.	22,600,000.00	
Of which: the subsidiary absorbs the cash received from the investment of minority shareholders.		
Cash received for obtaining loans.	75,707,759.83	22,328,668.37
Receipt of other cash related to fund-raising activities.		45,300,545.99
Subtotal cash inflows from fund-raising activities.	98,307,759.83	67,629,214.36
Cash paid to repay debts.	159,171,545.53	238,056,448.42
Cash paid for the distribution of dividends, profits, or interest payments.	6,453,887.85	7,315,528.05
Of which: dividends and profits paid by subsidiaries to minority shareholders.		
Payment of other cash related to fund-raising activities.	290,000,000.00	1,388,396,306.96
Subtotal cash outflow from fund-raising	455,625,433.38	1,633,768,283.43

activities.		
Net cash flow from fund-raising activities.	-357,317,673.55	-1,566,139,069.07
4. The impact of exchange rate changes on cash and cash equivalents.	4,994,436.04	9,209,649.16
5. Net increase in cash and cash equivalents.	-707,708,887.51	-985,768,719.59
Plus: balance of cash and cash equivalents at the beginning of the period.	2,226,724,737.39	2,057,997,442.35
6 Balance of cash and cash equivalents at the end of the period	1,519,015,849.88	1,072,228,722.76

6. Parent company cash flow statement

Unit: yuan

Item	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Cash flow generated by business activities:		
Cash received from the sale of goods and the provision of services.	235,170,271.11	214,123,219.27
Tax refund received.	6,177,627.73	11,554,453.18
Receipt of other cash related to business activities.	12,900,250.98	8,038,370.68
Subtotal cash inflows from operating activities.	254,248,149.82	233,716,043.13
Cash paid for the purchase of goods and services.	108,542,176.20	138,894,321.46
Cash paid to and for employees.	64,093,135.32	48,334,304.16
Taxes and fees paid.	5,071,412.19	10,335,422.77
Payment of other cash related to business activities.	111,289,069.98	33,963,558.43
Subtotal cash outflow from operating activities.	288,995,793.69	231,527,606.82
Net cash flow from operating activities.	-34,747,643.87	2,188,436.31
2. Cash flow generated by investment activities:		

Recover the cash received from the investment.		
Cash received from investment income.	25,936,359.29	8,956,836.39
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets.		
Disposal of net cash received by subsidiaries and other business units.		
Receipt of other cash related to investment activities.	4,783,300,000.00	200,000.00
Subtotal cash inflows from investment activities.	4,809,236,359.29	9,156,836.39
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets.	1,144,384.43	5,062,235.32
Cash paid for investment.		
Obtain net cash paid by subsidiaries and other business units.		
Payment of other cash related to investment activities.	5,100,300,000.00	770,000,000.00
Subtotal cash outflow from investment activities.	5,101,444,384.43	775,062,235.32
Net cash flow from investment activities.	-292,208,025.14	-765,905,398.93
3. Cash flow generated by fund-raising activities:		
Absorb the cash received by the investment.	22,600,000.00	
Cash received for obtaining loans.		
Receipt of other cash related to fund-raising activities.		
Subtotal cash inflows from fund-raising activities.	22,600,000.00	
Cash paid to repay debts.	90,000,000.00	50,000,000.00
Cash paid for the distribution of dividends, profits, or interest payments.	897,594.00	3,308,616.65
Payment of other cash related to fund-raising activities.	290,000,000.00	74,544,106.96

Subtotal cash outflow from fund-raising activities.	380,897,594.00	127,852,723.61
Net cash flow from fund-raising activities.	-358,297,594.00	-127,852,723.61
4. The impact of exchange rate changes on cash and cash equivalents.	-564,662.47	
5. Net increase in cash and cash equivalents.	-685,817,925.48	-891,569,686.23
Plus: balance of cash and cash equivalents at the beginning of the period.	1,770,491,895.62	1,432,283,149.36
6. Balance of cash and cash equivalents at the end of the period	1,084,673,970.14	540,713,463.13

7.Consolidated statement of changes in owners' equity

Current amount

Unit: yuan

Item	For the six-month period ended June 30, 2020														
	Belong to the owner's equity of the parent company												Minority shareholder's rights and interests	Total owner's equity	
	Share capital	Other equity instruments			Capital reserve	Minus: treasury shares	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				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
Plus: accounting policy change															
Prophase error correction															
Business merger															

under the same control														
other														
2 Balance at the beginning of the current year	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
3 The amount of change in the current period (to be filled in with the sign "-")	-293,520,139.00				223,023,204.67	-80,682,000.00	3,951,913.69				127,198,462.09	141,335,441.45	-714,672.43	140,620,769.02
(I) Total consolidated income							3,951,913.69				127,198,462.09	131,150,375.78	-714,672.43	130,435,703.35
(2) Owners' investment and reduction of capital	-293,520,139.00				223,023,204.67	-80,682,000.00						10,185,065.67		10,185,065.67
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					-70,496,933.33	-80,682,000.00							10,185,066.67		10,185,066.67
4. Other	-293,520,139.00				293,520,138.00								-1.00		-1.00
(3) Profit distribution															
1. Draw surplus reserve															
2. Extract general risk preparedness															
3. Allocation to owners (or shareholders)															

4. 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															

		Preferr ed stock	Perpetu al debt	Othe r		shares	ve income	reserv e		preparati on				interests	
I. The balance at the end of last year	1,838,647,096. 00				5,298,075,978. 80	63,597,455.7 5	20,300,909. 34		51,830,974. 45		-3,118,692,266. 64		4,026,565,236. 20	5,667,911.1 1	4,032,233,147. 31
Plus: accounting policy change															
Prophase error correction															
Business merger under the same control															
other															
2 Balance at the beginning of the current year	1,838,647,096. 00				5,298,075,978. 80	63,597,455.7 5	20,300,909. 34		51,830,974. 45		-3,118,692,266. 64		4,026,565,236. 20	5,667,911.1 1	4,032,233,147. 31
3 The amount of change in the current					24,876,033.54	73,333,814.7 9	-257,578.17				182,391,136.39		133,675,776.9 7	57,747,087. 52	191,422,864.4 9

						9							1	09	2
(3) Profit distribution															
1. Draw surplus reserve															
2. Extract general risk preparedness															
3. Allocation to owners (or shareholders)															
4. 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															
6. Other															
(5) Special reserve															
1. Current extraction															
2. Current															

use															
(6) Other					24,890,700.36							24,890,700.36	-359,090.07	24,531,610.29	
4. The balance at the end of the current period	1,838,647,096.00				5,322,952,012.34	136,931,270.54	20,043,331.17		51,830,974.45			-2,936,301,130.25	4,160,241,013.17	63,414,998.63	4,223,656,011.80

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

Current amount

Unit: yuan

Item	For the six-month period ended June 30, 2020											
	Share capital	Other equity instruments			Capital reserve	Minus: treasury shares	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				3,608,591,602.42	160,088,925.60			51,830,974.45	-1,382,513,370.64		3,956,467,376.63
Plus: accounting policy change												
Prophase error correction												
Other												
2 Balance at the beginning of the current year	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

3 The amount of change in the current period (to be filled in with the sign "-")	-293,520,139.00				223,023,204.67	-80,682,000.00				77,249,532.17		87,434,597.84
(1) Total consolidated income										77,249,532.17		77,249,532.17
(2) Owners' investment and reduction of capital	-293,520,139.00				223,023,204.67	-80,682,000.00						10,185,065.67
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					-70,496,933.33	-80,682,000.00						10,185,066.67
4. Other	-293,520,139.00				293,520,138.00							-1.00
(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												
6. Other												
(5) Special reserve												
1. Current extraction												
2. Current use												
(6) Other												
4 The balance at the end of the current period	1,545,126,957.00				3,831,614,807.09	79,406,925.60			51,830,974.45	-1,305,263,838.47		4,043,901,974.47

Previous period amount

Unit: yuan

Item	For the six-month period ended June 30, 2019											
	Share capital	Other equity instruments			Capital reserve	Minus: treasury shares	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 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 "-")					-14,666.82	73,333,814.79				5,434,187.69		-67,914,293.92
(1) Total consolidated income										5,434,187.69		5,434,187.69
(2) owners' investment and					-14,666.82	73,333,814.79						-73,348,481.61

reduction of capital												
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					-14,666.82	73,333,814.79						73,319,147.97
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												
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				5,055,650,519.17	136,931,270.54			51,830,974.45	-3,497,200,785.03		3,311,996,534.05

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 common stock 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 manufacturing industry-special equipment manufacturing industry.

In January 2020, the Company repurchased and cancelled a total of 293,520,139 shares of performance compensation shares undertaken by Pride's original shareholders. After the completion of the implementation, the total share capital of the company was changed from 1,838,647,096 shares to 1,545,126,957 shares. As of June 30, 2020, the Company has issued a total of 1,545,126,957 shares. Registration address: 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 August 27, 2020.

As of 30 June, 2020, 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").

As of 30 June 2020, 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").
EDF EUROPE S.R.L (hereinafter referred to as "Italy EDF").
Tiruna Group Industrial, S.L. (hereinafter referred to as "Tiruna Group").
Tiruna S.L.U.
Tratamientos 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")
QuantumCorrugated S.r.l. (hereinafter referred to as "Italy QCorr").

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 preparation

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 (25) Income" in this note for details.

1. Declaration of compliance with accounting standards for enterprises

The financial statements prepared by the company meet the requirements of enterprise accounting standards and truly and completely reflect the company's financial situation, operating results, cash flow and other relevant information during the reporting period.

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
Fosber Group	EURO
Fosber US	US DOLLARS
Dongfang Precision (Hongkong)	US DOLLARS
Dongfang Precision (Netherland)	EURO
Italy EDF	EURO

Tiruna Group	EURO
Tiruna S.L.U.	EURO
Tratatamientos Industriales Tiruna S.A.U.	EURO
Tiruna Brazil	Real
Tiruna France SARL	EURO
SCI Candan	EURO
Tiruna UK Ltd	British Pound
Tiruna US	US DOLLARS
Italy QCorr	EURO

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;

IV. 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 arrangements are divided into joint operation 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 (13) Long-term equity investment".

8. Criteria for determining cash and cash equivalents.

When preparing the statement of cash flows, the cash on hand 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.

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.

2. Confirmation basis and Measurement method of Financial Instruments.

(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.

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.

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.

①Accounts receivable.

Accounts 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 accounts 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.
Individual identification combination	Individual identification method

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 (%)	
	Intelligent packaging equipment related business	Power engine service
Within 1 year (including 1 year)	1	5
1 to 2 years (including 2 years)	5	10
2 to 3 years (including 3 years)	10	30

3 to 4 years (including 4 years)	30	50
4 to 5 years (including 5 years)	50	80
More than 5 years	100	100

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.

② Other 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.
Individual identification combination	Individual identification method

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 (%)	
	Intelligent packaging equipment related business	Power engine service
Within 1 year (including 1 year)	1	5
1 to 2 years (including 2 years)	5	10
2 to 3 years (including 3 years)	10	30
3 to 4 years (including 4 years)	30	50
4 to 5 years (including 5 years)	50	80
More than 5 years	100	100

(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.

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, inventory falling price reserve is made according to a single inventory item; however, for inventory with a large number and lower unit price, inventory falling price reserve 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 inventory falling

price reserve.

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. Contractual assets

See V (25) income for details.

Accounting policies with effect from January 1, 2020

1. Confirmation methods and standards of contract assets.

The company shows the contract assets or contract liabilities in the balance sheet according to the relationship between the performance obligations and the customer payment. The right of the Company to transfer goods or provide services to customers and have the right to receive consideration (and this right depends on factors other than the passage of time) is listed as a contractual asset. The contractual assets and contractual liabilities under the same contract are shown in net amounts. The rights of the Company to collect consideration from customers unconditionally (only depending on the passage of time) are listed separately as receivables.

2. the Determination Method and Accounting Treatment Method of the Expected Credit Loss of Contract Assets.

The method of determining the expected credit loss of contract assets and accounting treatment methods are detailed in this note V "(10) 6 Testing methods and accounting treatment methods of impairment of financial assets".

13. Contract cost

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

The incremental cost incurred in order to obtain the contract refers to the cost that will not be incurred by the company without obtaining the contract [(eg. sales commission, etc.)]. If the cost is expected to be recovered, the company will recognize it as a contract acquisition cost as an asset. The expenses incurred by the Company in order to obtain the contract, other than the incremental costs expected to be recovered, shall be recorded in the profits and losses of the current period at the time of occurrence.

If the cost incurred in performing the contract does not fall within the scope of other accounting standards for enterprises such as inventory, and the following conditions are met at the same time, the company shall recognize it as a contract performance cost as an asset:

- (1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar expenses), costs clearly borne by the customer and other costs incurred solely as a result of the contract.
- (2) This cost increases the resources used by the Company to fulfill its obligations in the future.
- (3) The cost is expected to be recovered.

The assets recognized by the contract cost and the assets recognized by the contract performance cost (hereinafter referred to as "the assets related to the contract cost") shall be amortized on the same basis as the income from goods or services related to the asset and shall be included in the profits and losses of the current period.

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

- (1) The remaining consideration expected to be obtained by the Company as a result of the transfer of goods or services related to the asset.
- (2) The estimated cost to be incurred for the transfer of the related goods or services.

14. 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.

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	Land use right for the term of use of the land certificate.	Land use right.
Land ownership.	Permanent.	Overseas land certificate.	Land ownership.
Trademarks and patents	5-10	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. Contractual Liabilities.

See V (25) income for details.

22. 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) Set 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.

23. 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.

24. 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 treasury shares. 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.

25. Income

Accounting policies for revenue recognition and measurement

Accounting policies applicable since January 1, 2020

1. General principles for the recognition of income from the sale of goods

Income is the total inflow of economic interests formed in the daily activities of a company, which will lead to the increase of shareholders' rights and interests and have nothing to do with shareholders' investment capital.

The company has fulfilled its performance obligations in the contract, that is, revenue is recognized when the customer acquires control over the relevant goods or services.

Where two or more performance obligations are included in the contract, the Company shall apportion the transaction price to each individual performance obligation according to the relative proportion of the separate selling price of the goods or services promised by each individual performance obligation at the beginning of the contract. The Company measures income according to the transaction price apportioned to each individual performance obligation. For a contract with a quality assurance clause, we analyze the nature of the quality assurance provided by the contract, and if the quality assurance provides a separate service in addition to assuring the customer that the goods sold meet the established standards, the company regards it as a single performance obligation. Otherwise, the Company shall carry out accounting treatment in accordance with the provisions of the *Accounting Standards for Enterprises No. 13 - Contingent Events*.

Transaction price refers to the amount of consideration that the Company is expected to be entitled to receive as a result of the transfer of goods or services to customers, excluding the amount collected on behalf of third parties. The transaction price recognized by the Company does not exceed the amount of cumulative recognized income that is unlikely to be materially reversed when the relevant uncertainty is eliminated.

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

- (1) The customer acquires and consumes the economic benefits brought about by the performance of the Company at the same time as the performance of the Company.
- (2) The customer can control the goods under construction during the implementation of the contract.
- (3) The goods produced by the Company in the course of performance are of irreplaceable use, and the Company has the right to collect payment for the accumulated part of the performance that has been completed so far throughout the term of the contract.

For the performance obligations performed within a certain period of time, the company shall recognize the income in accordance with the performance progress within that period, except where the performance progress cannot be reasonably determined. Considering the nature of the goods or services, the company adopts the production method or input method to determine the progress of performance. When the progress of performance cannot be reasonably determined and the costs already incurred are expected to be compensated, the company shall recognize revenue according to the amount of costs already incurred until the progress of implementation can be reasonably determined.

For performance obligations performed at a certain point in time, the company recognizes revenue at the time when the customer acquires control over the relevant goods or services.

In determining whether a customer has acquired control over goods or services, the company considers the following signs:

- (1) The Company has a current right of collection in respect of the goods or services, that is, the customer has a current obligation to pay for the goods or services.
- (2) The Company has transferred the legal ownership of the commodity to the customer, that is, the customer already owns the legal ownership of the commodity.
- (3) The Company has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind.
- (4) The Company has transferred the main risks and rewards in the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards in the ownership of the goods.
- (5) The customer has accepted the goods or services, etc.

The right of the Company to transfer goods or services to customers and have the right to receive consideration (and this right depends on factors other than the passage of time) is listed as contract assets. The rights of the Company to collect consideration from customers unconditionally (only depending on the passage of time) are shown as receivables. The Company's obligation to transfer goods or services to customers for consideration received or receivable is shown as contractual liabilities.

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 sales reconciliation 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: take the sales reconciliation as the time point of revenue recognition;

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 operating 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.

The adoption of different business models in the same kind of business leads to differences in accounting policies for revenue recognition.

26. 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.

27. 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.

28. 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.

29. 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.

30. Changes in important accounting policies and accounting estimates.

(1) Important accounting policy changes.

Applicable Not applicable

(2) Changes in important accounting estimates

Applicable Not applicable

(3) Implementation of New Income Guidelines for the first time since 2020, Adjustments to New Lease Guidelines for Initial Implementation of Projects related to Financial Statements at the Beginning of the Year

Applicable

Whether adjustments need to be adjusted for balance sheet subjects at the beginning of year

Yes No

Consolidated balance sheet.

Unit: yuan

Item	December 31, 2019	January 1, 2020	Adjust integer
Current assets:			
Monetary funds	2,356,703,434.60	2,356,703,434.60	
Settlement provisions			
Dismantling funds			
Transactional financial assets	1,164,039,381.59	1,164,039,381.59	
Derivative financial assets			
Notes receivable			
Accounts receivable	597,431,210.02	597,431,210.02	
Receivable financing	55,447,099.32	55,447,099.32	
Advance payment	25,901,123.85	25,901,123.85	
Premium receivable			
Receivable reinsurance account			
Provision for reinsurance contract receivable			
Other receivables	79,573,114.49	79,573,114.49	
Of which: interest receivable	721,935.36	721,935.36	
Dividend receivable			
Buy back resale financial assets			
Inventory	671,432,701.11	671,432,701.11	
Contract assets			

Holding assets for sale			
Non-current assets due within one year	356,983.48	356,983.48	
Other current assets	22,346,314.29	22,346,314.29	
Total current assets	4,973,231,362.75	4,973,231,362.75	
Non-current assets:			
Loans and advances			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	72,372,355.03	72,372,355.03	
Investment in other equity instruments			
Other non-current financial assets	20,559,159.34	20,559,159.34	
Investment real estate			
Fixed assets	585,754,900.75	585,754,900.75	
Project under construction	4,839,241.48	4,839,241.48	
Productive biological assets			
oil and gas asset			
Right-of-use asset			
Intangible assets	249,882,429.53	249,882,429.53	
Development expenditure			
Goodwill	306,633,631.93	306,633,631.93	
Long-term prepaid expenses	8,699,236.33	8,699,236.33	
Deferred income tax assets	49,025,021.61	49,025,021.61	
Other non-current assets	2,518,818.56	2,518,818.56	
Total non-current assets	1,300,284,794.56	1,300,284,794.56	
total assets	6,273,516,157.31	6,273,516,157.31	
Current liabilities:			
Short-term loan	117,888,353.14	117,888,353.14	
Borrowing from the Central Bank			
Borrowed funds			
Transactional financial			

liabilities			
Derivative financial liabilities			
Notes payable	43,973,859.51	43,973,859.51	
Accounts payable	472,862,744.45	472,862,744.45	
Advance payment	286,511,724.62		-286,511,724.62
Contract liabilities		286,511,724.62	286,511,724.62
Selling back financial assets			
Deposits and interbank deposit			
Agent trading securities			
Agent underwriting securities			
Salary payable to staff and workers	106,677,329.95	106,677,329.95	
Taxes payable	48,928,229.51	48,928,229.51	
Other payables	90,950,443.16	90,950,443.16	
Of which: interest payable	1,410,745.58	1,410,745.58	
Dividend payable			
Fees and commissions			
Reinsurance accounts payable			
Holding liabilities for sale			
Non-current liabilities due within one year	353,399,238.29	353,399,238.29	
Other current liabilities			
Total current liabilities	1,521,191,922.63	1,521,191,922.63	
Non-current liabilities:			
Insurance contract reserve			
Long term loan	224,146,667.48	224,146,667.48	
Bonds payable			
Of which: preferred stock			
Perpetual debt			
Lease liability			
Long-term payables			
Long-term salary payable to staff and workers	12,252,657.36	12,252,657.36	

Estimated liabilities	78,650,466.48	78,650,466.48	
Deferred income	18,275,808.90	18,275,808.90	
Deferred income tax liabilities	16,915,692.91	16,915,692.91	
Other non-current liabilities			
Total non-current liabilities	350,241,293.13	350,241,293.13	
Total Liabilities	1,871,433,215.76	1,871,433,215.76	
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	3,862,377,838.84	
Minus: treasury shares	160,088,925.60	160,088,925.60	
Other comprehensive income	24,971,085.32	24,971,085.32	
Special reserves			
Surplus reserve	51,830,974.45	51,830,974.45	
General risk preparation			
Undistributed profit	-1,280,673,461.14	-1,280,673,461.14	
Total equity attributable to owners of parent company	4,337,064,607.87	4,337,064,607.87	
Minority shareholder interest	65,018,333.68	65,018,333.68	
Total owner's equity	4,402,082,941.55	4,402,082,941.55	
Total Liabilities and Owner's Equity	6,273,516,157.31	6,273,516,157.31	

Adjustment description.

Parent company balance sheet.

Unit: yuan

Item	December 31, 2019	January 1, 2020	Adjust integer
Current assets:			
Monetary funds.	1,899,380,375.38	1,899,380,375.38	

Transactional financial assets.	1,163,000,000.00	1,163,000,000.00	
Derivative financial assets.			
Notes receivable.			
Accounts receivable.	151,096,214.10	151,096,214.10	
Receivable financing.	51,139,322.12	51,139,322.12	
Advance payment.	3,233,763.27	3,233,763.27	
Other receivables.	36,670,496.12	36,670,496.12	
Of which: interest receivable.			
Dividend receivable.			
Inventory.	111,225,290.10	111,225,290.10	
Contract assets.			
Holding assets for sale.			
Non current assets due within one year.	356,983.48	356,983.48	
Other current assets.	4,961,417.06	4,961,417.06	
Total current assets.	3,421,063,861.63	3,421,063,861.63	
Non-current assets:			
Debt investment.			
Other debt investments.			
Long-term receivables.			
Long-term equity investment.	439,638,782.00	439,638,782.00	
Investment in other equity instruments.			
Other non-current financial assets.			
Investment real estate.			
Fixed assets.	340,791,611.76	340,791,611.76	
Project under construction.	83,070.80	83,070.80	
Productive biological assets.			
Oil and gas assets.			
Right-of-use assets.			
Intangible assets.	60,733,612.10	60,733,612.10	
Development expenditure.			
Goodwill.			

Long-term prepaid expenses.	3,335,014.92	3,335,014.92	
Deferred income tax assets.	4,923,465.18	4,923,465.18	
Other non-current assets.	585,189.00	585,189.00	
Total non-current assets.	850,090,745.76	850,090,745.76	
Total assets.	4,271,154,607.39	4,271,154,607.39	
Current liabilities:			
Short-term loan.	90,000,000.00	90,000,000.00	
Transactional financial liabilities.			
Derivative financial liabilities.			
Notes payable.	43,843,859.51	43,843,859.51	
Accounts payable.	70,687,704.41	70,687,704.41	
Advance payment.	17,451,789.10		-17,451,789.10
Contract liabilities.		17,451,789.10	17,451,789.10
Salary payable to staff and workers.	26,144,254.56	26,144,254.56	
Taxes payable.	1,921,575.57	1,921,575.57	
Other payables.	50,214,415.95	50,214,415.95	
Of which: interest payable.			
Dividend payable.			
Holding liabilities for sale.			
Non-current liabilities due within one year.			
Other current liabilities.			
Total current liabilities.	300,263,599.10	300,263,599.10	
Non-current liabilities:			
Long-term loan.			
Bonds payable.			
Of which: preferred stock.			
Perpetual debt.			
Lease liability.			
Long-term payable.			
Long-term salary payable to staff and workers.			

Estimated liability.			
Deferred income.	14,423,631.66	14,423,631.66	
Deferred income tax liability.			
Other non-current liabilities.			
Total non-current liabilities.	14,423,631.66	14,423,631.66	
Total liabilities.	314,687,230.76	314,687,230.76	
Owner's equity:			
Share capital.	1,838,647,096.00	1,838,647,096.00	
Other equity instruments.			
Of which: preferred stock.			
Perpetual debt.			
Capital reserve.	3,608,591,602.42	3,608,591,602.42	
Minus: treasury shares.	160,088,925.60	160,088,925.60	
Other comprehensive income.			
Special reserve.			
Surplus reserve.	51,830,974.45	51,830,974.45	
Undistributed profit.	-1,382,513,370.64	-1,382,513,370.64	
Total owner's equity.	3,956,467,376.63	3,956,467,376.63	
Total liabilities and owners' equity	4,271,154,607.39	4,271,154,607.39	

Adjustment description.

On July 5, 2017, Ministry of Finance issued *Enterprise Accounting Standards No. 14 - Income* (Accounting [2017] No. 22), requiring enterprises listed simultaneously both inside and outside China, as well as enterprises listed abroad and adopting IFRS or corporate accounting standards to prepare financial statements, effective since January 1, 2018; as for other domestic listed enterprises, effective since January 1, 2020.

As listed company in China, we implement new revenue guidelines in January 1, 2020. According to the requirements of new income criterion, the company will adjust project amounts related to financial statements at the beginning of 2020 according to cumulative impact number of new income criterion first, and do not adjust data for comparable period.

(4) Explanation of introduction of new income standards for the first time and comparative data new lease standards retroactive adjustment since 2020

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.	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 shall be paid at 12% of the rental income.	1.2%, 12%
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%
Italy EDF	24%
Fosber Asia*3	15%
Tiruna Group	28%
Tiruna S.L.U.	28%

Tratamientos 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%

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 No.: 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 28, 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	Ending balance	Opening balance.
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Cash on hand	333,466.53	249,951.68
Bank deposit	1,518,673,673.17	2,224,849,135.20
Other monetary funds	420,994,536.79	131,604,347.72
Total	1,940,001,676.49	2,356,703,434.60
Of which: the total amount of money deposited abroad	310,445,350.28	340,057,779.28

Other instructions.

Of which, 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:

Unit: yuan

Item	Ending balance	Balance at the end of last year.
Bank acceptance margin	5,433,986.23	4,397,386.30
L/C Guarantee deposits	3,128,028.34	0.00
Loan guarantee	411,891,293.51	124,024,093.46
Pledged time deposit	532,518.53	480,000.00
Deposit for prepaid account.		526,000.00
Long-term deposit for settlement and sale of foreign exchange.		551,217.45
Total	420,985,826.61	129,978,697.21

2. Transactional 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.	464,871.13	1,039,381.59
Of which:		
Derivative financial assets	464,871.13	1,039,381.59
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.	1,493,455,721.12	1,163,000,000.00
Of which:		

Bank investment in wealth management products	1,393,209,890.44	1,163,000,000.00
Asset Management Portfolio	100,245,830.68	
Total	1,493,920,592.25	1,164,039,381.59

Other instructions:

3. Notes receivable.

(1) classified presentation of notes receivable.

Unit: yuan

Item	Ending balance	Opening balance.
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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	
Of which:										
Of which:										

Make provision for bad debts on a single basis:

Unit: yuan

Name	Ending balance			
	Book balance	Bad debt provision	Proportion of provision	Justification of provision

Provision for uncollectible account according to combination:

Unit: yuan

Name	Ending balance		
	Book balance	Bad debt provision	Withdrawal ratio

Description of the basis for this composition:

If you provide bad debts for receivables according to expected credit loss general model please refer to other accounts receivable

disclosure methods to disclose relevant information about bad debts preparation:

Applicable Not applicable

(2) Preparation of bad debts for purposes of provision, recovery or reversal during this period

Provision for uncollectible account provision during this period:

Unit: yuan

Category	Opening balance	Amount of change during this period				Ending balance
		Provision	Recover or return	Write-offs	Other	

Of these loans who are important for recovery or reversal of bad debts during this period:

 Applicable Not applicable**(3) Notes receivable pledged by the company in the end**

Unit: yuan

Item	Amount pledged at end of period
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(4) Notes receivable that have been endorsed or discounted by the company at the end of the period and have not yet matured on the balance sheet date.

Unit: yuan

Item	Termination recognition amount at the end of the period.	Untermated recognition amount at the end of the period.
Bank acceptance bill.	30,175,863.86	
Total	30,175,863.86	

Notes transferred by the company to accounts receivable in the end due to non-performance by the drawer.

Unit: yuan

Item	Amount payable for final conversion receivable
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Other instructions.

(6) Actual write-off of notes receivable during this period

Unit: yuan

Item	Write-offs amount
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Of which, key notes receivable write offs:

Unit: yuan

Unit name	Nature of notes receivable	Write-offs amount	Reasons for write-offs	Write-off procedures performed	Whether payments are generated by associated transactions
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Description of the cancellation of notes receivable:

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	1,105,123.97	0.21%	1,105,123.97	100.00%	0.00	1,088,998.63	0.18%	1,088,998.63	100.00%	0.00
Of which:										
Accounts receivable for which individual amounts are significant and provision for bad debts is made separately.										
Accounts receivable in which individual amounts are not significant but provision for bad debts is made separately.	1,105,123.97	0.21%	1,105,123.97	100.00%	0.00	1,088,998.63	0.18%	1,088,998.63	100.00%	0.00
Accounts receivable made by combination of provisions for bad debts	534,610,287.94	99.79%	18,043,305.33	3.38%	516,566,982.61	613,715,620.08	99.82%	16,284,410.06	2.65%	597,431,210.02
Of which:										
Age analysis combination	119,987,280.58	22.39%	5,257,148.82	4.38%	114,730,131.76	110,307,014.62	17.94%	4,164,569.70	3.78%	106,142,444.92
Individual identification combination	414,623,007.36	77.40%	12,786,156.51	3.08%	401,836,850.85	503,408,605.46	81.88%	12,119,840.36	2.41%	491,288,765.10
Total	535,715,411.91	100.00%	19,148,429.30	3.57%	516,566,982.61	614,804,618.71	100.00%	17,373,408.69	2.83%	597,431,210.02

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-KHAB AROVSK CJSC	1,105,123.97	1,105,123.97	100.00%	The customer goes bankrupt and is unable to pay off the maturing debt
Total	1,105,123.97	1,105,123.97	--	--

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
Aging analysis combination	119,987,280.58	5,257,148.82	4.38%
Of which:			
Within 1 year (including 1 year)	100,522,179.75	2,393,951.31	2.38%
1 to 2 years (inclusive)	15,113,709.21	755,685.46	5.00%
2 to 3 years (inclusive)	1,989,926.58	198,992.66	10.00%
3 to 4 years (inclusive)	196,868.19	59,060.46	30.00%
4 to 5 years (inclusive)	630,275.85	315,137.93	50.00%
More than 5 years	1,534,321.00	1,534,321.00	100.00%
Total	119,987,280.58	5,257,148.82	--

The description that determines the basis of the combination:

Set aside provisions for bad debts according to the combination: Individual identification combination

Unit: yuan

Name	Ending balance		
	Book balance	Bad debt provision	Withdrawal ratio
Individual identification combination	414,623,007.36	12,786,156.51	3.08%
Total	414,623,007.36	12,786,156.51	--

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	Ending balance
Within 1 year (including 1 year)	466,441,151.15
1 to 2 years	44,909,092.74
2 to 3 years	10,625,310.69
More than 3 years	13,739,857.33
3 to 4 years	3,735,333.99
4 to 5 years	2,086,291.88
More than 5 years	7,918,231.46
Total	535,715,411.91

(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	1,088,998.63				16,125.34	1,105,123.97
Set aside provisions for bad debts according to the combination.	16,284,410.06	1,589,868.74	33,482.69	12,956.13	215,465.35	18,043,305.33
Total	17,373,408.69	1,589,868.74	33,482.69	12,956.13	231,590.69	19,148,429.30

Of which, 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	12,956.13

Of which, the important write-off of accounts receivable:

Unit: yuan

Unit name	Nature of accounts receivable	Write-offs amount	Reasons for write-offs	Write-off procedures performed	Whether payments are generated by associated transactions

Description of the write-off of accounts receivable:

(4)The status of the top five accounts receivable collected by the defaulting party at the end of the period.

Unit: yuan

Unit name	Ending balance of accounts receivable	As a percentage of the total balance of accounts receivable at the end of the period	Ending balance of provision for bad debts
Client I .	30,684,267.15	5.73%	

Client II.	22,606,055.60	4.22%	
Client III.	21,833,416.99	4.08%	
Client IV.	21,671,015.83	4.05%	1,083,550.79
Client V.	12,914,950.86	2.41%	
Total	109,709,706.43	20.49%	

(5) Termination of recognized receivables due to transfer of financial assets.**(6) Transfer of receivables and continuing involvement in assets liabilities.**

Other instructions:

5. Accounts receivable financing.

Unit: yuan

Item	Ending balance	Opening balance
Notes receivable	39,532,463.47	55,447,099.32
Total	39,532,463.47	55,447,099.32

Changes in the current period of financing of receivables and changes in fair value

 Applicable Not applicable

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) Advance payment are shown by age.**

Unit: yuan

Account age	Ending balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	50,976,542.32	94.96%	24,221,885.95	93.52%
1 to 2 years	2,412,644.69	4.49%	1,367,636.64	5.28%

2 to 3 years	35,566.61	0.07%	56,688.15	0.22%
More than 3 years	255,630.61	0.48%	254,913.11	0.98%
Total	53,680,384.23	--	25,901,123.85	--

Explanation of the reasons for the non-timely settlement of advance payment 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

According to the ending balance collected by prepaid objects, the sum of five advance payments amounts to 19,012,133.42, accounting for 35% of total advance balance totals.

Other instructions:

7. Other receivables.

Unit: yuan

Item	Ending balance	Opening balance
Interest receivable	3,486,564.94	721,935.36
Other receivables	80,462,685.25	78,851,179.13
Total	83,949,250.19	79,573,114.49

(1) Interest receivable.

1) Classification of interest receivable.

Unit: yuan

Item	Ending balance	Opening balance
Time deposit	3,486,564.94	721,935.36
Total	3,486,564.94	721,935.36

2) Important overdue interest

Unit: yuan

Loan unit	Ending balance	Overdue time	Reasons for overdue	Whether impairment happens and its judgement basis
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Other instructions:

3) Provision for bad debts

Applicable Not applicable

(2) Dividends Receivable**1) Classification of dividend receivable**

Unit: yuan

Project (or invested unit)	Ending balance	Opening balance
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2) Important dividends receivable with an age of more than 1 year

Unit: yuan

Project (or invested unit)	Ending balance	Account age	Reasons for not reclaiming	Whether impairment happens and its judgement basis
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3) Provision for bad debts

Applicable Not applicable

Other instructions:

(3) 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	3,874,804.23	1,587,414.17
Margin, Deposit	5,494,022.30	10,743,022.49
Export tax rebate	2,123,129.21	2,110,960.29
Prepaid service charge	8,007,516.84	5,314,977.17
Other	20,237,781.00	14,117,024.25
Equity transfer	41,795,250.00	41,031,375.00
Employee loans, petty cash	1,793,231.27	986,143.77
Performance compensation	500,000.00	8,200,000.00
Total	83,825,734.85	84,090,917.14

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, 2020	2,779,738.01	2,460,000.00		5,239,738.01
The balance of January 1, 2020 is in the current period.	—	—	—	—
Current provision	486,001.13			486,001.13
Current reversal	90,928.43	2,310,000.00		2,400,928.43
Other change	38,238.89			38,238.89
Balance of June 30, 2020	3,213,049.60	150,000.00		3,363,049.60

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	Ending balance
Within 1 year (including 1 year)	35,519,897.09
1 to 2 years	3,113,912.23
2 to 3 years	43,335,982.40
More than 3 years	1,855,943.13
3 to 4 years	996,268.52
4 to 5 years	424,057.52
More than 5 years	435,617.09
Total	83,825,734.85

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	2,460,000.00		2,310,000.00			150,000.00
Provision for bad debts by combination	2,779,738.01	486,001.13	90,928.43		38,238.89	3,213,049.60
Total	5,239,738.01	486,001.13	2,400,928.43		38,238.89	3,363,049.60

Of which the amount of bad debt provisions transferred or recovered is important:

Unit: yuan

Unit name	Return or recovery amount	Recovery mode

4) Actual write-off of other receivables during this period.

Unit: yuan

Item	Write-offs amount

Key other receivables write-offs:

Unit: yuan

Unit name	Nature of other receivables	Write-offs amount	Reasons for write-offs	Write-off procedures performed	Whether payments are generated by associated transactions

Description of the cancellation of other receivables:

5) Other receivables in the top five of the ending balance collected by the arrears.

Unit: yuan

Unit name	Nature of payment	Ending balance	Account age	Proportion of total ending balance of other receivables	Bad debt preparation period ending balance
Client I .	Equity transfer	41,795,250.00	2-3years	49.70%	2,051,568.75
Client II.	Advance payment	2,388,300.00	Within 1 year	2.84%	
Client III.	Insurance	1,430,467.83	Within 1 year	1.70%	
Client IV.	Petty cash	1,036,920.25	Within 1 year	1.23%	
Client V .	Current payment	1,010,518.63	1-2years	1.20%	
Total	--	47,661,456.71	--	56.67%	2,051,568.75

8.Inventory

Whether companies need to comply with disclosure requirements in real estate industry.

No

(1) Inventory classification.

Unit: yuan

Item	Ending balance			Opening balance		
	Book balance.	Inventory falling price reserve or impairment preparation of contract performance costs.	Book value.	Book value.	Inventory falling price reserve or impairment preparation of contract performance costs.	Book value.
Raw materials.	282,766,079.58	13,798,131.40	268,967,948.18	248,492,417.64	13,394,596.44	235,097,821.20
In product.	478,075,453.30	26,681,026.34	451,394,426.96	379,351,397.96	25,945,105.34	353,406,292.62
Inventory goods.	70,980,449.55	103,237.72	70,877,211.83	25,948,936.98	103,897.01	25,845,039.97
Send out goods.	33,445,506.01		33,445,506.01	43,439,406.00		43,439,406.00
Commissioned processing materials.	1,248,805.61		1,248,805.61	1,873,908.29		1,873,908.29
Semi-finished product.	12,709,989.34	175,245.95	12,534,743.39	12,014,421.40	244,188.37	11,770,233.03
Total	879,226,283.39	40,757,641.41	838,468,641.98	711,120,488.27	39,687,787.16	671,432,701.11

(2) Inventory falling price reserve and impairment preparation of contract performance costs.

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.	13,394,596.44	2,382,292.84		1,978,757.89		13,798,131.40
In product.	25,945,105.34	735,921.00				26,681,026.34
Inventory goods.	103,897.01			659.28		103,237.72
Send out goods.						

Semi-finished product.	244,188.37			68,942.42		175,245.95
Total	39,687,787.16	3,118,213.84		2,048,359.59		40,757,641.41

(3) The ending balance of inventory contains the capitalization amount of borrowing costs.

(4) Description of amortization amount for contract performance costs

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.

Unit: yuan

Item	Ending balance	Opening balance
VAT to be deducted input tax.	243,836.30	
Value-added tax allowance.	6,067,878.45	2,209,523.18
Prepaid tax.	107,403,210.35	14,404,806.23
Prepaid interest expense.	221,013.29	129,649.62
Prepaid expenses.	40,782.78	207,209.64
Other.	6,357,246.28	5,395,125.62
Total	120,333,967.45	22,346,314.29

Other instructions:

11. Long-term equity investment.

Unit: yuan

Invested	Opening	Changes in the current period.	Ending	Impairme

unit.	balance (book value).	Make an additional investmen t.	Reduce investmen t.	Investme nt profit and loss recognize d under the equity method.	Other comprehe nsive income adjustmen t.	Changes in other rights and interests.	Declare a cash dividend or profit.	Provision for impairme nt.	Other	balance (book value)	nt provision ending balance
I. Joint Venture											
Foshan Yinglian Digital Printing equipmen t Co., Ltd. (hereinaft er referred to as "Yinglian Digital")	10,510,73 5.47			-86,657.9 2						10,424,07 7.55	
Subtotal	10,510,73 5.47			-86,657.9 2						10,424,07 7.55	
II. Combined venture											
Jiateng robot	60,136,74 0.98	7,700,000 .00		110,329.2 9						67,947,07 0.27	
Talleres Tapre	1,724,878 .58				32,111.70					1,756,990 .28	
Subtotal	61,861,61 9.56			110,329.2 9	32,111.70					69,704,06 0.55	
Total	72,372,35 5.03	7,700,000 .00		23,671.37	32,111.70					80,128,13 8.10	

Other instructions

12. 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	17,649,624.09	20,559,159.34
Total	17,649,624.09	20,559,159.34

Other instructions:

13. Fixed assets.

Unit: yuan

Item	Ending balance	Opening balance
Fixed assets	569,720,809.77	585,754,900.75
Total	569,720,809.77	585,754,900.75

(1) The status of 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.	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.The amount increased in the current period.							
(1) Purchase.	340,080.86	2,379,807.02	445,463.73	386,754.84	543,278.40	452,720.95	4,548,105.80
(2) Transfer of projects under construction.	71,825.45	1,123,893.80					1,195,719.25
(3) Increase in business consolidation.		913,755.62					913,755.62
The impact of exchange rate changes.	2,737,984.36	5,570,271.53	82,636.84		191.69	163,080.50	8,554,164.92
3. Reduced amount in the current period.							
(1) Disposal or scrap							
4.Ending balance.	577,547,851.64	455,742,908.35	25,233,478.84	13,269,071.84	5,462,160.64	34,092,389.96	1,111,347,861.27

2 Accumulated depreciation.							
1. Opening 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
2. The amount increased in the current period.							
(1) Provision.	8,848,153.57	11,972,900.62	993,681.86	761,908.19	412,961.05	1,601,926.62	24,591,531.91
The impact of exchange rate changes.	1,725,010.82	4,686,495.53	112,192.98		17.50	130,587.83	6,654,304.66
3. Reduced amount in the current period.							
(1) Disposal or scrap.							
4. Ending balance.	163,503,491.35	332,710,858.62	18,991,224.51	6,046,655.78	3,030,596.59	17,344,224.65	541,627,051.50
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. Ending balance.							
4 Book value.							
1. Final book	414,044,360.29	123,032,049.73	6,242,254.33	7,222,416.06	2,431,564.05	16,748,165.31	569,720,809.77

value.							
2.Book value at the beginning of the period	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

14. Projects under construction.

Unit: yuan

Item	Ending balance	Opening balance
Projects under construction	12,735,416.77	4,839,241.48
Total	12,735,416.77	4,839,241.48

(1) Projects under construction.

Unit: yuan

Item	Ending balance			Opening balance		
	Book balance.	Impairment reserve.	Book value	Book balance.	Impairment reserve.	Book value
Equipment installation	12,558,994.19		12,558,994.19	4,756,170.68		4,756,170.68
Software installation.	83,070.80		83,070.80	83,070.80		83,070.80
Plant construction	93,351.78		93,351.78			
Total	12,735,416.77		12,735,416.77	4,839,241.48		4,839,241.48

(2) Changes in the current period of important projects under construction.

Unit: yuan

Project name.	Budget.	Opening balance.	The amount increased in the current period.	The amount of fixed assets transferred in the current period.	Other reductions in the current period.	Ending balance.	The cumulative investment of the project accounts for the proportion of the budget.	Project progress.	Cumulative amount of interest capitalization.	Of which: the capitalized amount of interest in the current period.	Current interest capitalization rate.	Source of funds
Software installation		83,070.80				83,070.80						Other

on.												
Parsun Power equipme nt installati on and Engineer ing Project.		1,274,33 6.28		1,123,89 3.80		150,442. 48						Other
Fosber Group equipme nt installati on		3,481,83 4.40	8,761,84 1.62			12,243,6 76.02						Other
Total		4,839,24 1.48	8,761,84 1.62	1,123,89 3.80		12,477,1 89.30	--	--				--

15. 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.	98,846,238.53	64,977,998.71		16,721,290.00	117,272,310.51	26,013,377.24	323,831,214.99
2. The amount increased in the current period.							
(1) Purchase.		6,188,203.84			485,640.90	344,584.54	7,018,429.28
(2) Transfer of projects under construction.							
(3) Increase in business consolidation.		10,158,872.88			56,155,450.43		66,314,323.31

The impact of exchange rate changes.		1,203,377.25		311,297.76	2,173,594.57	252,022.41	3,940,291.99
3. Reduced amount in the current period.							
(1) Disposal or scrap						2,103,053.15	2,103,053.15
4. Ending balance.	98,846,238.53	82,528,452.68		17,032,587.76	176,086,996.41	24,506,931.04	399,001,206.42
2 Accumulated depreciation.							
1. Opening balance.	17,530,690.04	38,222,325.59			143,923.41	18,051,846.42	73,948,785.46
2.The amount increased in the current period.							
(1) Provision.	1,068,224.29	5,321,471.49			1,329,079.01	763,047.65	8,481,822.44
The impact of exchange rate changes.		707,399.04			1,634.31	234,649.37	943,682.72
3.Reduced amount in the current period.							
(1) Disposal or scrap.						2,087,890.79	2,087,890.79
4.Ending balance.	18,598,914.33	44,251,196.12			1,474,636.73	16,961,652.65	81,286,399.83
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.Ending balance.							
4 Book value.							
1. Final book value.	80,247,324.20	38,277,256.56		17,032,587.76	174,612,359.68	7,545,278.39	317,714,806.59
2.Book value at the beginning of the period	81,315,548.49	26,755,673.12		16,721,290.00	117,128,387.10	7,961,530.82	249,882,429.53

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.

16. 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.		Ending balance
		Formed by the merger of enterprises.	The impact of exchange rate changes.	Disposal.		
Fosber Group	160,456,740.18		2,987,199.24			163,443,939.42
Parsun Power	208,031,946.10					208,031,946.10

Italy EDF	68,613,864.09		1,277,374.10			69,891,238.19
Italy QCorr		23,096,745.69				23,096,745.69
Total	437,102,550.37	23,096,745.69	4,264,573.35			464,463,869.40

(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.		Ending balance
		Formed by the merger of enterprises.	The impact of exchange rate changes.	Disposal.		
Parsun Power	61,855,054.35					61,855,054.35
Italy EDF	68,613,864.09		1,277,374.10			69,891,238.19
Total	130,468,918.44		1,277,374.10			131,746,292.54

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:

The influence of goodwill impairment test.

Other instructions.

17. 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	Ending balance
Expenditure on supporting projects of factory buildings.	1,831.03	627,344.72	208,516.90		420,658.85
Office network construction.	38,384.58		1,820.42		36,564.16
Expenditure on plant decoration.	4,902,531.76	356,404.72	626,630.90		4,632,305.58

CE certification service fee.	28,066.04		2,122.64		25,943.40
Amortization of leased assets.	86,864.45		14,368.43		72,496.02
Shenzhen Office.	2,966,362.95	2,460.39	233,724.77		2,735,098.57
Mold amortization	675,195.52	3,656,637.19	959,441.12		3,372,391.59
Total	8,699,236.33	4,642,847.02	2,046,625.18		11,295,458.17

Other instructions.

18. Deferred income tax assets / deferred income tax liabilities.

(1) Unoffset deferred income tax assets.

Unit: yuan

Item	Ending balance		Opening balance	
	Deductible temporary difference.	Deferred income tax assets	Deductible temporary difference.	Deferred income tax assets
Provision for impairment of assets.	35,514,749.56	6,531,173.61	40,047,445.90	7,625,373.36
Unrealized profit from insider trading.	40,064,662.50	9,615,519.00	35,104,949.11	7,347,281.21
Deductible loss	44,307,619.87	10,588,313.44	32,046,890.02	8,501,046.65
Credit impairment reserve.	6,505,185.93	406,099.59	8,003,088.75	501,069.70
Deferred income.	28,989,318.08	6,957,436.34	26,277,954.05	6,306,709.91
Estimated liability-after-sales maintenance service fee.	66,800,201.71	16,032,048.41	65,787,362.65	16,007,718.04
Withholding expenses.	7,757,952.04	2,170,840.49	7,338,871.73	1,834,719.89
Other	4,228,405.08	1,143,933.25	3,081,562.71	901,102.85
Financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period.	637,564.96	153,015.59		
Equity incentive fee during first unlocking	10,185,067.00	1,554,800.05		

period				
Total	244,990,726.73	55,153,179.77	217,688,124.92	49,025,021.61

(2) Unoffset deferred income tax liability.

Unit: yuan

Item	Ending 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.	56,486,874.12	10,481,294.88	55,686,591.83	10,912,760.98
Depreciation difference of fixed assets.	11,150,212.42	2,676,050.98	10,397,629.99	2,636,973.15
Government subsidy difference.	1,025,011.92	246,002.86	1,006,278.22	241,506.77
Prepaid account.	117,991.63	28,317.99	1,669,971.57	418,570.04
Financial assets measured at fair value and whose changes are included in the profits and losses of the current period.	1,445,139.08	368,824.82	2,378,966.50	580,080.66
Other	496,856.88	119,245.65	7,202,199.04	2,125,801.31
Total	70,722,086.05	13,919,737.18	78,341,637.15	16,915,692.91

(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		55,153,179.77		49,025,021.61
Deferred income tax liability		13,919,737.18		16,915,692.91

(4) Details of unrecognized deferred income tax assets.

Unit: yuan

Item	Ending balance	Opening balance
Deductible temporary difference	14,880,268.60	14,250,399.21
Total	14,880,268.60	14,250,399.21

19. Other non-current assets.

Unit: yuan

Item	Ending balance			Opening balance		
	Book balance.	Impairment reserve.	Book value	Book balance.	Impairment reserve.	Book value
Prepaid purchase of long-term assets.				38,700.00		38,700.00
Financing fees related to prepaid long-term loans	1,443,594.59		1,443,594.59	2,480,118.56		2,480,118.56
Total	1,443,594.59		1,443,594.59	2,518,818.56		2,518,818.56

Other instructions:

20. Short-term loan.**(1) Classification of short-term borrowings.**

Unit: yuan

Item	Ending balance	Opening balance
Credit loan	82,888,933.77	117,888,353.14
Total	82,888,933.77	117,888,353.14

Description of the classification of short-term borrowings:

21. Transactional financial liabilities.

Unit: yuan

Item	Ending balance	Opening balance
Transactional financial liabilities.	304,022.63	
Of which:		
Derivative financial liabilities.	304,022.63	

Of which:		
Total	304,022.63	

Other instructions:

22. Notes payable.

Unit: yuan

Category	Ending balance	Opening balance
Bank acceptance bill	51,457,356.15	43,973,859.51
Total	51,457,356.15	43,973,859.51

The total amount of notes payable due and unpaid at the end of the current period is 0.00 yuan.

23. Accounts payable.

(1) Presentation of accounts payable.

Unit: yuan

Item	Ending balance	Opening balance
Long-term asset payments.		69,749.79
Purchase inventory.	451,499,653.44	470,629,176.02
Processing fee		712,857.59
Other	61,705.84	1,450,961.05
Total	451,561,359.28	472,862,744.45

24. Payment received in advance.

(1) Presentation of advance receipts.

Unit: yuan

Item	Ending balance	Opening balance
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25. Contractual Liabilities

Unit: yuan

Item	Ending balance	Opening Balance
Contributions received in advance	442,374,748.64	286,511,724.62
Total	442,374,748.64	286,511,724.62

Amount and reasons for significant changes in book value during reporting period

Unit: yuan

Item	Amount of change	Reason of change
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26. 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.	98,755,045.52	185,703,447.51	201,530,616.91	82,927,876.12
2. After-service benefits-set up a withdrawal plan	7,922,284.43	30,178,032.44	32,668,714.37	5,431,602.50
Total	106,677,329.95	215,881,479.95	234,199,331.28	88,359,478.62

(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.	94,103,058.39	158,956,074.70	175,350,323.87	77,708,809.22
2. Welfare expenses for staff and workers.	3,860,673.44	15,579,306.28	15,186,554.96	4,253,424.76
3. Social insurance premium.	89,969.07	9,955,872.80	9,756,411.75	289,430.12
Of which: medical insurance premium.	89,969.07	8,696,700.37	8,690,927.59	95,741.85
Industrial injury insurance premium.	0.00	994,966.35	801,278.08	193,688.27
Maternity insurance premium.	0.00	264,206.08	264,206.08	0.00
4. Housing provident fund.	0.00	988,008.09	988,008.09	0.00
5. Funds for trade unions and education for staff and workers	701,344.62	224,185.64	249,318.24	676,212.02
Total	98,755,045.52	185,703,447.51	201,530,616.91	82,927,876.12

(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.	7,922,284.43	29,914,228.47	32,404,910.40	5,431,602.50
2. Unemployment insurance premium	0.00	263,803.97	263,803.97	0.00
Total	7,922,284.43	30,178,032.44	32,668,714.37	5,431,602.50

Other instructions:

27. Taxes payable.

Unit: yuan

Item	Ending balance	Opening balance
Value added tax.	1,661,438.62	7,909,778.04
Corporate income tax.	16,181,400.77	27,833,282.53
Individual income tax.	9,474,664.55	7,786,676.05
Urban maintenance and construction tax.	16,474.66	667,743.61
Additional education fees.	11,767.62	476,959.72
Stamp duty	27,162.90	810,738.35
Property tax	1,482,729.68	211,158.54
Land use tax	205,153.80	34,530.60
Other	3,011,539.80	3,197,362.07
Total	32,072,332.40	48,928,229.51

Other instructions:

28. Other payables.

Unit: yuan

Item	Ending balance	Opening balance
Interest payable.	2,426,515.21	1,410,745.58
Other payables	102,930,274.23	89,539,697.58
Total	105,356,789.44	90,950,443.16

(1) Interest payable.

Unit: yuan

Item	Ending balance	Opening balance
Interest payable on long-term loans	2,426,515.21	1,410,745.58
Total	2,426,515.21	1,410,745.58

Important overdue interest payments:

Unit: yuan

Loan unit.	Overdue amount.	Overdue reason
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Other instructions:

(2) Dividends payable.

Unit: yuan

Item	Ending balance	Opening balance
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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.	316,164.78	205,000.00
Current payment.	3,433,252.75	10,392,785.36
Withholding expenses.	43,702,528.93	46,603,711.83
Equity acquisition funds.	26,350,910.00	25,869,305.00
Equipment engineering fund.	390,805.97	637,290.63
Other	6,112,632.84	5,651,127.60
Petty cash	23,978.96	180,477.16
Restrictive stock repurchase funds.	22,600,000.00	
Total	102,930,274.23	89,539,697.58

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 Italy EDF equity acquisition funds.	26,350,910.00	Missed the agreed time of payment
Total	26,350,910.00	--

Other instructions.

29. Non-current liabilities due within one year.

Unit: yuan

Item	Ending balance	Opening balance
A long-term loan due within one year	491,320,129.60	353,399,238.29
Total	491,320,129.60	353,399,238.29

Other instructions:

30. Long-term loan.

(1) Classification of long-term loans.

Unit: yuan

Item	Ending balance	Opening balance
Mortgage loan	6,848,052.20	9,645,245.56
Guaranteed loan		191,323,440.00
Credit loan	42,244,876.05	23,177,981.92
Total	49,092,928.25	224,146,667.48

Description of the classification of long-term borrowings:

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	17,938,177.86	12,252,657.36
Total	17,938,177.86	12,252,657.36

(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.	12,252,657.36	10,163,946.95
II. The set benefit cost that is included in the profits and losses of the current period.	5,241,486.25	1,923,772.98
1. Current service cost	215,928.35	
4. Net interest.	5,025,557.90	1,923,772.98
IV. Other changes.	444,034.25	164,937.43
2. Paid benefits	215,928.35	
3. Exchange rate change.	228,105.90	164,937.43
V. Ending balance	17,938,177.86	12,252,657.36

Program assets:

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
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Set the net liability (net assets) of the benefit plan

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
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Description of the content of the benefit plan and the risks associated with it, and the impact on the company's future cash flow, timing and uncertainty:

Set up major actuarial assumptions for the benefit plan and explain the results of the sensitivity analysis:

Other instructions:

32. Estimated liabilities.

Unit: yuan

Item	Ending balance	Opening balance	Cause of formation
Product quality assurance.	92,989,543.32	73,639,095.36	
Other.	5,104,667.08	5,011,371.12	
Total	98,094,210.40	78,650,466.48	--

Other notes, including important assumptions and estimated statements relating to important estimated liabilities:

33. Deferred income.

Unit: yuan

Item	Opening balance	Increase this time	Decrease this time	Ending balance	Cause of formation
Government subsidy	18,275,808.90		707,160.31	17,568,648.59	
Total	18,275,808.90		707,160.31	17,568,648.59	--

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.	Ending balance.	Related to assets / earnings
Compensation for demolition and relocation of the old factory building on Jinfeng Road.	3,852,177.24			148,830.31			3,703,346.93	Related to assets
Amortized deferred income (4 Mitsubishi gantry machining centers, 3 fixed beam gantry machining centers)	14,423,631.66			558,330.00			13,865,301.66	Related to assets
Total	18,275,808.90			707,160.31			17,568,648.59	Related to assets

Other instructions:

34. Share capital.

Unit: yuan

	Opening balance	This change increases or decreases (+, -)					Ending balance
		Issue new shares	Send shares.	Conversion of provident fund into stock.	Other	Subtotal	
Total number of shares	1,838,647,096.00				-293,520,139.00	-293,520,139.00	1,545,126,957.00

Other instructions:

Other changes in the shares in the period are the Company's repurchase of 293,520,139.00 shares of performance compensation shares that should be borne by Pride's original shareholders at a price of RMB 1.

35. Capital reserve.

Unit: yuan

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Capital premium (equity premium)	3,862,090,284.37	293,520,138.00	80,682,000.00	4,074,928,422.37
Other capital reserve	287,554.47	10,185,066.67		10,472,620.47
Total	3,862,377,838.84	303,705,204.67	80,682,000.00	4,085,401,043.51

Other explanations, including the changes in the current period and the reasons for the changes:

The changes in capital reserve in the current period mainly include:

1. In January 2020, the Company bought back 293,520,139.00 performance compensation shares at a price of RMB 1, increasing the equity premium by 293,520,138.00 yuan.
2. In June 2020, the Company received a total of RMB 22,600,000.00 for the first subscription of restricted stocks under the current incentive plan, and the difference between the amount received for the grant of restricted stocks and the repurchase cost was 80,682,000.00 included in the equity premium. The amount of amortization granted to restricted shares in the current period is RMB 10,185,066.67 included in other capital reserves. For details, see note XIII and note 37.

36. Treasury shares.

Unit: yuan

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Share repurchase	160,088,925.60	22,600,000.00	103,282,000.00	79,406,925.60
Total	160,088,925.60	22,600,000.00	103,282,000.00	79,406,925.60

Other explanations, including the changes in the current period and the reasons for the changes:

In the first half of 2020, the Company awarded 22,600,000.00 restricted shares, confirmed that the cost of inventory shares delivered to employees was 22,600,000.00 yuan, and reduced the cost of repurchased inventory shares by 103,282,000.00 yuan. The difference between the amount received for the grant of restricted shares and the repurchase cost was 80,682,000.00 included in the equity premium, as detailed in note XIII..

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.	192,829.89	65,719.32				65,719.32		258,549.21
Of which: re-measure the amount of change in the benefit plan.	192,829.89	65,719.32				65,719.32		258,549.21
2. Other comprehensive income that is reclassified into profit or loss.	24,778,255.43	3,886,194.37				3,886,194.37		28,664,449.80
Cash flow hedging reserve.	460,113.12							460,113.12
Translation difference of foreign currency financial statements.	24,822,227.50	3,886,194.37				3,886,194.37		28,708,421.87

Other.	-504,085.19							-504,085.19
Total other comprehensive income	24,971,085.32	3,951,913.69				3,951,913.69		28,922,999.01

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.	-1,280,673,461.14	-3,118,692,266.64
Adjust the initial undistributed profit in the later period.	-1,280,673,461.14	-3,118,692,266.64
Plus: net profit attributable to the owner of the parent company for the current period.	127,198,462.09	1,838,018,805.50
Undistributed profit at the end of the period	-1,153,474,999.05	-1,280,673,461.14

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.	1,122,698,491.71	803,803,269.33	4,338,799,337.75	3,658,110,891.89
Other business	54,792,733.42	38,023,554.51	52,549,957.14	38,739,661.57
Total	1,177,491,225.13	841,826,823.84	4,391,349,294.89	3,696,850,553.46

41. Taxes and surcharges.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Urban maintenance and construction tax.	1,731,517.11	3,828,494.09
Additional education fees.	1,220,501.41	3,536,110.17
Property tax.	2,203,219.15	1,846,374.71
Land use tax.	239,684.40	237,589.81
Vehicle and vessel use tax.	9,930.39	5,170.00
Stamp duty.	217,428.91	2,722,013.61
Other	65,860.55	347,628.80
Total	5,688,141.92	12,523,381.19

Other instructions:

42. Sales expenses.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Staff and workers' salary.	22,078,365.25	26,505,157.11
Travel expenses	2,516,914.22	7,656,129.90
Transportation fee.	16,540,528.79	35,244,883.21
Commission and agency fee.	20,394,895.39	24,982,046.78
Advertising and exhibition fees.	2,247,452.05	6,198,614.97
Office expenses and other things.	5,324,784.18	8,443,405.38
Product quality deposit.	17,951,965.17	78,995,177.25
Other	4,240,684.75	6,130,242.19

Total	91,295,589.80	194,155,656.79
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Other instructions:

43. Administrative expenses.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Staff and workers' salary.	59,770,138.86	79,638,383.51
Depreciation and amortization of assets	12,977,606.64	20,178,298.17
Tax and fee.	1,750,066.68	2,444,092.63
Travel expenses and business hospitality expenses.	4,401,637.79	4,713,549.15
Acquisition and intermediary fees	1,826,187.43	312,914.53
Office expenses and other things	18,267,256.03	27,547,965.46
Consulting fee	10,079,079.98	13,846,094.47
Maintenance fee	3,052,535.81	2,484,111.84
Share payment	10,185,066.67	
Total	122,309,575.89	151,165,409.76

Other instructions:

44. Research and development expenses.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Staff and workers' salary.	23,210,086.32	34,823,358.29
Material cost.	1,506,176.53	6,791,677.41
Utilities.	342,355.00	1,390,408.90
Depreciation amortization expense	5,869,247.71	7,045,372.51
Other costs	4,277,058.43	8,898,431.79
Total	35,204,923.99	58,949,248.90

Other instructions:

45. Financial expenses.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
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Interest expense.	6,239,583.43	10,735,147.11
Minus: interest income.	11,409,249.10	12,761,403.50
Exchange profit and loss.	-589,906.60	376,194.23
Other.	4,025,054.09	6,181,203.77
Discounted interest		8,382,620.07
Total	-1,734,518.18	12,913,761.69

Other instructions:

46. Other income.

Unit: yuan

Sources of other income.	Current occurrence amount.	The occurrence amount of the previous period
Amortized deferred income (4 Mitsubishi gantry machining centers, 3 fixed beam gantry machining centers)	558,330.00	558,330.00
Patent funding for the Council for the Promotion of economy and Technology.		15,000.00
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 funds for Enterprise Research and Development in Foshan Nanhai District Economic and Science and Technology Promotion Bureau in 2016 and 2017.		246,300.00
Subsidies for top 50 scientific and technological projects of Foshan Nanhai Economic and Science and Technology Promotion Bureau in 2018 (benchmarking high-tech) enterprises.		1,000,000.00
Compensation for demolition and relocation of the old factory building on Jinfeng Road.	148,830.31	148,830.31
Equipment subsidy of Liyang Project Investment by the Management Committee of Jiangsu Zhongguancun Science and Technology Industrial Park		623,602.21
Foshan Nanhai District Economic and		153,000.00

Science and Technology Promotion Bureau 2017 Special Support Award for the Development of High-tech Enterprises		
Special fund for foreign trade cooperation in 2018		200,000.00
The first batch of small and medium-sized enterprises to open up international market support funds in 2018		58,500.00
Reward for Advanced Enterprises in Economic Development Zone in 2018		30,000.00
Beijing Patent Grant		5,950.00
2018 Zhongguancun promotes innovation ability and optimizes innovation environment support funds (patent part)		12,000.00
Refund of income tax service fee	194,481.14	
Stable post allowance	104,971.53	
Special funds for intellectual property funded by patents of Nanhai Market Supervision Administration in 2019	40,894.00	
Foshan Nanhai Economic Promotion Bureau 2019 Foreign Trade Development Special Fund (Foreign Trade small and medium-sized Enterprises to develop the International Market) Project	2,240,000.00	
Foshan Nanhai Economic Promotion Bureau basic electricity subsidy for transformer capacity of large industrial enterprises in 2018	53,040.00	
Foshan Nanhai Economic Promotion Bureau to reduce the cost of electricity consumption and subsidize funds in 2018	50,000.00	
The Bureau of Science and Technology recognized the subsidy funds for high-tech enterprises in 2019	300,000.00	
Business development (the fourth batch) small and medium-sized development projects	59,700.00	
Slicing funds for provincial business development in 2019 (the third batch) small and medium-sized enterprises	33,000.00	

Financial incentives for the transformation and upgrading of provincial industrial information industry in 2019	20,000.00	
Domestic and Foreign Patent Grants of Suzhou High-tech Zone in 2019	5,300.00	
Special fund for building advanced manufacturing base at Suzhou municipal level in 2020 (specialized new enterprise cultivation project)	400,000.00	
2019 Suzhou High-tech Zone High-tech leading Talent Enterprise Award	50,000.00	
Region-wide trademark subsidy in 2019	41,600.00	
Foreign government subsidies	1,345,206.55	
Foshan Nanhai Social Security Bureau Enterprise affected unemployment Insurance return Project Allowance	1,451,918.40	
Total	7,097,271.94	3,531,512.52

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.	23,671.37	538,060.82
Bank wealth management product income.	32,701,312.96	9,563,771.46
Total	32,724,984.33	10,101,832.28

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	13,309,111.52	
Total	13,309,111.52	

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.	1,914,927.30	3,107,422.81
Loss of bad debts on accounts receivable	-1,556,386.05	-42,550,891.99
Total	358,541.25	-39,443,469.18

Other instructions:

50. Loss of impairment of assets.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
2.Loss of inventory decline and impairment of contract performance cost	-2,978,396.97	3,093,106.42
Total	-2,978,396.97	3,093,106.42

Other instructions:

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	1,972.08	-408,669.80
Total	1,972.08	-408,669.80

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	
Gains from disposal of non-current assets	773.05		773.05
Fine income.	4,622.20	88,294.78	4,622.20
Withholding individual tax service fee		3,137.82	
Value-added tax rebate.		44,815.85	
The cost of a business merger is less than the difference in the fair value share of the		6,468,480.83	

identifiable net assets acquired by the purchaser in the merger			
Other	171,381.68	3,328,220.23	171,381.68
Total	176,776.93	9,972,949.51	176,776.93

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
Zhongguancun Top Ten sales Government Award in 2018	Zhongguancun	Subsidy	Subsidies obtained for being in line with the local government's investment promotion and other local support policies	NO	NO		40,000.00	Related to revenue
Total							40,000.00	

Other instructions:

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.	1,446,189.29	43,947.41	1,446,189.29
Sponsorship expenditure.	16,600.00	181,898.00	16,600.00
Late fee.		4,415.57	
Other	2,060.00	2,370,678.96	2,060.00
Total	1,464,849.29	2,600,939.94	1,464,849.29

Other instructions:

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.	7,751,569.77	73,111,516.06
Deferred income tax expenses	-2,109,259.77	-7,923,224.04
Total	5,642,310.00	65,188,292.02

(2) The adjustment process of accounting profit and income tax expenses.

Unit: yuan

Item	Current occurrence amount.
Total profit.	132,126,099.66
Income tax expenses at statutory / applicable tax rates.	19,818,914.95
The influence of different tax rates on subsidiaries.	7,697,477.02
Adjust the impact of income tax in previous periods.	-11,707,933.39
The impact of undeductible costs, expenses and losses.	-1,576,432.00
The impact of deductible losses on the use of unrecognized deferred income tax assets in the previous period.	-11,724,572.69
The effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current period.	3,134,856.11
Income tax expense	5,642,310.00

Other instructions.

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
Current money and other.	19,138,595.34	10,553,838.88
Interest income.	8,684,557.75	8,523,417.00
Government subsidy.	3,413,534.85	2,274,345.00

Total	31,236,687.94	21,351,600.88
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Description of other cash received related to business activities:

(2) Other cash paid related to business activities.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Pay cash sales expenses.	68,632,511.73	60,264,218.70
Pay cash management expenses.	37,794,087.99	58,389,538.84
Current money and other.	112,769,312.77	34,389,331.56
Total	219,195,912.49	153,043,089.10

Description of other cash paid related to business activities:

(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
Bank financing	4,827,403,841.13	
Time deposit		50,000,000.00
Total	4,827,403,841.13	50,200,000.00

Description of other cash received related to investment activities:

(4) Other cash paid related to investment activities.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Bank financing	5,144,300,000.00	790,000,000.00
Total	5,144,300,000.00	790,000,000.00

Description of other cash paid related to investment activities:

(5) Other cash received related to fund-raising activities.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Deposit for bank acceptance of bill of exchange		45,300,545.99

Total		45,300,545.99
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Description of other cash received related to fund-raising activities:

(6) Other cash paid related to fund-raising activities.

Unit: yuan

Item	Current occurrence amount.	The occurrence amount of the previous period
Note guarantee deposits		1,315,047,825.35
Stock repurchase fund.		73,348,481.61
Letter of guarantee deposit.	290,000,000.00	
Total	290,000,000.00	1,388,396,306.96

Description of other cash paid related to fund-raising activities:

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.	126,483,789.66	183,849,312.89
Plus: provision for impairment of assets.	2,619,855.72	36,350,362.76
Depreciation of fixed assets, oil and gas assets and productive biological assets.	24,591,531.90	21,740,298.73
Amortization of intangible assets.	8,481,822.44	11,718,813.98
Amortization of long-term prepaid expenses.	2,046,625.18	7,607,830.79
Losses on the disposal of fixed assets, intangible assets and other long-term assets (income is given with "-" sign).	-1,972.08	408,669.80
Loss of fair value change (income is listed with "-" sign).	-13,309,111.52	
Financial expenses (income is given with "-" sign).	6,239,815.10	18,720,071.42
Investment loss (income is listed with "-" sign).	-32,724,984.33	-16,017,901.37
Deferred income tax assets decrease (increase with "-" sign).	-4,983,844.58	-16,032,901.90

Increase in deferred income tax liabilities (reduced with "-" sign).	-2,806,737.40	-1,398,169.86
Reduction of inventory (increase in "-" sign).	-163,596,564.15	-1,081,727,749.23
Decrease in operating receivables (increase with "-" sign).	-21,051,248.91	192,604,121.35
Increase in operating payables (reduced with "-" sign).	97,420,432.29	2,061,417,992.61
Net cash flow from operating activities.	29,409,409.32	1,419,240,751.97
2. Major investments and fund-raising activities that do not involve cash receipts and payments:	--	--
3. Net changes in cash and cash equivalents:	--	--
The ending balance of cash.	1,519,015,849.88	1,072,228,722.76
Less: the opening balance of cash.	2,226,724,737.39	2,057,997,442.35
Net increase in cash and cash equivalents	-707,708,887.51	-985,768,719.59

(2) The net cash paid by the acquired subsidiary in the current period.

Unit: yuan

	Amount
Of which:	--
Of which:	--
Of which:	--

Other instructions:

(3) Composition of cash and cash equivalents.

Unit: yuan

Item	Ending balance	Opening balance
1. Cash.	1,519,015,849.88	2,226,724,737.39
Of which: cash on hand.	333,466.53	249,951.68
A bank deposit that can be used for payment at any time.	1,518,673,673.17	2,224,849,135.20
Other monetary funds that can be used for payment at any time.	8,710.18	1,625,650.51
3. Balance of cash and cash equivalents at the end of the period	1,519,015,849.88	2,226,724,737.39
Of which: the parent company or subsidiary within the group uses restricted cash and	420,985,826.61	129,978,697.21

cash equivalents		
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Other instructions:

58. Project Notes on the Statement of Changes in Owners' Equity

Explain the name of the "other" project and the adjusted amount of the balance at the end of the previous year:

59. Assets with restricted ownership or use rights.

Unit: yuan

Item	Final book value	Limited reasons
Monetary funds.	420,985,826.61	Margin
Fixed assets.	213,149,396.93	Loan mortgage
Intangible assets.	50,379,689.01	Loan mortgage
Total	684,514,912.55	--

Other instructions:

60. 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 funds.	--	--	349,834,984.80
Of which: US Dollar.	25,365,404.59	7.0795	179,574,381.79
Euro.	21,373,180.59	7.9610	170,151,890.68
Hong Kong Dollar.	83,242.95	0.9134	76,034.11
British Pound	3,749.91	8.7144	32,678.22
Accounts receivable.	--	--	443,457,837.83
Of which: US Dollar.	2,952,693.41	7.0795	20,903,593.00
Euro.	53,078,036.03	7.9610	422,554,244.83
Hong Kong Dollar.			
Long-term loan.	--	--	
Of which: US Dollar.			
Euro.	6,166,678.59	7.9610	49,092,928.25

Hong Kong Dollar.			
Accounts payable.			322,314,047.58
Of which: US Dollar.		7.0795	
Euro.	40,486,628.26	7.9610	322,314,047.58
Other receivables.			66,825,385.92
Of which: US Dollar.		7.0795	
Euro.	8,394,094.45	7.9610	66,825,385.92
Short-term loan.			82,888,933.77
Of which: US Dollar.		7.0795	
Euro.	10,411,874.61	7.9610	82,888,933.77
Non-current liabilities due within one year.			20,984,249.60
Of which: US Dollar.		7.0795	
Euro.	2,635,881.12	7.9610	20,984,249.60
Other payables.			43,478,396.68
Of which: US Dollar.		7.0795	93,193.19
Euro.	5,449,717.81	7.9610	43,385,203.49

Other instructions:

61. 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 income	148,830.31
4 Mitsubishi gantry machining centers and 3 fixed beam gantry machining centers.	20,100,000.00	Deferred income	558,330.00
Refund of income tax service fee	194,481.14	Other income	194,481.14

Stable post allowance	104,971.54	Other income	104,971.54
Special funds for intellectual property funded by patents of Nanhai Market Supervision Administration in 2019	40,894.00	Other income	40,894.00
Foshan Nanhai Economic Promotion Bureau 2019 Foreign Trade Development Special Fund (Foreign Trade small and medium-sized Enterprises to develop the International Market) Project	2,240,000.00	Other income	2,240,000.00
Foshan Nanhai Economic Promotion Bureau basic electricity subsidy for transformer capacity of large industrial enterprises in 2018	53,040.00	Other income	53,040.00
Foshan Nanhai Economic Promotion Bureau to reduce the cost of electricity consumption and subsidize funds in 2018	50,000.00	Other income	50,000.00
The Bureau of Science and Technology recognized the subsidy funds for high-tech enterprises in 2019	300,000.00	Other income	300,000.00
Business development (the fourth batch) small and medium-sized development projects	59,700.00	Other income	59,700.00
Slicing funds for provincial business development in 2019 (the third batch) small and medium-sized enterprises	33,000.00	Other income	33,000.00
Financial incentives for the transformation and upgrading of provincial industrial information industry in 2019	20,000.00	Other income	20,000.00
Domestic and Foreign Patent Grants of Suzhou High-tech Zone in 2019	5,300.00	Other income	5,300.00

Special fund for building advanced manufacturing base at Suzhou municipal level in 2020 (specialized new enterprise cultivation project)	400,000.00	Other income	400,000.00
2019 Suzhou High-tech Zone High-tech leading Talent Enterprise Award	50,000.00	Other income	50,000.00
Region-wide trademark subsidy in 2019	41,600.00	Other income	41,600.00
Foreign government subsidies	1,345,206.55	Other income	1,345,206.55
Foshan Nanhai Social Security Bureau Enterprise affected unemployment Insurance return Project Allowance	1,451,918.40	Other income	1,451,918.40

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

Other instructions:

(2) Combined cost and goodwill.

Unit: yuan

Combined cost.	
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The method for determining the fair value of the combined cost, and the description of the contingent consideration and its changes:

The main reasons for the formation of large goodwill:

Other instructions:

(3) The acquiree can identify assets and liabilities on the date of purchase.

Unit: yuan

	Fair value on the date of purchase	Daily book value of purchase

The method for determining the fair value of identifiable assets and liabilities:

Contingent liabilities of the acquiree in a business merger:

Other instructions:

(4) Gains or losses arising from the re-measurement of equity held before the date of purchase according to fair value.

Is there a transaction in which the merger is achieved step by step through multiple transactions and control is obtained during the reporting period?

Yes No

(5) The date of purchase or the statement of the fair value of the identifiable assets and liabilities of the purchaser that the consolidated consideration or the fair value of the identifiable assets and liabilities cannot be reasonably determined at the end of the current period.

(6) Other instructions

2. Enterprise merger under the same control

(1) The merger of enterprises under the same control in the current period

Unit: yuan

Name of the merged party	Proportion of rights and interests acquired in business merger	Constitute the basis of business merger under the same control	Merger date	The basis for determining the merger date	Income of the merged party from the beginning of the current period to the merger date	Net profit of the merged party from the beginning of the current period to the date of the merger	Income of the merged party during the comparison period	Net profit of the merged party during the comparison period

Other instructions:

(2) Combined Cost

Unit: yuan

Combined cost	
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There may be a description of the consideration and its changes:

Other instructions:

(3) The book value of the assets and liabilities of the merged party on the merger date

Unit: yuan

	Merger date	At the end of the previous period

Contingent liabilities of the merged party in a business merger:

Other instructions:

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:

In February 2020, the subsidiary Fosber Group established a new holding subsidiary, Italy QCorr, which was used as the main acquisition body to complete the acquisition of Italian corrugated board wire manufacturer BP Agnati S.r.l. For the acquisition of related business assets, Italy Qcorr was included in the consolidated statement during the reporting period.

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		100.00%	Business merger under different control

			industry			control
Fosber Asia	Foshan City, Guangdong Province, China	Foshan City, Guangdong Province, China	Manufacturing industry	56.40%		Set up
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
Italy 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
Tratamientos Industriales Tiruna S.A.U.	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

Italy QCorr	Italy	Italy	Manufacturing industry		60.00%	Set up
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A statement that the proportion of shares held in a subsidiary is different from the proportion of voting rights:

Hold half or less of the voting rights but still control the invested entity, and the basis for holding more than half of the voting rights but not controlling the invested entity:

For important structured subjects that are included in the scope of the merger, the basis for control is:

The basis for determining whether a company is an agent or a principal:

Other instructions:

(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%	-1,584,751.33		9,450,288.19
Tiruna Group	30.00%	1,319,324.69		54,322,656.80

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	158,666,068.51	4,710,579.91	163,376,648.42	134,294,740.25	7,406,935.25	141,701,675.50	126,925,006.60	5,087,285.73	132,012,292.33	99,295,633.40	7,406,935.25	106,702,568.65
Tiruna Group	122,888,545.59	109,430,761.37	232,319,306.96	39,906,189.15	11,630,838.55	51,537,027.70	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			
	Operating income.	Net profit.	Total comprehensive	Cash flow from	Operating income.	Net profit.	Total comprehensive	Cash flow from

			ve income.	operating activities			ve income.	operating activities
Fosber Asia	33,057,423.91	-3,634,750.76	-3,634,750.76	3,296,292.27	68,127,466.40	2,518,366.47	2,518,366.47	12,812,138.25
Tiruna Group	81,726,323.45	4,397,748.98	4,397,748.98	1,033,454.85	11,524,512.37	-1,248,318.70	-1,248,318.70	3,329,255.82

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	21.00%		Equity method
Yinglian Digital	Foshan City, Guangdong Province, China	Foshan City, Guangdong Province, China	Manufacturing industry	50.00%		Equity method

A statement that the proportion of shares held in a joint venture or joint venture is different from the proportion of voting rights:

The basis for holding less than 20% of the voting rights but having a significant impact, or holding 20% or more of the voting rights but not having a significant impact:

(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.	10,027,443.71	8,319,156.14
Of which: cash and cash equivalents.	34,924.14	36,386.33
Non-current assets.	13,634,425.08	13,810,304.61
Total assets.	23,661,868.79	22,129,460.75
Current liability.	1,260,912.16	920,225.25
Total liabilities.	1,260,912.16	920,225.25

Vested in the shareholders' rights and interests of the parent company.	22,431,168.10	21,209,235.50
Financial expenses.	177.48	5,519.90
Net profit.	-173,288.74	495,653.51
Total comprehensive income	-173,288.74	495,653.51

Other instructions.

(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.	225,941,939.80	219,472,243.57
Non-current assets.	114,099,824.42	113,320,858.41
Total assets.	340,041,764.22	332,793,101.98
Current liability.	146,974,574.44	136,413,860.90
Non-current liability	22,842,518.84	28,053,156.84
Total liabilities.	169,817,093.28	164,467,017.74
Vested in the shareholders' rights and interests of the parent company.	170,224,670.94	168,326,084.24
Operating income.	35,272,166.09	76,705,681.56
Net profit.	551,646.47	3,994,431.36
Total comprehensive income	551,646.47	3,994,431.36

Other instructions.

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.

(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 funds	179,574,381.79	170,151,890.68	108,712.33	349,834,984.80	177,718,513.83	188,934,072.13	198,537.61	366,851,123.57
Notes receivable	-	-	-	-	56,743,777.57	-	-	56,743,777.57
Accounts receivable	20,903,593.00	422,554,244.83	-	443,457,837.83	37,871,761.75	453,987,206.67	-	491,858,968.42
Other receivables	-	66,825,385.92	-	66,825,385.92	-	58,019,821.22	-	58,019,821.22
Subtotal.	200,477,974.79	659,531,521.43	108,712.33	860,118,208.55	272,334,053.15	700,941,100.02	198,537.61	973,473,690.78
Accounts payable	-	322,314,047.58	-	322,314,047.58	409,926.81	335,956,086.13	14,075.42	336,380,088.36
Short-term loan	-	82,888,933.77	-	82,888,933.77	-	27,888,353.14	-	27,888,353.14
Non-current liabilities due within one year	-	20,984,249.60	-	20,984,249.60	-	19,208,458.29	-	19,208,458.29
Long-term loan	-	49,092,928.25	-	49,092,928.25	-	32,823,227.48	-	32,823,227.48
Other								

payables	93,193.19	43,385,203.49	-	43,478,396.68	241,316.25	44,855,866.87	-	45,097,183.12
Interest payable.	-	-	-	-	-	2,626,376.27	-	2,626,376.27
Subtotal	93,193.19	518,665,362.69	-	518,758,555.88	651,243.06	463,358,368.18	14,075.42	464,023,686.66
Total	200,384,781.60	140,866,158.74	108,712.33	341,359,652.67	271,682,810.09	237,582,731.84	184,462.19	509,450,004.12

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.

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.	100,710,701.81	1,393,209,890.44	0.00	1,493,920,592.25
1. Financial assets measured at fair value and whose changes are included in the profits and losses of the current period.	464,871.13	0.00	0.00	464,871.13
(3) Derivative financial	464,871.13			464,871.13

assets.				
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.	100,245,830.68	1,393,209,890.44	0.00	1,493,455,721.12
(1) Investment in debt instruments.		1,393,209,890.44		1,393,209,890.44
(2) Investment in equity instruments.	100,245,830.68			100,245,830.68
Total assets continuously measured at fair value.	100,710,701.81	1,393,209,890.44		1,493,920,592.25
(6) Transactional financial liabilities	304,022.63			304,022.63
Derivative financial liabilities	304,022.63			304,022.63
Total liabilities continuously measured at fair value.	304,022.63			304,022.63
2.Unsustainable fair value measurement	--	--	--	--

XII. Related parties and related transactions.

1. The situation of the parent company of the enterprise

Name of parent company	Place of registration	Nature of business	Registered capital	The shareholding ratio of the parent company to the enterprise	The proportion of voting rights of the parent company to its own enterprise
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A description 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	17.52
Tang Zhuomian (natural person)	The controlling shareholder of the company and one of the actual controllers	8.79

The ultimate control of this enterprise is. Tang Zhuolin, Tang Zhuomian.

Other instructions:

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.

Other joint ventures or joint ventures that have a related party transaction with the company in the current period or have a balance with the company in the previous period are as follows:

Name of joint venture or combined venture	Relationship with the enterprise
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Other instructions:

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.
SMART SHOT INC LIMITED(hereinafter referred to as "SMART SHOT").	Minority shareholders of the company's controlling subsidiary.

Other instructions.

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
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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
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Description of related transactions in the purchase and sale of goods, provision and acceptance of labor services

(2) 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)	278,635,000.00	August 10, 2017	August 17, 2020	NO
Dongfang Precision (Netherland)	357,289,680.00	February 20, 2018	June 20, 2021	NO

Our company as the guaranteed party

Unit: yuan

Guarantor	Guaranteed amount	Guarantee start date	Guarantee expiration date	Whether the guarantee has been fulfilled
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Description of related party guarantee

(3) The transfer of assets and debt restructuring of related parties

Unit: yuan

Related party	Related party transaction content	Current occurrence amount	The occurrence amount of the previous period
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(4) Key management personnel compensation.

Unit: yuan

Item	Current amount	Amount in the previous period
Key management personnel compensation	8,117,846.67	9,579,943.46

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	Yinglian Digital	660,000.00	66,000.00	660,000.00	66,000.00
Other receivables	SMART SHOT	58,227.04	5,822.70	58,227.04	5,822.70

(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
Other receivables	Yinglian Digital	74,525.30	200,876.88

XIII. Share payment.**1. General situation of share payment.**

√ Applicable □ Not applicable

Unit: yuan

The total amount of equity instruments granted by the company in the current period	22,600,000.00
The total amount of various equity instruments of the company's current exercise	0.00
The total amount of various equity instruments invalidated by the company in the current period	0.00

Other instructions.

The 44th (interim) meeting of the third session of the Board of Directors of the Company was held on March 27, 2020 to consider and pass the "Bill on Granting Restricted Stock to Incentive Targets". The board of directors agreed to grant 22.85 million restricted shares to 42 incentive targets, the date of the first grant of restricted shares is March 27, 2020.

On June 8, 2020, the Company passed the "Bill on Adjusting the Related Matters of the 2020 Restricted Stock Incentive Plan", the incentive object was adjusted to 40, and the number of restricted shares granted was adjusted to 22.6 million shares. The exercise price of this restricted share grant is 1 yuan. As of June 30, 2020, the total amount of restricted stock subscription funds granted by the company under this incentive scheme for the first time is RMB 22,600,000.00.

The arrangements for the lifting of the restricted stock incentive scheme are as follows:

Lift the sales restriction arrangement	Time for lifting restrictions on sales	Lift the proportion of sales restrictions
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The first period for the lifting of sales restrictions	From the first trading day 12 months after the first grant of restricted stock listing to the last trading day within 24 months from the date of first granting of restricted stock listing	20%
The second period for the lifting of sales restrictions	From the first trading day 24 months after the first grant of restricted stock listing to the last trading day within 36 months from the date of first granting of restricted stock listing	40%
The third period for the lifting of sales restrictions	From the first trading day 36 months after the first grant of restricted stock listing to the last trading day within 48 months from the date of first granting of restricted stock listing	40%

2. Equity-settled share payments.

Applicable Not applicable

Unit: yuan

The cumulative amount of equity-settled share payments included in the capital reserve	10,185,066.67
The total amount of fees recognized by equity-settled shares in the current period	10,185,066.67

Other instructions

XIV. Commitments and contingencies.

1. Important commitments.

Important commitments that exist on the balance sheet date: not applicable

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.

(2) The company should also explain the important contingent matters that the company does not need to disclose

There are no important contingent matters that need to be disclosed in the company.

XV.Other important matters

1. 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	340,691,313.50	931,091,854.36	-94,291,942.73	1,177,491,225.13
Operating cost	229,502,470.69	704,550,755.44	-92,226,402.29	841,826,823.84
Total assets	4,726,917,079.21	2,107,380,702.70	-349,285,218.53	6,485,012,563.38
Total liabilities	448,946,887.90	1,613,660,266.33	-120,298,301.42	1,942,308,852.81

XVI. 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	percentage	amount	Withdrawal ratio		amount	percentage	amount	Withdrawal ratio	
Of which:										
Accounts receivable for bad debt provision by combination	114,596,692.74	100.00%	2,634,567.81	2.30%	111,962,124.93	153,764,344.60	100.00%	2,668,130.50	1.74%	151,096,214.10
Of which:										
account age combination	39,608,343.62	34.56%	2,634,567.81	6.65%	36,973,775.81	57,569,287.50	37.44%	2,668,130.50	4.63%	54,901,157.00
Combination of related parties in the scope of consolidation	74,988,349.12	65.44%	0.00	0.00%	74,988,349.12	96,195,057.10	62.56%	0.00	0.00%	96,195,057.10

Total	114,596,692.74	100.00%	2,634,567.81	2.30%	111,962,124.93	153,764,344.60	100.00%	2,668,130.50	1.74%	151,096,214.10
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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	39,608,343.62	2,634,567.81	6.65%
Of which:			
Within 1 year (including 1 year)	30,734,977.60	307,349.78	1.00%
1 to 2 years (including 2 years)	4,547,545.36	227,377.27	5.00%
2 to 3 years (including 3 years)	1,989,926.58	198,992.66	10.00%
3 to 4 years (including 4 years)	171,297.23	51,389.17	30.00%
4 to 5 years (including 5 years)	630,275.85	315,137.93	50.00%
More than 5 years	1,534,321.00	1,534,321.00	100.00%
Combination of related parties in the scope of consolidation	74,988,349.12		
Total	114,596,692.74	2,634,567.81	--

Description of the basis for this composition:

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	74,988,349.12		
Total	74,988,349.12		--

Description of the basis for this composition:

Provision for bad debts by combination:

Unit: yuan

Name	Ending balance
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	Book balance	Bad debt provision	Withdrawal ratio
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Description of the basis for this composition:

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	Ending balance
Within 1 year (including 1 year)	105,723,326.72
1 to 2 years	4,547,545.36
2 to 3 years	1,989,926.58
More than 3 years	2,335,894.08
3 to 4 years	171,297.23
4 to 5 years	630,275.85
More than 5 years	1,534,321.00
Total	114,596,692.74

(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	2,668,130.50		33,482.69	80.00		2,634,567.81
Total	2,668,130.50		33,482.69	80.00		2,634,567.81

Of which, the amount of bad debts to be recovered or transferred back in the current period is important:

Unit: yuan

Unit name	Amount recovered or transferred back	Recovery mode
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(3) The actual write-off of accounts receivable in the current period

Unit: yuan

Item	Write-off amount
Actual write-off of accounts receivable	80.00

Of which, the important write-off of accounts receivable:

Unit: yuan

Unit name	Nature of accounts receivable	Write-off amount	Write-off reason	Write-off procedures for performance	Whether the payment is generated by related party transactions
Qingdao Runshuo Packaging Co., Ltd.	Payment	80.00			No
Total	--	80.00	--	--	--

Notes on the write-off of accounts Receivable:

(4) The status of the top five accounts receivable collected by the defaulting party at the end of the period.

Unit: yuan

Unit name	Ending balance of accounts receivable	Proportion of total ending balance of accounts receivable	Bad debt preparation period ending balance
Client I .	49,839,381.15	43.49%	
Client II.	10,696,798.15	9.33%	
Client III.	8,356,309.38	7.29%	
Client IV.	6,095,860.44	5.32%	
Client V .	3,567,852.90	3.11%	178,392.65
Total	78,556,202.02	68.54%	

2. Other receivables

Unit: yuan

Item	Ending balance	Opening balance
Interest receivable	1,694,150.03	
Dividend receivable	12,264,643.27	
Other receivables	33,888,614.37	36,670,496.12
Total	47,847,407.67	36,670,496.12

(1) Interest receivable**1) Classification of interest receivable**

Unit: yuan

Item	Ending balance	Opening balance
Time deposit	1,694,150.03	
Total	1,694,150.03	

2) Provision for bad debts Applicable Not applicable**(2) Dividends receivable****1) Classification of dividends receivable**

Unit: yuan

Project (or invested unit)	Ending balance	Opening balance
Suzhou Shunyi Investment Co., Ltd	12,264,643.27	
Total	12,264,643.27	

2) Provision for bad debts Applicable Not applicable

Other instructions:

(3) 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	3,609,836.05	1,390,770.29
Security deposit	2,027,495.96	1,522,182.68
Export tax rebate	348,026.76	1,051,258.91
Performance compensation	500,000.00	8,200,000.00
Prepaid service charge	250,000.00	333,362.86

Internal related parties	20,846,851.58	24,488,538.25
Employee loans, reserves	1,731,284.68	843,783.19
Other	5,738,406.86	1,827,886.33
Total	35,051,901.89	39,657,782.51

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, 2020	527,286.39	2,460,000.00		2,987,286.39
The balance of January 1, 2020 is in the current period.	---	---	---	---
Current provision	486,001.13			486,001.13
Current reversal		2,310,000.00		2,310,000.00
Balance of June 30, 2020	1,013,287.52	150,000.00		1,163,287.52

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	Ending balance
Within 1 year (including 1 year)	30,860,532.07
1 to 2 years	1,780,547.51
2 to 3 years	1,099,265.00
More than 3 years	1,311,557.31
3 to 4 years	553,529.78
4 to 5 years	350,000.00
More than 5 years	408,027.53
Total	35,051,901.89

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	2,460,000.00		2,310,000.00			150,000.00
Provision for bad debts by combination	527,286.39	486,001.13				1,013,287.52
Total	2,987,286.39	486,001.13	2,310,000.00			1,163,287.52

Of which, the amount of bad debts to be recovered or transferred back in the current period is important:

Unit: yuan

Unit name	Amount recovered or transferred back	Recovery mode
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4) Actual write-off of other receivables during this period.

Unit: yuan

Item	Write-offs amount
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Of which, key other receivables write-offs:

Unit: yuan

Unit name	Nature of other receivables	Write-offs amount	Reasons for write-offs	Write-off procedures performed	Whether payments are generated by associated transactions
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Description of the cancellation of other receivables:

5) Other receivables in the top five of the ending balance collected by the arrears.

Unit: yuan

Unit name	Nature of payment	Ending balance	Account age	Proportion of total ending balance of other receivables	Bad debt preparation period ending balance
Client I .	Current payment	10,754,954.53	1-2 years	30.68%	
Client II.	Current payment	8,623,483.79	Within 1 year	24.60%	
Client III.	Other	3,470,018.00	Within 1 year	9.90%	34,700.18
Client IV.	Current payment	2,700,000.00	Within 1 year	7.70%	27,000.00
Client V .	Guarantee deposit,	768,814.00	2-3years	2.19%	76,881.40

	deposits				
Total	--	26,317,270.32	--	75.07%	138,581.58

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	432,581,426.57	61,855,054.35	370,726,372.22	430,846,359.90	61,855,054.35	368,991,305.55
Investment in joint ventures and combined ventures	78,371,147.82		78,371,147.82	70,647,476.45		70,647,476.45
Total	510,952,574.39	61,855,054.35	449,097,520.04	501,493,836.35	61,855,054.35	439,638,782.00

(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				540,800.00	848,466.80	
Fosber Asia	16,738,279.20				383,066.67	17,121,345.87	
Shunyi Investment	305,584,828.17					305,584,828.17	
Parsun Power	44,504,521.38				811,200.00	45,315,721.38	61,855,054.35
Total	368,991,305.55				1,735,066.67	370,726,372.22	61,855,054.35

(2) Investment in associates and joint ventures

Unit: yuan

Invested unit	Opening balance	Changes in the current period								Ending balance	Impairment
		Additional	Reduce	Investme	Other	Other	Declare	Provision	Other		

	(book value)	Investment	Investment	Net gains and losses recognized under the equity method	Comprehensive income adjustment	Equity changes	Cash dividends or profits	For impairment		(book value)	Preparation period ending balance
1. Joint venture											
Yinglian	10,510,73			-86,657.9						10,424,07	
Digita	5.47			2						7.55	
Subtotal	10,510,73			-86,657.9						10,424,07	
	5.47			2						7.55	
2. Combined venture											
Jiateng	60,136,74	7,700,000		110,329.2						67,947,07	
Robot	0.98	.00		9						0.27	
Subtotal	60,136,74	7,700,000		110,329.2						67,947,07	
	0.98	.00		9						0.27	
Total	70,647,47	7,700,000		23,671.37						78,371,14	
	6.45	.00								7.82	

4. Operating income and operating costs

Unit: yuan

Item	Current amount		Amount in the previous period	
	Income	Cost	Income	Cost
Main business	154,538,552.09	93,837,630.90	141,510,632.48	95,183,587.23
Other business	5,103,195.85	857,589.41	3,897,449.31	2,710.32
Total	159,641,747.94	94,695,220.31	145,408,081.79	95,186,297.55

5. Investment income

Unit: yuan

Item	Current amount	Amount in the previous period
Cost method of long-term equity investment income	18,868,681.95	
Long-term equity investment income calculated by equity method	23,671.37	551,059.52
Bank wealth management product income	32,601,213.26	8,956,836.39
Total	51,493,566.58	9,507,895.91

XVII. 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	2,745.13	
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)	7,097,271.94	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	46,010,424.48	
Other non-operating income and expenses other than the above	-1,288,845.41	
Minus: the amount of income tax impact	5,538,643.77	
Effect of minority shareholders' equity	103,166.14	
Total	46,179,786.23	--

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 of Information Disclosure by Companies Offering Securities to the Public No. 1—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	2.89%	0.08	0.08
Net profit attributable to ordinary shareholders of the company after deducting non-recurring gains and losses	1.84%	0.06	0.06

Section 12 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 copies of all company documents and announcements publicly disclosed in the newspapers designated by the CSRC during the reporting period.
3. The text of the 2019 annual report of the company containing the signature of the legal representative.
4. The location of the above documents for reference: the securities department of the company.