



CHANGCHAI COMPANY, LIMITED

ANNUAL REPORT 2020

April 2021

Table of Contents

Part I Important Notes, Table of Contents and Definitions.....	3
Part II Corporate Information and Key Financial Information.....	5
Part III Business Summary.....	9
Part IV Operating Performance Discussion and Analysis.....	11
Part V Significant Events.....	30
Part VI Share Changes and Shareholder Information.....	42
Part VII Preferred Shares.....	49
Part VIII Convertible Corporate Bonds.....	50
Part IX Directors, Supervisors, Senior Management and Staff.....	51
Part X Corporate Governance.....	60
Part XI Corporate Bonds.....	67
Part XII Financial Statements.....	68
Part XIII Documents Available for Reference.....	202

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Changchai Company, Limited (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Shi Xinkun, the Company’s legal representative, Zhang Xin, the Company’s General Manager, and Jiang He, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

All the directors of the Company attended in person the board meeting for the approval of this Report except for the following:

Name	Office title	Reason for not attending the meeting in person	Proxy entrusted to attend the meeting
Xing Min	Independent Director	For reason of work	Zhang Yan

Any plans for the future and other forward-looking statements mentioned in this Report shall NOT be considered as absolute promises of the Company to investors. Therefore, investors are kindly reminded to pay attention to possible investment risks.

The Company has described in detail the risks it might face in “Part IV Operating Performance Discussion and Analysis”, IX, “4. Possible Risks in Future” herein.

The Board has approved a final dividend plan as follows: the Company has no final dividend plan, either in the form of cash or stock.

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

Definitions

Term	Definition
The “Company”, “Changchai” or “we”	Changchai Company, Limited and its consolidated subsidiaries, except where the context otherwise requires
Changchai Benniu	Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.
Changchai Wanzhou	Changchai Wanzhou Diesel Engine Co., Ltd.
Housheng Investment	Changzhou Housheng Investment Co., Ltd.
Housheng Agricultural Equipment	Changzhou Changchai Housheng Agricultural Equipment Co., Ltd.
Changchai Robin	Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.
Xingsheng Real Estate Management	Changzhou Xingsheng Real Estate Management Co., Ltd.
Changchai Machinery	Jiangsu Changchai Machinery Co., Ltd.
RMB, RMB’0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi
The “Reporting Period” or “Current Period”	The period from 1 January 2020 to 31 December 2020

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	Changchai, Changchai-B	Stock code	000570, 200570
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	常柴股份有限公司		
Abbr.	苏常柴		
Company name in English (if any)	CHANGCHAI COMPANY,LIMITED		
Abbr. (if any)	CHANGCAHI CO.,LTD.		
Legal representative	Shi Xinkun		
Registered address	123 Huaide Middle Road, Changzhou, Jiangsu, China		
Zip code	213002		
Office address	123 Huaide Middle Road, Changzhou, Jiangsu, China		
Zip code	213002		
Company website	http://www.changchai.com.cn		
Email address	cctqm@public.cz.js.cn		

II Contact Information

	Board Secretary	Securities Representative
Name	He Jianjiang	
Address	123 Huaide Middle Road, Changzhou, Jiangsu, China	
Tel.	(86) 519-68683155	
Fax	(86) 519-86630954	
Email address	cchjj@changchai.com	

III Media for Information Disclosure and Place where this Report Is Lodged

Newspapers designated by the Company for information disclosure	Securities Times, Ta Kung Pao (HK)
Website designated by CSRC for publication of this Report	http://www.cninfo.com.cn
Place where this Report is lodged	Board Secretariat of the Company and the Shenzhen Stock Exchange

IV Change to Company Registered Information

Unified social credit code	91320400134792410W
Change to principal activity of the Company since going public	No change
Every change of controlling shareholder since incorporation	On 22 November 2018, the State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government transferred its entire holdings of 170,845,236 shares in the Company (a stake of 30.43%) to Changzhou Investment Group Co., Ltd. for no compensation. These shares are non-restricted public shares.

V Other Information

The independent audit firm hired by the Company:

Name	Gongzheng Tianye Certified Public Accountants LLP
Office address	Yingtong Commerce Building, Changzhou, Jiangsu, China
Accountants writing signatures	Dai Weizhong, Xu Wenxiang

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

VI Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

Reason for retrospective restatement:

Correction of accounting error.

	2020	2019		2020-over- 2019 change (%)	2018	
		Before	Restated	Restated	Before	Restated
Operating revenue (RMB)	2,296,464,711.24	2,040,133,717.30	2,045,820,801.10	12.25%	2,132,902,718.60	2,139,272,523.92
Net profit attributable to the listed company's shareholders (RMB)	52,432,443.05	24,934,586.11	24,966,526.85	110.01%	62,021,374.04	62,409,528.46
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	25,483,147.57	14,376,783.21	14,405,485.64	76.90%	-43,333,196.13	-42,961,549.69
Net cash generated from/used in operating activities (RMB)	251,796,654.53	-20,542,857.52	-20,325,189.56	---	273,819,526.89	274,514,945.73
Basic earnings per share (RMB/share)	0.0934	0.0444	0.0445	109.89%	0.1112	0.1112
Diluted earnings per share (RMB/share)	0.0934	0.0444	0.0445	109.89%	0.1112	0.1112
Weighted average return on equity (%)	2.40%	1.20%	1.21%	1.19%	2.84%	2.86%
	31 December 2020	31 December 2019		Change of 31 December 2020 over	31 December 2018	

				31 December 2019 (%)		
		Before	Restated	Restated	Before	Restated
Total assets (RMB)	3,952,954, 464.45	3,484,975, 990.48	3,488,820, 324.60	13.30%	3,542,019, 195.75	3,546,079, 628.86
Equity attributable to the listed company's shareholders (RMB)	2,273,349, 347.02	2,109,239, 597.94	2,110,892, 767.58	7.70%	2,043,308, 026.74	2,044,929, 255.64

Reason for change in accounting policies and correction of accounting error:

For details, see "Part XII Financial Statements/XV Other Significant Events/1. Correction of Previous Accounting Error".

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes No

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

Yes No

VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

2. Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable Not applicable

3. Reasons for Accounting Data Differences Above

Applicable Not applicable

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	537,033,349.19	630,422,433.11	584,404,482.93	544,604,446.01
Net profit attributable to the listed company's shareholders	1,510,305.60	26,180,005.46	11,263,467.62	13,478,664.37
Net profit attributable to the listed company's shareholders before exceptional gains and losses	1,271,708.92	19,400,431.04	8,151,814.68	-3,340,807.07
Net cash generated from/used in operating activities	19,241,295.96	-39,596,025.21	38,040,529.46	234,110,854.32

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

IX Exceptional Gains and Losses

√ Applicable □ Not applicable

Unit: RMB

Item	2020	2019	2018	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	263,408.53	1,914,137.47	662,151.89	
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	7,763,215.65	5,312,295.51	6,291,685.65	
Capital occupation charges on non-financial enterprises that are recognized in profit or loss	344,842.86	536,504.84	938,737.87	
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	27,526,935.85	-49,255.00	105,672,874.83	
Non-operating income and expense other than the above	-1,571,453.49	375,943.68	483,119.47	
Reversed portions of impairment allowances for entrustment loans which are tested individually for impairment		4,000,000.00	10,000,000.00	
Less: Income tax effects	7,122,148.63	1,521,028.42	18,672,206.20	
Non-controlling interests effects (net of tax)	255,505.29	7,556.87	5,285.36	
Total	26,949,295.48	10,561,041.21	105,371,078.15	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

□ Applicable √ Not applicable

No such cases for the Reporting Period.

Part III Business Summary

I Principal Activity of the Company in the Reporting Period

As a manufacturer, we specialize in the manufacture and sale of diesel engines, diesel engine fittings and castings, gasoline engines, gasoline engine fittings, rotovators, walking tractors, molds and jigs as well as the assembly and sale of diesel engine and gasoline engine supporting sets.

We mainly manufacture and sell small and medium-sized single-cylinder and multi-cylinder diesel engines under the brand of “Changchai”, which are often used in tractors, combine-harvesters, light commercial vehicles, agriculture equipment, small-sized engineering machinery, generator sets, ship machines, etc.

II Significant Changes in Major Assets

1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Other current assets	The ending amount was up by RMB20,878,087.25 (or 325.14%) from the beginning amount, primarily driven by an increase in overpaid VAT in the Reporting Period.
Intangible assets	The ending amount was up by RMB59,171,181.45 (or 59.35%) from the beginning amount, primarily driven by the acquisition of land use rights by Changchai Machinery in an auction in the Reporting Period.
Deferred income tax assets	The ending amount was up by RMB3,208,010.11 (or 313.32%) from the beginning amount, primarily driven by an increase in deductible losses in the Reporting Period.
Taxes and levies payable	The ending amount was down by RMB6,224,897.17 (or 68.45%) from the beginning amount, primarily driven by a decrease in income tax payable in the Reporting Period.
Deferred income tax liabilities	The ending amount was up by RMB23,588,708.55 (or 41.32%) from the beginning amount, primarily driven by an increase in the fair value of the financial assets held by the Company during the Reporting Period.
Other comprehensive income	The ending amount was up by RMB108,422,983.24 (or 34.20%) from the beginning amount, primarily driven by an increase in the fair value of the financial assets held by the Company during the Reporting Period.
Notes payable	The ending amount was up by RMB192,311,000.00 (or 47.72%) from the beginning amount, primarily driven by an increase in bank acceptance notes settlement in the Reporting Period.
Other current liabilities	The ending amount was up by RMB4,056,234.74 (or 344.42%) from the beginning amount, primarily driven by an increase in accrued electricity charges of subsidiaries, as well as adjustments to financial statement items as per the changed accounting policies.

2. Major Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

1. Advantages in Brand

Changchai is a national industrial enterprise with a history of over one hundred years. It is one of the earliest professional manufacturers of internal combustion engines in China. The brand "Changchai" is the earliest

domestic trademark of production goods known as China's well-known trademarks. The diesel engine of "Changchai" brand is China's brand-name product. The enterprise has been certified by ISO9001 and IATF16949 quality systems, ISO14001 environmental management system, ISO/TS16949 automotive product quality management system, and accessed to the national export-free enterprise qualification. Changchai was honorably ranked among "the Top One Hundred Chinese Enterprises in Engineering Industry" and "China Pacesetter Enterprise of Industrial Industry" for several times, and was awarded the honorary title of "State-level Enterprise of Observing Contracts and Keeping Promise", "China's Agricultural Machinery Parts and Components Leading Enterprises", "China's Agricultural Machinery AAA Credit Enterprise", "Quality Management Excellence Award of Jiangsu Province" and "Mayor Quality Award of Changzhou City". Also, it has been among the 10 users' most satisfied leading brands in "Jing Geng" competition for many years. In 2020, the Company was awarded the titles of Top 100 China Machinery Industry Companies, National Model Enterprise for Trustworthy Product and Service Quality, The China's 500 Most Valuable Brands, Internal Combustion Engine Maker with Leading Quality in China, Top 100 Innovative Companies of Jiangsu Province, National Benchmark Company in Quality and Integrity, among others. For many years, in the process of achieving steady economic development of the enterprise, we developed in a sound manner and cultivated the "Changchai" brand, a famous small diesel engine brand of China with independent intellectual property rights.

2. Advantages in Technology

The Company has a state-level technology center and post-doctoral research station, and a research center of small and medium-power internal combustion engine engineering and technology in Jiangsu Province. Currently, it is mainly engaged in production of small and medium-power single-cylinder and multi-cylinder diesel engine. It has a complete product range, a wide power level coverage, a high reputation and intellectual property rights for its main products. During the Reporting Period, the Company passed the re-evaluation of the National Enterprise Technology Center. Its research center of small- and medium-power internal combustion engine engineering and technology in Jiangsu Province was rated as excellent in the performance evaluation. The post-doctoral research station was rated as an excellent unit. The 4G33V16 Diesel Engine was recognized as an "Innovative Product of Changzhou Manufacturing". The Company's five electronically controlled single-cylinder diesel engines of the China III emission standards, including L28 and ZS1115, were recognized as high-tech products by the city. During the Reporting Period, the Company filed for 13 patents and was granted 12 patents. Currently, the Company has a total of 141 patents granted by authorities at home and abroad, including 13 invention patents.

3. Advantages in Marketing

Changchai has built up a sales service network covering the whole country, with 5 sales business units, 26 sales service centers, over 900 service stations and 750 designated maintenance stations. In addition, in order to meet the National Emission Standard IV for Non-Road Vehicles and provide better after-sales service for customers, a service monitoring platform with Changchai characteristics has been put in place. With a perfect diesel sales service network system, the Company is able to provide high quality, efficient and timely services for customers.

Part IV Operating Performance Discussion and Analysis

I Overview

In 2020, the outbreak of the COVID-19 pandemic caused decline in the international trade and turmoil in the financial markets. The agricultural machinery industry and the internal combustion engine industry ushered in a trend of contrarian growth in the continuous deep adjustment under the combined effect of various favorable factors such as the comprehensive and effective national prevention and control measures, the proactive local policies for supporting the resumption of work and production, China attaching great importance to food safety and standardizing the implementation of subsidy policies for agricultural machinery purchases, and new infrastructure construction promoting the rapid growth of the construction machinery market. The Company closely followed the decisions and arrangements of the central, provincial and municipal governments, and coordinated the promotion of pandemic prevention and control and corporate economic development. Under the premise of comprehensively strengthening the implementation of pandemic prevention and control arrangements and normalizing pandemic prevention and control, the Company correctly grasped the strategic development direction and insisted on strengthening the main business, expanding the areas and improving quality and efficiency, thus achieving good operating results. Performance in economic indicators such as sales and profits have improved. During the Reporting Period, the Company sold 759,500 units of diesel engines, gasoline engines and related generator sets, including 132,200 units of gasoline engines, generating total sales revenue of RMB2,296,464,711.24, an increase of 12.25% year-on-year.

In terms of product development and supporting areas, the Company completed the development, promotion and supporting work of major non-road multi-cylinder diesel engines of the China IV emission standards and a variety of ultra-conventional varieties, which has built strong support for the annual sales. Four power ranges of 192FA and two power ranges of ZN390B have obtained Euro V emission certificates. Except for non-agricultural sectors, products have significantly increased in marine, electromechanical and construction industries. The Company continued to optimize its products and had sufficient new product reserves; it comprehensively expanded supporting resources, and achieved significant increases in the field of benchmarking.

With regard to market service, the Company strengthened the after-market service business, built and improved the after-market sales network; it optimized market service resources and personnel structure, and enhanced the assessment management of service centers and service stations in the service process. Market service capabilities and service timeliness have been improved. The Company reached a new high level of market service satisfaction. The CRM project was integrated with the released applications within the Company, which made customer management more standardized and consolidated the foundation for promoting the informationization of the entire market.

Concerning quality management, the Company passed the ISO9001 and IATF16949 quality system supervision and audit views during the Reporting Period, and passed the voluntary certification of 4L88 agricultural machinery products by Nanjing Sam Certification T&D Co., Ltd. The Company further optimized the quality assessment system to effectively improve product reliability.

As for internal management, the Company strengthened lean management to promote the improvement of quality and efficiency; it further deepened the construction of internal control systems, strengthened the supervision of key projects, and achieved obvious results in standardizing the management of subsidiaries. By accelerating the mobilization of internal and external resources, the Company met market demand to the greatest extent and

improved its production and operation efficiency.

During the Reporting Period, construction of Changchai Machinery was in full swing and proceeded smoothly. In mid-April, the Company launched a private placement project of 2020, and the plan was reviewed and approved by the China Securities Regulation Commission.

II Core Business Analysis

1. Overview

See “I Overview” above.

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2020		2019		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	2,296,464,711.24	100%	2,045,820,801.10	100%	12.25%
By operating division					
Internal combustion engines	2,252,479,553.51	98.08%	2,001,911,782.04	97.85%	12.52%
Other	43,985,157.73	1.92%	43,909,019.06	2.15%	0.17%
By product category					
Diesel engines	2,112,251,290.73	91.98%	1,856,130,365.33	90.73%	13.80%
Gasoline engines	132,735,777.75	5.78%	133,936,656.91	6.55%	-0.90%
Other	51,477,642.76	2.24%	55,753,778.86	2.73%	-7.67%
By operating segment					
Domestic	1,922,972,122.74	83.74%	1,731,861,396.59	84.65%	11.03%
Overseas	373,492,588.50	16.26%	313,959,404.51	15.35%	18.96%

(2) Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Internal combustion engines	2,252,479,553.51	1,918,486,625.85	14.83%	12.52%	14.21%	-1.26%
By product category						

Diesel engines	2,112,251,290.73	1,799,217,464.83	14.82%	13.80%	15.29%	-1.10%
Gasoline engines	132,735,777.75	108,270,190.66	18.43%	-0.90%	-0.38%	-0.43%
Other	51,477,642.76	43,086,335.78	16.30%	-7.67%	-4.70%	-2.61%
By operating segment						
Domestic	1,922,972,122.74	1,587,725,941.54	17.43%	11.03%	12.63%	-1.17%
Overseas	373,492,588.50	362,848,049.73	2.85%	18.96%	19.04%	-0.06%

Core business data of the prior year restated according to the changed statistical caliber for the Reporting Period:

Applicable Not applicable

(3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes No

Operating division	Item	Unit	2020	2019	Change (%)
Diesel engines	Unit sales	Unit	627,331	536,932	16.84%
	Output	Unit	657,917	519,339	26.68%
	Inventory	Unit	78,589	48,003	63.72%

Any over 30% YoY movements in the data above and why:

Applicable Not applicable

The Company properly increased its inventory in response to the recovery in the agricultural machinery industry and the spring farming season in 2021.

(4) Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable Not applicable

(5) Breakdown of Cost of Sales

Unit: RMB

Product category	Item	2020		2019		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Diesel engines	Raw materials	1,526,191,466.63	78.24%	1,317,459,424.33	78.43%	15.84%
Diesel engines	Labor cost	222,248,951.31	11.39%	214,361,508.91	12.76%	3.68%
Diesel engines	Depreciation	71,562,851.51	3.67%	74,355,935.23	4.43%	-3.76%
Diesel engines	Energy	34,214,195.38	1.75%	27,773,748.68	1.65%	23.19%

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Yes No

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	1,026,672,658.60
Total sales to top five customers as % of total sales of the Reporting Period (%)	44.71%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Information about top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Customer 1	439,066,347.33	19.12%
2	Customer 2	242,920,433.07	10.58%
3	Customer 3	142,420,154.12	6.20%
4	Customer 4	103,689,649.75	4.52%
5	Customer 5	98,576,074.33	4.29%
Total	--	1,026,672,658.60	44.71%

Other information about major customers:

Applicable Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	250,959,619.80
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	11.07%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	0.00%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier 1	80,662,072.00	3.56%
2	Supplier 2	58,983,251.28	2.60%
3	Supplier 3	47,225,855.00	2.08%
4	Supplier 4	39,322,805.50	1.73%
5	Supplier 5	24,765,636.06	1.09%
Total	--	250,959,619.84	11.07%

Other information about major suppliers:

Applicable Not applicable

3. Expense

Unit: RMB

	2020	2019	Change (%)	Reason for any significant change
Selling expense	128,372,278.62	97,085,117.05	32.23%	Increase in accrual-warranty expense due to prolonged warranty periods required by certain customers in the Reporting Period

Administrative expense	87,446,195.74	107,015,957.41	-18.29%	
Finance costs	15,768,310.32	-4,436,573.36	---	
R&D expenses	72,258,781.08	66,221,376.27	9.12%	

4. R&D Investments

Applicable Not applicable

The Company has been valuing the R&D of new products and application of new technologies. Based on the market-oriented policy, the Company continuously promotes technological upgrading, makes great efforts to improve the technological development capacity and self-innovation capacity and increases the added value of products so as to continuously enhance the Company's market competitiveness.

Details about R&D investments:

	2020	2019	Change (%)
Number of R&D personnel	354	360	-1.67%
R&D personnel as % of total employees	12.36%	11.96%	0.40%
R&D investments (RMB)	72,258,781.08	66,221,376.27	9.12%
R&D investments as % of operating revenue	3.15%	3.24%	-0.09%
Capitalized R&D investments (RMB)	0.00	0.00	---
Capitalized R&D investments as % of total R&D investments	0.00%	0.00%	---

Reasons for any significant YoY change in the percentage of R&D expense in operating revenue:

Applicable Not applicable

Reason for any sharp variation in the percentage of capitalized R&D expense and rationale:

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2020	2019	Change (%)
Subtotal of cash generated from operating activities	2,281,623,334.91	2,233,233,647.12	2.17%
Subtotal of cash used in operating activities	2,029,826,680.38	2,253,558,836.68	-9.93%
Net cash generated from/used in operating activities	251,796,654.53	-20,325,189.56	---
Subtotal of cash generated from investing activities	564,355,776.61	23,975,484.12	2,253.89%
Subtotal of cash used in investing activities	717,612,880.11	105,167,007.71	582.36%
Net cash generated from/used in investing activities	-153,257,103.50	-81,191,523.59	---
Subtotal of cash generated from financing activities	22,000,000.00	34,000,000.00	-35.29%
Subtotal of cash used in financing activities	27,732,890.38	78,505,058.96	-64.67%

Net cash generated from/used in financing activities	-5,732,890.38	-44,505,058.96	---
Net increase in cash and cash equivalents	83,979,542.30	-145,306,375.14	---

Explanation of why any of the data above varies significantly:

Applicable Not applicable

The significant year-on-year change in net cash generated from/used in operating activities was primarily because bank acceptance notes were adopted more often in the settlement with suppliers, resulting in a decrease in cash used in operating activities and thus an increase in net cash generated from operating activities.

The significant year-on-year change in net cash generated from/used in investing activities was actual investment in Changchai Machinery and the participation in a rights issue of Bank of Jiangsu, in the current period.

The significant year-on-year change in net cash generated from/used in financing activities was primarily because last year saw the repayment of some bank borrowings and the payment of 2018 final dividends, resulting in a year-on-year increase in net cash generated from financing activities in the Reporting Period.

Reason for any big difference between the net operating cash flow and the net profit for this Reporting Period

Applicable Not applicable

The big difference between the net operating cash flow and the net profit for this Reporting Period was mainly because bank acceptance notes were adopted much more often in the settlement with suppliers, affecting net cash generated from operating activities.

III Analysis of Non-Core Businesses

Applicable Not applicable

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Indicate whether the Company has adopted the new accounting standards governing revenue and leases since 2020 and restated the beginning amounts of relevant financial statement line items in the year.

Applicable.

Unit: RMB

	31 December 2020		1 January 2020		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	760,728,222.85	19.24%	638,589,260.09	18.30%	0.94%	
Accounts receivable	397,154,016.49	10.05%	419,302,056.87	12.02%	-1.97%	
Inventories	606,680,340.55	15.35%	473,359,168.90	13.57%	1.78%	
Investment property	46,239,326.03	1.17%	48,447,666.83	1.39%	-0.22%	
Long-term equity investments	0.00	0.00%	0.00	0.00%	---	
Fixed assets	454,181,555.68	11.49%	457,722,667.32	13.12%	-1.63%	

Construction in progress	66,502,432.41	1.68%	91,358,156.24	2.62%	-0.94%	
Short-term borrowings	22,000,000.00	0.56%	22,000,000.00	0.63%	-0.07%	
Long-term borrowings	0.00	0.00%	0.00	0.00%	---	

2. Assets and Liabilities at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other change	Ending amount
Financial assets								
1. Held-for-trading financial assets (derivative financial assets exclusive)	13,050,000.00	200,272.00			33,822,956.16	35,572,956.16		11,500,272.00
2. Derivative financial assets								
3. Other debt investment								
4. Investment in other equity instruments	532,886,000.00		127,966,296.36		24,786,000.00	500,345.49		685,137,950.87
Subtotal of financial assets	545,936,000.00	200,272.00	127,966,296.36		58,608,956.16	36,073,301.65		696,638,222.87
Investment								

property								
Productive living assets								
Other	77,952,101.63	20,780,837.00						98,732,938.63
Total of above	623,888,101.63	20,981,109.00	127,966,296.36		58,608,956.16	36,073,301.65		795,371,161.50
Financial liabilities	0.00							0.00

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes No

3. Restricted Asset Rights as at the Period-End

Item	Ending carrying value	Reasons
Monetary assets	130,788,682.35	Security deposits associated with bank acceptance notes, environment, etc.
House constructions	2,012,894.88	Collateral for bank loan
Land use right	962,953.87	Collateral for bank loan
Machinery equipment	34,959,585.43	Collateral for bank loan
Total	168,724,116.53	--

V Investments Made

1. Total Investment Amount

Applicable Not applicable

Investments made in Reporting Period (RMB)	Investments made in same period of last year (RMB)	+/-%
154,786,000.00	60,000,000.00	157.98%

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

Unit: RMB

Investee	Main business	Investment method	Investment amount	Shareholding percentage	Capital resources	Partner	Investment term	Type of products	Progress as of the balance sheet date	Estimated income	Profits or losses of investment in the Reporting Period	Involved in lawsuit or not	Disclosure date (if any)	Disclosure index (if any)
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Jiangsu Housheng New Energy Technology Co., Ltd.	Lithium battery baffle	Capital increase	26,250,000.00	8.72%	Self-owned	Changzhou Investment Group Co., Ltd. and Changzhou Synergetic Innovation Private Equity Fund (Limited Partnership)	Long-term	Lithium battery baffle	Capital increase registered with the industrial and commercial administration	0.00	2,500,000.00	No	12 Dec. 2020	2020-074
Jiangsu Changchai Machinery Co., Ltd.	Internal combustion engine, related generator sets and parts	Paid in capital	130,000,000.00	100.00%	Self-owned	Naught	Long-term	Internal combustion engine, related generator sets and parts	The input has been made	0.00	-1,594,404.47	No	26 February 2019	2019-004
Total	--	--	156,250,000.00	--	--	--	--	--	--	0.00	905,595.53	--	--	--

3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

Variety of security	Code of security	Name of security	Initial investment cost	Accounting measurement method	Beginning carrying value	Gain/Loss on fair value changes in Reporting Period	Accumulated fair value changes charged to equity	Purchased in Reporting Period	Sold in Reporting Period	Gain/loss in Reporting Period	Ending carrying value	Accounting title	Source of investment funds
Domestic/Foreign stock	600166	Foton Motor	41,784,000.00	Fair value method	302,005,000.00	0.00	351,382,350.00	0.00	0.00	0.00	455,175,000.00	Investment in other equity instruments	Self-owned fund
Domestic/Foreign stock	600919	Bank of Jiangsu	42,786,000.00	Fair value method	130,320,000.00	0.00	72,231,300.00	24,786,000.00	0.00	5,004,000.00	127,764,000.00	Investment in other equity instruments	Self-owned fund
Domestic/Foreign stock	600377	Jiangsu Expressway	90,500.00	Fair value method	561,000.00	0.00	340,425.00	0.00	491,000.00	0.00	0.00	Investment in other equity instruments	Self-owned fund

Domestic/ Foreign stock	3009 12	Kailong High Technology	20,001,268.00	Fair value method	20,001,268.00	18,280,837.00	0.00	0.00	0	18,280,837.00	38,282,105.00	Other non-current financial assets	Self-owned fund
Other securities investments held at the period-end				--								--	--
Total			104,661,768.00	--	452,887,268.00	18,280,837.00	423,954,075.00	24,786,000.00	491,000.00	23,284,837.00	621,221,105.00	--	--
Disclosure date of the announcement on the board's approval of the securities investments			12 Dec. 2020										

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

5. Use of Funds Raised

Applicable Not applicable

No such cases in the Reporting Period.

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

VII Major Subsidiaries

Applicable Not applicable

Major fully/majority-owned subsidiaries and those minority-owned subsidiaries with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Changcha	Subsidiary	Production	55,063,0	164,656,	86,054,6	209,003,	1,880,28	137,775.

i Benniu	y	of diesel engine accessories	00.00	448.49	92.70	734.70	0.35	00
Changchai Wanzhou	Subsidiary	Diesel engine assembly	85,000,000.00	74,311,171.17	49,529,648.65	43,143,296.52	554,513.62	494,776.84
Housheng Investment	Subsidiary	External investment and consulting	40,000,000.00	64,827,753.14	59,714,534.13	344,842.86	16,316,082.73	11,684,821.20
Housheng Agricultural Equipment	Subsidiary	agricultural machinery product of rice transplanter etc.	10,000,000.00	26,779,698.80	-6,265,406.20	14,280,066.47	-6,462,052.03	-6,712,052.03
Changchai Robin	Subsidiary	Gasoline engines assembly	37,250,000.00	113,064,063.56	100,165,773.29	132,735,777.75	10,850,800.51	10,074,337.57
Changchai Machinery	Subsidiary	Internal combustion engine and related accessories	300,000,000.00	138,696,225.19	138,011,999.19	0.00	-1,586,825.63	-1,594,404.47
Xingsheng Real Estate Management	Subsidiary	Real estate management service	1000,000.00	5,870,002.21	3,408,672.66	5,608,871.93	808,606.70	773,836.84

Subsidiaries obtained or disposed in the Reporting Period:

Applicable Not applicable

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX Prospects

1. Industrial Competition Pattern and Development Trend

In 2020, due to the COVID-19 pandemic, the agricultural machinery industry and the internal combustion engine industry ushered in a trend of contrarian growth in the continuous deep adjustment under the combined effect of various favorable factors such as national policies, local support and market boosts. In 2021, China's agricultural machinery market will still be in a state of deep adjustment and transformation of upgrading. Despite the decline of the traditional categories market, opportunities can still be found in market segments, with intelligent agricultural machinery favored by the market. The national macro-economy will be positive in the long run and agricultural machinery industry is supported by policies. The agricultural machinery market is prospective from the perspective of long-term development. As total market demand is large, it is not only an opportunity but also a challenge for agricultural machinery manufacturers, who need to accelerate the upgrading of agricultural

machinery products and technology.

In addition, the huge pressure brought by the new energy industry to traditional internal-combustion engine companies has forced traditional engine manufacturers to actively or passively become involved in the development of new energy automotive industries.

At present, the development trend and market situation of the industry are mainly as follows: First, the agricultural industry is in the stage of deep adjustment, bringing further competition to the industry; second, market demand shows fragmentation and segmentation; third, the development of agricultural machinery is diversified. Large scale and miniaturization coexist. High-end intelligence has become the dominant direction; fourth, the concentration of the internal combustion engine industry will increase rapidly, with intensive industrial reshuffle; fifth, the combination of capital and industry will boost internationally competitive large enterprises. The threshold of competition will be higher in the future. Overall, the diesel market competition is fierce. There will be better market prospects for diesel engines with high-performance in energy saving and environmental protection and meeting the rigid demand of specific fields.

2. Company development strategies:

The Company's development strategies are to base on the farm machinery, do stronger in the power, develop the fields and develop scientifically.

In the field of agricultural machinery, the Company maintained a leading position in the horsepower segment and continues to expand the market share, and actively explored and entered the market in large-horse-powered vehicles and non-road-specific power supporting areas for engineering use and achieved stable breakthroughs in the niche. In the terminal area, the Company actively expanded the market share of transplanter products. In terms of product support, the Company focused on agriculture originally and gradually entered into engineering, construction, orchard, forestry, fishery and electromechanical industries. Meanwhile, it expanded the military support and bidding market, and gradually promoted the development of the market of motor generator sets. In addition, the Company extended its product structure to the gasoline engine field by acquiring Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd., continuously expanded product application, firmly grasped product quality and actively developed overseas and domestic customers. The Company will further innovate the management mechanism, accelerate the progress of product development and vigorously expand the market to promote the sustained and steady development of the Company.

The Company is using the cloud platform technology to promote information building and develop a highly efficient and practical information platform. Meanwhile, as a response to governmental planning, the Company is implementing light engine and casting relocation projects to integrate existing resources, improve quality and increase efficiency, which is beneficial to the Company's sustainable development. A private placement program is launched to the capital market to raise financings and activate resources, which will help boost the Company's R&D projects and development.

3. Operation Plan for the Year 2021:

The Company will consolidate its leading position with single-cylinder diesel engines and build a boutique image with multi-cylinder diesel engines, accelerate the expansion of terminals, comprehensively upgrade product emission standards, create new management models for higher returns, and utilize capital to drive development. In 2021, sales revenue is expected to be RMB2.15 billion, and new products sales will exceed 100,000 units.

The above operation plan does not represent the profit forecast of Y2021 by the listed company, and whether can be realized depends on various factors on the changes of market conditions and the effort level of the management team. There is a lot of uncertainty, and investors should pay special attention on it.

4. Possible risks and countermeasures:

(1) Market risk:

Fierce competition results in over-capacity of some traditional products. With the adjustment of the national agricultural production structure and the continuous expansion of the scale of farm operation, as well as the changes in farmers' production and operation methods, agricultural machinery is developing towards the trend of large-scale, high-efficiency and intelligent automation, and resource-saving and environmentally-friendly products have gradually become the mainstream. In the future, emission standards of internal combustion engines will be further updated and air pollution control will be further stringent. Safety production and environmental protection will be normalized, and the industry will still be in a period of transformation and adjustment. However, long-term improvement of the national macro-economy remains unchanged, and the agricultural machinery market is still promising with a large total market demand.

Countermeasures:

The first is to solidly upgrade emission standards and actively expand product areas.

The second is to boost both internal and external markets in different areas and empower the enterprise to develop steadily and well.

The third is to focus on quality management in the whole process and continuously enhance the competitive advantage of quality.

The fourth is to strictly standardize and implementation of technical transformation projects and vigorously promote the completion and commissioning of Changchai Industry Park.

The fifth is to continuously strengthen refined management and comprehensively improve the efficiency of production, operation and management.

The sixth is to continuously improve the development strength of subsidiaries and promote capital operation projects in a steady and orderly manner.

(2) Industrial risk:

The rapid development of the new energy industry has impacted the traditional fuel automobile industry and its industrial chain. With the support of national policies and investment, the maturity of the new energy industry has been growing continuously and gradually exerting an impact on the agricultural machinery industry. Battery-powered products have gradually appeared in planting machinery, garden machinery and so on. In order to cope with the upgrading of emission standards and the rapid development of new energy industry, enterprises in the traditional internal combustion engine industry need to seek new development opportunities, improve their technical level or try to make cooperations to transfer the industrial risks.

Countermeasures:

The first measure is to prepare layout in new energy industries in advance to seize the opportunity for industry development.

The second is to develop innovative products and upgrade products towards intelligent and Internet-based high-end products.

The third is to explore new fields, boost the competitiveness of the product chain, explore the development direction of new industries and meet the industrial upgrading and transformation.

(3) Policy risk:

The macro-economic environment is complex and changeable, economic growth is slowing down and the policy on the diesel engine emissions is becoming stricter and stricter, which increased the operating difficulties and the pressure. As such, the market demands for some products of the Company will be affected to some extent.

Countermeasures: The Company will pay close attention to the government's economic macro-control policies and market developments. To promote the work such as "promote the products upgrade and quality enhancing", to embrace the upgrading of the engine emission standards, to accelerate the forging of the new "Standard V" platform, and to execute the necessary products resources reserves in advance.

(4) Raw material price risk:

Due to the economic situation and the global financial easing policies, fluctuations in the prices of raw materials such as steel and pig iron will put pressure on the Company's manufacturing costs.

Countermeasures: The Company will further improve its operating efficiency, reduce costs and improve efficiency, and reduce the pressure of rising costs through measures such as optimizing the supply system, strengthening inventory and plan management, and controlling costs and expenses.

(5) Talent risk:

As the Company keeps, in recent years, improving operational efficiency and technological innovation to cope with the increasingly fierce market competition and industry development trend, the demand for professional and senior management personnel is greatly increased.

Countermeasures:

The first is to strengthen the building of management and talent teams, accelerate the training of young management, continuously enhance the vitality of the management team, strengthen the training, assessment and utilization of existing talents such as skilled experts, technical management personnel and worker technicians, and increase recruitment and introduction of urgently needed talents based on the Company's development needs;

The second is to optimize the deployment of enterprise employment and improve employee skills, supplement frontline employees through multiple channels, strengthen the training of management and employees at all levels, and further improve employee skills through the organization and development of skill level identification.

X Communications with the Investment Community such as Researches, Inquiries and Interviews

1. During the Reporting Period

√ Applicable □ Not applicable

Date of visit	Place of visit	Way of visit	Type of visitor	Visitor	Contents and materials provided	Index to main inquiry information
2020-12-18	EasyIR	Other	Individual	Individual investor	Products situation of the Company	EasyIR
2020-12-17	EasyIR	Other	Individual	Individual investor	Products situation of the Company	EasyIR
2020-12-08	EasyIR	Other	Individual	Individual investor	Progress of lithium battery baffle project	EasyIR
2020-11-18	EasyIR	Other	Individual	Individual investor	Progress of R&D projects of the Company	EasyIR
2020-10-29	EasyIR	Other	Individual	Individual investor	Shareholders of the Company	EasyIR
2020-10-15	EasyIR	Other	Individual	Individual investor	Progress of lithium battery baffle project	EasyIR
2020-09-14	EasyIR	Other	Individual	Individual investor	Pricing of the Company's non-public offering of shares in 2020	EasyIR
2020-08-18	EasyIR	Other	Individual	Individual investor	Equity structure and product situation of Housheng New Energy Technology	EasyIR

2020-08-18	EasyIR	Other	Individual	Individual investor	Equity structure of Housheng New Energy Technology	EasyIR
2020-08-13	EasyIR	Other	Individual	Individual investor	Disposal plan of Foton shares held by the Company	EasyIR
2020-08-13	EasyIR	Other	Individual	Individual investor	Reasons for the Company's sales expenses increase in the first half of the year	EasyIR
2020-08-13	EasyIR	Other	Individual	Individual investor	Progress of the Company's application for non-public offering of shares	EasyIR
2020-07-27	EasyIR	Other	Individual	Individual investor	Progress of the Company's non-public offering of shares	EasyIR
2020-07-27	EasyIR	Other	Individual	Individual investor	Construction period of the Company's technology center innovation capability construction project	EasyIR
2020-07-24	EasyIR	Other	Individual	Individual investor	Suggestions for the Company to seek help from the government	EasyIR
2020-07-24	EasyIR	Other	Individual	Individual investor	Treatment process of old plant	EasyIR
2020-07-07	EasyIR	Other	Individual	Individual investor	Executive salary assessment standards and investor exchange meeting plan of the Company	EasyIR
2020-07-07	EasyIR	Other	Individual	Individual investor	Factory audit of lithium battery baffle project	EasyIR
2020-07-07	EasyIR	Other	Individual	Individual investor	The Company's industrial transformation and upgrading	EasyIR
2020-07-07	EasyIR	Other	Individual	Individual investor	The Company's industrial transformation and upgrading	EasyIR
2020-07-07	EasyIR	Other	Individual	Individual investor	Product R&D of the Company	EasyIR
2020-07-07	EasyIR	Other	Individual	Individual investor	Appointment of Board Secretary of the Company	EasyIR
2020-07-07	EasyIR	Other	Individual	Individual investor	Labor contract relationship of the general manager of Housheng New Energy Technology	EasyIR
2020-07-06	EasyIR	Other	Individual	Individual investor	Land situation of the Company	EasyIR
2020-06-12	EasyIR	Other	Individual	Individual investor	Suggestions for the Company's development	EasyIR
2020-06-12	EasyIR	Other	Individual	Individual	Products situation of lithium	EasyIR

				investor	battery baffle project	
2020-06-12	EasyIR	Other	Individual	Individual investor	Whether the Company is involved in regional acquisition and demolition projects	EasyIR
2020-06-02	EasyIR	Other	Individual	Individual investor	Product application field of the Company	EasyIR
2020-06-02	EasyIR	Other	Individual	Individual investor	Suggestions for the Company's development	EasyIR
2020-05-28	EasyIR	Other	Individual	Individual investor	Production situation of lithium battery baffle project	EasyIR
2020-05-27	EasyIR	Other	Individual	Individual investor	Production situation of lithium battery baffle project	EasyIR
2020-05-13	EasyIR	Other	Individual	Individual investor	Suggestions for the Company's development	EasyIR
2020-05-13	EasyIR	Other	Individual	Individual investor	Suggestions for the Company's development	EasyIR
2020-05-13	EasyIR	Other	Individual	Individual investor	The Company's layout in the new energy industry	EasyIR
2020-05-07	EasyIR	Other	Individual	Individual investor	Product application field of the lithium battery baffle project	EasyIR
2020-04-29	EasyIR	Other	Individual	Individual investor	Progress of lithium battery baffle project	EasyIR
2020-04-26	EasyIR	Other	Individual	Individual investor	Securities investment of the Company	EasyIR
2020-04-14	EasyIR	Other	Individual	Individual investor	Financing of the Company	EasyIR
2020-04-14	EasyIR	Other	Individual	Individual investor	Positioning of the Company	EasyIR
2020-04-13	EasyIR	Other	Individual	Individual investor	Impact of the Company's additional stock issuance	EasyIR
2020-04-11	EasyIR	Other	Individual	Individual investor	Purchase and storage plan of the original plant after the Company's relocation project is completed	EasyIR
2020-04-11	EasyIR	Other	Individual	Individual investor	Salary growth of Company executives and independent directors	EasyIR
2020-04-11	EasyIR	Other	Individual	Individual investor	Suggestions for the Company's development	EasyIR
2020-04-11	EasyIR	Other	Individual	Individual investor	Suggestions on the objects of non-public offering	EasyIR
2020-04-11	EasyIR	Other	Individual	Individual investor	Non-public offering of stock pricing and net assets	EasyIR
2020-04-09	EasyIR	Other	Individual	Individual	Renewal of Directors and	EasyIR

				investor	Supervisors	
2020-04-09	EasyIR	Other	Individual	Individual investor	The Company's mixed reform situation	EasyIR
2020-04-09	EasyIR	Other	Individual	Individual investor	Renewal of Directors	EasyIR
2020-03-19	EasyIR	Other	Individual	Individual investor	Suggestions for the Company's development	EasyIR
2020-03-19	EasyIR	Other	Individual	Individual investor	Company transformation and upgrading	EasyIR
2020-03-12	EasyIR	Other	Individual	Individual investor	The Company's 2019 annual report	EasyIR
2020-03-09	EasyIR	Other	Individual	Individual investor	Product situation of lithium battery baffle project	EasyIR
2020-03-09	EasyIR	Other	Individual	Individual investor	Product situation of lithium battery baffle project	EasyIR
2020-03-09	EasyIR	Other	Individual	Individual investor	Products situation of the Company	EasyIR
2020-03-03	EasyIR	Other	Individual	Individual investor	Business situation of the Company	EasyIR
2020-03-02	EasyIR	Other	Individual	Individual investor	Brand value of the Company	EasyIR
2020-02-28	EasyIR	Other	Individual	Individual investor	Reform and development of the Company	EasyIR
2020-02-22	EasyIR	Other	Individual	Individual investor	Operation of lithium battery baffle project	EasyIR
2020-02-22	EasyIR	Other	Individual	Individual investor	Operation of lithium battery baffle project	EasyIR
2020-02-22	EasyIR	Other	Individual	Individual investor	Lithium battery baffle project production plan	EasyIR
2020-02-17	EasyIR	Other	Individual	Individual investor	Progress of lithium battery baffle project	EasyIR
2020-02-17	EasyIR	Other	Individual	Individual investor	Progress of lithium battery baffle project	EasyIR
2020-02-14	EasyIR	Other	Individual	Individual investor	Work resumption of the Company	EasyIR
2020-02-14	EasyIR	Other	Individual	Individual investor	Renewal of Directors	EasyIR
2020-02-06	EasyIR	Other	Individual	Individual investor	The Company's epidemic prevention situation	EasyIR
2020-02-05	EasyIR	Other	Individual	Individual investor	Completion of the Company's main tasks in 2019 and main goals in 2020	EasyIR
2020-02-04	EasyIR	Other	Individual	Individual investor	Suggestions for the Company's development	EasyIR

2020-02-04	EasyIR	Other	Individual	Individual investor	Market concept of the Company	EasyIR
2020-02-03	EasyIR	Other	Individual	Individual investor	Progress of lithium battery baffle project	EasyIR
2020-02-03	EasyIR	Other	Individual	Individual investor	Change of Directors and Supervisors	EasyIR
2020-01-22	EasyIR	Other	Individual	Individual investor	Suggestions for the Company's development	EasyIR
2020-01-22	EasyIR	Other	Individual	Individual investor	Development of the Company	EasyIR
2020-01-15	EasyIR	Other	Individual	Individual investor	Lithium battery baffle project situation	EasyIR
2020-01-14	EasyIR	Other	Individual	Individual investor	Progress of lithium battery baffle project	EasyIR
2020-01-13	EasyIR	Other	Individual	Individual investor	Customer situation of the Company	EasyIR
2020-01-09	EasyIR	Other	Individual	Individual investor	Progress of lithium battery baffle project	EasyIR
2020-01-07	EasyIR	Other	Individual	Individual investor	The progress of the lithium battery baffle project and the salary of the Company's executives	EasyIR
2020-01-01	EasyIR	Other	Individual	Individual investor	Development of the Company	EasyIR
Times of communications						78
Number of institutions communicated with						0
Number of individuals communicated with						78
Number of other communication parties						0
Tip-offs or leakages of substantial supposedly-confidential information during communications						None

Part V Significant Events

I Profit Distributions to Ordinary Shareholders (in the Form of Cash and/or Stock)

How the profit distribution policy, especially the cash dividend policy, for ordinary shareholders was formulated, executed or revised in the Reporting Period:

Applicable Not applicable

In Articles of Association, which had confirmed the specific profits distribution and cleared out the conditions, standards and proportion of the cash bonus, stipulated the decision-making progress of the formulation and alternation of the profits distribution policies and the chapters as well as the regulations fully ensure the opportunities for the medium and small shareholders to exert the functions and to provide advices as well as appeals. The cash bonus of recent 3 years of the Company met with the regulations of the Articles of Association and during the decision-making process of the profits distribution proposal, the Independent Directors stated the independent advices and fully respected the advices from the medium and small shareholders. The profits distribution preplan and the turning capital reserve into share capital preplan of the Company were both met with the relevant regulations of the Articles of Association and so on.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	N/A

The profit distributions to ordinary shareholders, either in the form of cash or stock, in the past three years (including the Reporting Period) are summarized as follows:

Year	Profits distribution proposal	Turning capital reserve into share capital proposal	Execution
2020	No	No	Still needed to submit to the Annual General Meeting
2019	No	No	Finished the execution
2018	Distributed RMB0.25 of every 10 shares (taxes including)	No	Finished the execution

Cash dividend for ordinary shareholders in the past three years (including the Reporting Period):

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in consolidated statements for the year (B)	A as % of B (%)	Cash dividends in other forms (C)	C as % of B (%)	Total cash dividends (including those in other forms) (D)	D as % of B (%)
2020	0.00	52,432,443.05	0.00%	0.00	0.00%	0.00	0.00%
2019	0.00	24,966,526.85	0.00%	0.00	0.00%	0.00	0.00%
2018	14,034,358.15	62,409,528.46	22.49%	0.00	0.00%	14,034,358.15	22.49%

Indicate by tick mark whether the Company fails to put forward a cash dividend proposal for the ordinary shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to the ordinary shareholders are positive.

Applicable Not applicable

Reason why the Company fails to put forward a cash dividend proposal for the ordinary shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to the ordinary shareholders are positive	Use and use plan for retained earnings of the Company
Simple description about the reason why no cash dividend was made at the end of this year: the sum of cash dividend made by the Company in recent three years was RMB 14.0344 million, exceeding 30% of the yearly net profit of the listed company's shareholders, and has met the relevant rules on cash dividend. Generally considering the construction capital demand, development project's progress and non-public offering project's progress of Changchai Machinery, a subsidiary of the Company, in 2021, the Company intended not to distribute cash dividend or issue bonus shares or transfer common reserve fund into share capital in 2020.	Support the construction of the subsidiary Changchai Machinery and the promotion of R&D projects of the Company

II Final Dividend Plan for the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

III Fulfillment of Commitments

1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and other Entities Fulfilled in the Reporting Period or Ongoing at the Period-end

Applicable Not applicable

Commitment	Promisor	Type	Details of commitment	Date	Term	Fulfil
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		of comm itmen t		of commi tment makin g	of commi tment	lmen t
Other commitments made to minority shareholders	Changchai Company, Limited	Bonus	Rewards Plan for Shareholders in Next Three Years(2020-2022) Under the premise of positive distributive profit (remaining after-tax profits after making up for the loss and extracting for the common reserves) in this year or half year and abundant money flow and no influence on the following-up going concern after cash bonus, the profits allocated by cash every year shouldn't be lower than 10% of the allocable profits from parent company. Meanwhile, the accumulated allocable profits by cash in the arbitrary continuous three accounting years should not be lower than 30% of the annual average allocable profits in those three years.	8 May 2020	Year 2020-2022	Ongoing
Fulfilled on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step (if any)	N/A					

2. Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.

Applicable Not applicable

IV Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.

V Explanations Given by the Board of Directors, the Supervisory Board and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI YoY Changes to Accounting Policies, Estimates and Methods

Applicable Not applicable

Changes to the accounting policies and why	Approval process	Remark
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The Ministry of Finance issued the Notice on Revising and Issuing the Accounting Standards for Business Enterprises No.14-Revenue (CK [2017] No.22) (hereinafter referred to as the “New Standards governing Revenue) in July 2017 and required all companies listed domestically to implement it since 1 January 2020.	On 28 April 2020, the Company convened the 2 nd Meeting of the 9 th Board of Directors and the 2 nd Meeting of the 9 th Supervisory Committee and approved the Proposal on Changes of Some Accounting Policies.	
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(1) Influence of Implementing the New Standards governing Revenue

Affected items in the consolidated balance sheet and amount thereof:

Item	31 December 2019	Affected by classification and measurement	1 January 2020
Advances from customers	31,789,001.78	-31,789,001.78	
Contract liabilities		29,652,202.74	29,652,202.74
Other current liabilities	1,177,712.38	2,136,799.04	3,314,511.42

Affected items in the balance sheet of the Company as the parent and amount thereof:

Item	31 December 2019	Affected by classification and measurement	1 January 2020
Advances from customers	28,673,664.87	-28,673,664.87	
Contract liabilities		26,661,229.33	26,661,229.33
Other current liabilities		2,012,435.54	2,012,435.54

VII Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period Applicable Not applicable

No such cases in the Reporting Period.

VIII YoY Changes to the Scope of the Consolidated Financial Statements Applicable Not applicable

No such cases in the Reporting Period.

IX Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
The Company's payment to the domestic independent auditor (RMB'0,000)	60
How many consecutive years the domestic independent auditor has provided audit service for the Company	19

Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Dai Weizhong, Xu Wenxiang
How many consecutive years the certified public accountants have provided audit service for the Company	Dai Weizhong five years, Xu Wenxiang three years

Indicate by tick mark whether the independent auditor was changed for the Reporting Period.

Yes No

Independent auditor, financial advisor or sponsor engaged for the audit of internal controls:

Applicable Not applicable

In this year, the Company retained Gongzheng Tianye Certified Public Accountants (Special General Partnership) as the audit institution for its internal control at the audit fees of RMB120,000; the Company employed Industrial Securities Co., Ltd. and Donghai Securities Co., Ltd. as co-sponsor underwriter for non-public issuance of A shares in 2020. In the report period, the Company paid the sponsor fees of RMB1.50 million to Industrial Securities Co., Ltd. and Donghai Securities Co., Ltd. respectively.

X Possibility of Delisting after Disclosure of this Report

Applicable Not applicable

XI Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

XII Major Legal Matters

Applicable Not applicable

General information	Involved amount (RMB'0,000)	Provision	Progress	Decisions and effects	Execution of decisions	Disclosure date	Index to disclosed information
As for the lawsuit against Shandong Hongli Group Co., Ltd., the defendant accumulatively owed the Company's payment for goods of RMB14.36 million. The Company filed an appeal to Changzhou Intermediate People's Court in 2001 and applied to the court for compulsory execution in April 2002. The insolvency liquidation procedures have been completed on 12 November 2020 and the liquidity rate of arrears of the Company was zero.	1,436	None	The judgment was made at the second instance	Not applicable	The insolvency liquidation procedures have been completed.		

XIII Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

XIV Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable Not applicable

The de facto controller of the Company is SASAC of Changzhou People's Government and the controlling

shareholder of it is Changzhou Investment Group Co., Ltd. There is no such case that the controlling shareholder fails to perform any legally effective judgment of courts or to pay off matured debts with a large amount.

XV Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable Not applicable

XVI Major Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Interests

Applicable Not applicable

No such cases in the Reporting Period.

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

Co-investor	Relation	Name of investee	Main business of investee	Registered capital of investee	Total assets of investee (RMB'0,000)	Net assets of investee (RMB'0,000)	Net profit of investee (RMB'0,000)
Changzhou Investment Group Co., Ltd.	Controlling shareholder of the Company	Jiangsu Housheng New Energy Technology Co., Ltd.	Li-ion battery diaphragm	RMB860 million	100,081.00	54,165.13	-2,969.75

On 11 December 2020, the Board of Directors of the Company discussed and approved the Proposal on Participating in Equity Capital Increase and Related Transactions of Jiangsu Housheng New Energy Technology Co., Ltd., and agreed the Company and the controlling shareholder Changzhou Investment Group Co., Ltd. to invest RMB26.25 million respectively for equity capital increase in Jiangsu Housheng New Energy Technology Co., Ltd. For the details, please see the Notice for Participating in Equity Capital Increase and Related Transactions of Jiangsu Housheng New Energy Technology Co., Ltd. (No. 2020-074) disclosed by the Company on www.cninfo.com.cn on 12 December 2020. The business registration change of Jiangsu Housheng New Energy Technology Co., Ltd. was completed on 31 December 2020. The Company paid the investment fund in January 2021.

4. Credits and Liabilities with Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Other Major Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

XVII Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Major guarantees

Applicable Not applicable

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Guarantees between the Company as the parent and its subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Changzhou Changchai Housheng Agricultural Equipment Co., Ltd.	25 November 2019	2,000	16 April 2020	2,000	Joint liability	1 year	No	No
Total approved line for such guarantees in the Reporting Period (B1)				2,000	Total actual amount of such guarantees in the Reporting Period (B2)		2,000	
Total approved line for such guarantees at the end of the Reporting Period (B3)				2,000	Total actual balance of such guarantees at the end of the Reporting Period (B4)		2,000	
Guarantees provided between subsidiaries								

Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Total guarantee amount (total of the three kinds of guarantees above)								
Total guarantee line approved in the Reporting Period (A1+B1+C1)			2,000	Total actual guarantee amount in the Reporting Period (A2+B2+C2)				2,000
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)			2,000	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)				2,000
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				0.88%				
Of which:								
Balance of guarantees provided for shareholders, actual controller and their related parties (D)				0				
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)				2,000				
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)				0				
Total of the three amounts above (D+E+F)				2,000				
Explanation on possibility to bear joint liability due to undue guarantees (if any)				N/A				
Explanation on the external guarantees in violation of stipulated procedures (if any)				N/A				

(2) Irregularities in Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

3. Cash Entrusted to Other Entities for Management**(1) Cash Entrusted for Wealth Management**

Applicable Not applicable

Overviews of cash entrusted for wealth management during the Reporting Period

Unit: RMB'0,000

Specific type	Capital resources	Amount incurred	Undue Balance	Overdue amount
Broker financial products	Self-owned funds	3,072.30	1,130.00	0.00

Particulars of cash entrusted for wealth management with single significant amount or low security, bad liquidity,

and no capital preservation

Applicable Not applicable

Whether there is the case where the principal cannot be recovered at maturity or other case which may cause impairment for entrusted asset management

Applicable Not applicable

(2) Entrusted Loans

Applicable Not applicable

No such cases in the Reporting Period.

4. Continuing Major Contracts

Applicable Not applicable

5. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XVIII Corporate Social Responsibility (CSR)

1. Measures Taken to Fulfill CSR Commitment

The Company is under compliance management and stable operation, creates economic benefit, performs its social liability and actively participates in construction of harmonious society. By taking "Provide Green Power for A Better Life" as its corporate mission and "Customer First, Staff First, Rewarding Shareholders and Benefiting the Society" as its core value, the Company pays attention to the interests of all parties, earnestly fulfill the responsibilities and obligations due to shareholders, employees, consumers, suppliers and other parties, and support and assist common development. Over the years, the Company has formed an enterprise culture system of "Love Country as well as Love Factory, Work Down to Earth as well as Good at Innovation, Strict in Discipline, and Noble in Ethics", and strives to achieve the coordination and unity between enterprise development and ecological and environmental protection as well as social harmony.

I. Compliance management for ensuring interests of all shareholders. The Company has established its perfect corporate governance structure and sound internal control system, strengthens risk management and internal supervision and improves scientific decision level in accordance with the Companies Law, Securities Law, Code of Corporate Governance for Listed Companies, Listing Rules of Shenzhen Stock Exchange and other laws and regulations, standard documents on corporate governance for listed companies and articles of association of the Company. In the report period, the general meeting, board of directors, board of supervisors of the Company were convened, and decision-making process was performed in accordance with laws, regulations and rules, exercise of duties and powers was subject to relevant laws and regulations, and interests of all shareholders were properly protected. The information disclosure of the Company was in compliance with relevant rules and the disclosed information was true, accurate and complete so as to ensure shareholders' right to learn the truth and provide sufficient investment information for investors. The Company properly managed investors, kept smooth and effective communication with shareholders and fairly treated all shareholders. The Company attached importance to management of insider information and no circumstance of insider dealing or impairing shareholder's interest existed in the Company in the report period.

II. Love employees and protect their legal rights and interests. The Company signs labor contracts with its staff in accordance with the Labor Law, Labor Contract Law, Social Insurance Law and other laws and regulations, protect legal rights and interests of employees, pays social insurances for employees on schedule, carries out physical examinations for employees and guarantees their leave interest, including annual leave, marriage leave and maternity leave. The Company pays attention to major family affairs of employees, assists them in balancing work and life, and promptly provides spirit comfort and actual assistance at the crucial moment. By establishing a

reasonable human resource management system and perfect performance examination system, the Company pays close attention to personnel training, builds up steady and harmonious labor capital relationship, improves sense of belonging and sense of collective honor of employees and promotes common growth of employees and enterprise.

III. Maintain honesty business operation and balance interests of all concerned parties. The Company keeps honesty business operation on the basis of mutual benefit and has obtained honors such as Quality Benchmark Enterprise of China, Top 100 Quality Inspection Benchmark Enterprise. The Company always insists on the moral standard of “good faith”, strengthens quality management, provides satisfactory services to customers and maintains long-term cooperation with suppliers. The Company first selects those suppliers who own advanced technologies and supply green products, and supports their technical progress and environmental protection efforts. The Company keeps improving service level based on market demand and situation change, provides efficient services for customers and establishes a perfect service systems.

IV. Follow the strategic development direction, insist on major business and extend scope of business. Based on the national policies and actual situation, the Company takes the opportunity of emission standard updating of non-road machinery and rural construction to promote the research and development of agricultural machinery products and speeds up product updating, and promotes the supporting application of products. The Company has continuously implemented the measures of energy conservation and emission reduction, improved the efficiency of energy utilization, and achieved remarkable results in cost and expenditure reduction, and it has promoted the Company to continuously improve its governance system and enhance its management level. Under the support of relevant government departments, the Company proceeds the construction of industrial parks in accordance with urban planning in an orderly manner to form industrial agglomeration for the implement of urban planning and a green and harmonious living environment. The Company utilizes financing platforms to actively promote re-financing for project development and industry transformation and upgrade. The Company also actively extends new investment projects and improves its competitiveness.

V. Actively carry out charity activities. The Company supports education. After Changchai Hope Primary School was built up 25 years ago, the Company donated several times for the school to support its operation and improve its teaching level; the Company set up Changchai Award Fund in colleges and universities and paid RMB1 million in total for encouraging students to work hard and serve our motherland. The Company actively participates in relevant charity activities and donates difficult residents every year. The Company always remembers its social responsibilities and does not forget social contribution in business operation, for example, help farmers, donation for fighting blood; encourages its employees to participate in blood donation, volunteer service, environmental protection and other beneficial activities.

2. Measures Taken for Targeted Poverty Alleviation

(1) Plans

Responding to the call of the Central Committee of the Communist Youth League of China, Province, City and Changzhou Hope project, the Company participates in poverty alleviation activities and supports the business of education of China.

(2) Summary of the Related Work Done in the Reporting Period

During the Reporting Period, the Company donated RMB250,000 to the Hope Primary School that we built up in 1995 by the Company, for its further development.

(3) Results

Indicator	Measurement unit	Quantity/Progress
1. General results	——	——

Of which: 1.1 Funds	Ten thousand	25
1.2 Materials converted into cash	Ten thousand	
1.3 Number of persons out of poverty which were helped to set up file card	Person	
2. Itemized results	—	—
2.1 Out of poverty by industrial development	—	—
2.2 Out of poverty by transferring employment	—	—
2.3 Out of poverty by relocation	—	—
2.4 Out of poverty by education	—	—
Of which: 2.4.1 Invested amounts to subsidize poor students	Ten thousand	
2.4.2 Number of poor students subsidized	Person	
2.4.3 Invested amounts to improve education resources in poverty-stricken area	Ten thousand	25
2.5 Out of poverty by improving health	—	—
2.6 Out of poverty by protecting ecological environment	—	—
2.7 Subsidy for the poorest	—	—
2.8 Social poverty alleviation	—	—
2.9 Other items	—	—
3. Accolades received (for what and at what level)	—	—
The case of Changchai donating in construction and development of the Hope primary school became an excellent case on poverty alleviation in the agricultural machinery industry of China.		

(4) Subsequent Plans

In 2020, the Fifth Plenum of the 17th CPC Central Committee listed “consolidating poverty alleviation result and overall implementation of rural revitalization strategy” the major targets of the economic and social development in the “fourteenth five-year plan”. The Company will actively participate in poverty alleviation work according to the call of the Communist Party of China and the governmental planning and make its own contribution for realizing common prosperity in China.

3. Issues Related to Environmental Protection

Indicate by tick mark whether the Company or any of its subsidiaries is identified as a major polluter by the environmental protection authorities.

Yes No

The Company and its subsidiaries are not the major polluter identified by the environmental protection authorities of China during the Reporting Period. The Company attaches great importance to the work of environmental protection, and requires the subsidiaries to build corresponding environmental protection facilities according to the actual situation of production and operation, strictly controlling the pollutants, like “waste gas, waste water, and waste residue” generated from the production process.

XIX Other Significant Events

Applicable Not Applicable

1. Non-public offering matters in 2020

On 9 April 2020, the 24th meeting of the 8th board of directors of the Company discussed and approved the Non-public Offering Plan of the Company for 2020. The Company intended to make non-public issuance of

domestic common shares listed in RMB to specific objects, and this matter was approved by the controlling shareholder Changzhou Investment Group Co., Ltd. and was reviewed and adopted in the meeting of shareholders of 2019. On 18 September 2020, the temporary meeting of the board of directors of the Company discussed and approved the relevant revision matters concerning non-public issuance of shares, the Company supplemented and improved the foresaid plan according to the relevant revision matters, and prepared the Non-public Offering Plan of the Company for 2020 (Revision Version), which was discussed and approved in the second temporary meeting of shareholders in 2020. The application of the Company about non-public offering in 2020 was reviewed and approved by the Issuance Examination Commission of China Securities Regulatory Commission and the Company received the written approval document from China Securities Regulatory Commission. Now the Company is actively carrying out relevant work on non-public offering.

XX Significant Events of Subsidiaries

Applicable Not applicable

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares	0	0.00%						0	0.00%
1. Shares held by the state	0	0.00%						0	0.00%
2. Shares held by state-own Legal-person	0	0.00%						0	0.00%
3. Shares held by other domestic investors	0	0.00%						0	0.00%
Among which: shares held by domestic legal person	0	0.00%						0	0.00%
Shares held by domestic natural person	0	0.00%						0	0.00%
4. Oversea shareholdings	0	0.00%						0	0.00%
Among which: shares held by oversea legal person	0	0.00%						0	0.00%
Shares held by oversea natural person	0	0.00%						0	0.00%
II. Unrestricted shares	561,374,326	100.00%						561,374,326	100.00%
1. RMB ordinary shares	411,374,326	73.28%						411,374,326	73.28%
2. Domestically listed foreign shares	150,000,000	26.72%						150,000,000	26.72%

3. Overseas listed foreign shares	0	0.00%						0	0.00%
4. Other	0	0.00%						0	0.00%
III. Total shares	561,374,326	100.00%						561,374,326	100.00%

Reasons for share changes:

Applicable Not applicable

Approval of share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Progress on any share repurchases:

Applicable Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II. Issuance and Listing of Securities

1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

Applicable Not applicable

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable Not applicable

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders	47,770	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	57,470	Number of preferred shareholders with resumed voting rights	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0	
5% or greater shareholders or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percent	Total shares held at the period-end	Increase/decrease in the	Restricted shares held	Unrestricted shares held	Shares in pledge or frozen	
							Status	Shares

		age		Reporting Period				
Changzhou Investment Group Co., Ltd	State-owned legal person	30.43%	170,845,236			170,845,236		
China Construction Bank- First State Cinda New Energy Industry Stock Type Securities Investment Fund	Other	1.47%	8,233,132			8,233,132		
KGI ASIA LIMITED	Foreign legal person	0.57%	3,189,845			3,189,845		
Chen Jian	Domestic natural person	0.49%	2,764,000			2,764,000		
Li Suinan	Domestic natural person	0.28%	1,548,100			1,548,100		
Huang Guoliang	Domestic natural person	0.27%	1,528,891			1,528,891		
Zeng Li	Domestic natural person	0.24%	1,360,000			1,360,000		
Chen Hengjun	Domestic natural person	0.23%	1,281,000			1,281,000		
Xue Hong	Domestic natural person	0.22%	1,240,000			1,240,000		
Hu Wenyong	Domestic natural person	0.22%	1,230,066			1,230,066		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue		N/A						
Related or acting-in-concert parties among the shareholders above	It is unknown whether there is among the top 10 public shareholders and the top 10 unrestricted public shareholders any related parties or acting-in-concert parties as defined in the Administrative Measures for Information Regarding Shareholding Alteration.							

Above shareholders involved in entrusting/being entrusted with voting rights and giving up voting rights	N/A		
Top 10 unrestricted shareholders			
Name of shareholder	Unrestricted shares held at the period-end	Shares by type	
		Type	Shares
Changzhou Investment Group Co., Ltd	170,845,236	RMB ordinary shares	170,845,236
China Construction Bank- First State Cinda New Energy Industry Stock Type Securities Investment Fund	8,233,132	RMB ordinary shares	8,233,132
KGI ASIA LIMITED	3,189,845	Domestically listed foreign shares	3,189,845
Chen Jian	2,764,000	RMB ordinary shares	2,764,000
Li Suinan	1,548,100	Domestically listed foreign shares	1,548,100
Huang Guoliang	1,528,891	Domestically listed foreign shares	1,528,891
Zeng Li	1,360,000	RMB ordinary shares	1,360,000
Chen Hengjun	1,281,000	RMB ordinary shares	1,281,000
Xue Hong	1,240,000	Domestically listed foreign shares	1,240,000
Hu Wenyong	1,230,066	Domestically listed foreign shares	1,230,066
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	It is unknown whether there is among the top 10 public shareholders and the top 10 unrestricted public shareholders any related parties or acting-in-concert parties as defined in the Administrative Measures for Information Regarding Shareholding Alteration.		
Top 10 ordinary shareholders involved in securities margin trading	The shareholders Chen Jian held 900,000 shares of the Company through the credit accounts.		

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes No

2. Controlling Shareholder

Nature of the controlling shareholder: Controlled by a local state-owned legal person

Type of the controlling shareholder: Legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Changzhou Investment Group Co., Ltd	Chen Limin	20 June 2002	91320400467283980X	Property investment and management
Controlling shareholder's	None			

holdings in other listed companies at home or abroad in the Reporting Period	
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Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

3. Actual Controller and Its Acting-in-Concert Parties

Nature of the actual controller: Local institution for state-owned assets management

Type of the actual controller: Legal person

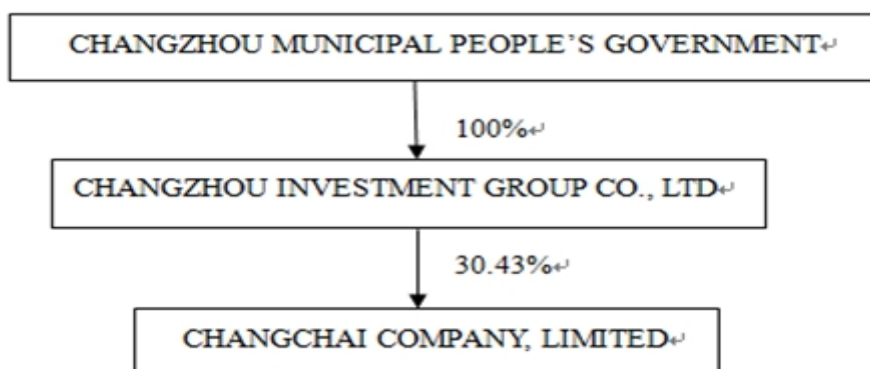
Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	Liu Yuedong		01411025-1	Not applicable
Other listed companies at home or abroad controlled by the actual controller in the Reporting Period	None			

Change of the actual controller during the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



According to the document of Changzhou Municipal People's Government (CZF[2006] No. 62)), the controlling shareholder Changzhou Investment Group Co., Ltd. is the enterprise to perform the investor role for the State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government as authorized by Changzhou Municipal People's Government. Thus, the State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government is the actual controller of the

Company.

Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Not applicable

4. Other 10% or Greater Corporate Shareholders

Applicable Not applicable

5. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

Applicable Not applicable

Part VII Preferred Shares

Applicable Not applicable

No preferred shares in the Reporting Period.

Part VIII Convertible Corporate Bonds

Applicable Not applicable

No convertible corporate bonds in the Reporting Period.

Part IX Directors, Supervisors, Senior Management and Staff

I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Ending shareholding (share)
Shi Xinkun	Chairman of the Board	Incumbent	Male	57	18 October 2016	Up to now	0
Zhang Xin	Director, General Manager	Incumbent	Male	55	18 October 2016	Up to now	0
Lin Tian	Director	Incumbent	Male	58	17 December 2018	Up to now	0
Xu Yi	Director, Vice-general Manager	Incumbent	Male	57	16 April 2020	Up to now	0
Jiang He	Director, Chief Accountant	Incumbent	Male	49	16 April 2020	Up to now	0
Yang Feng	Director	Incumbent	Male	49	16 April 2020	Up to now	0
Wang Mancang	Independent director	Incumbent	Male	58	16 April 2020	Up to now	0
Xing Min	Independent director	Incumbent	Male	67	16 April 2020	Up to now	0
Zhang Yan	Independent director	Incumbent	Female	51	16 April 2020	Up to now	0
Yin Lihou	Vice-general Manager	Incumbent	Male	57	18 October 2016	Up to now	0
Xie Guozhong	Vice-general Manager	Incumbent	Male	52	16 April 2020	Up to now	0
Sun Jianzhong	Vice-general Manager	Incumbent	Male	49	16 April 2020	Up to now	0

He Jianguang	Chairman of the Supervisory Committee	Incumbent	Male	57	17 December 2020	Up to now	0
Lu Zhongguo	Supervisor	Incumbent	Male	54	18 October 2016	Up to now	0
Liu Yi	Supervisor	Incumbent	Male	52	18 October 2016	Up to now	0
Chen Lijia	Supervisor	Incumbent	Female	38	16 April 2020	Up to now	0
Ge Jiangli	Supervisor	Incumbent	Female	51	16 April 2020	Up to now	0
He Jianjiang	Secretary of the Board	Incumbent	Male	42	18 October 2016	Up to now	0
Shi Jianchun	Director, Vice-general Manager	Former	Male	59	18 October 2016	16 April 2020	0
Zhang Qiong	Director	Former	Female	63	18 October 2016	16 April 2020	0
Li Minghui	Independent director	Former	Male	47	18 October 2016	16 April 2020	0
Jia Bin	Independent director	Former	Male	43	18 October 2016	16 April 2020	0
Feng Genfu	Independent director	Former	Male	64	18 October 2016	16 April 2020	0
Liu Xiaoyun	Vice-general Manager	Former	Male	59	18 October 2016	16 April 2020	0
Wei Jinxiang	Vice-general Manager	Former	Male	58	18 October 2016	16 April 2020	0
Ni Mingliang	Chairman of the Supervisory Committee	Former	Male	54	18 October 2016	17 December 2020	0

Zhu Min	Supervisor	Former	Male	57	18 October 2016	16 April 2020	0
Total	--	--	--	--	--	--	0

II Change of Directors, Supervisors and Senior Management

Name	Office title	Type of change	Date of change	Reason for change
Shi Jianchun	Director, Vice-general Manager	Left for expiration of appointment	16 April 2020	Left for expiration of appointment
Zhang Qiong	Director	Left for expiration of appointment	16 April 2020	Left for expiration of appointment
Li Minghui	Independent director	Left for expiration of appointment	16 April 2020	Left for expiration of appointment
Jia Bin	Independent director	Left for expiration of appointment	16 April 2020	Left for expiration of appointment
Feng Genfu	Independent director	Left for expiration of appointment	16 April 2020	Left for expiration of appointment
Liu Xiaoyun	Vice-general Manager	Left for expiration of appointment	16 April 2020	Left for expiration of appointment
Wei Jinxiang	Vice-general Manager	Left for expiration of appointment	16 April 2020	Left for expiration of appointment
Ni Mingliang	Chairman of the Supervisory Committee	Left	17 December 2020	Job change
Zhu Min	Supervisor	Left for expiration of appointment	16 April 2020	Left for expiration of appointment
Xu Yi	Director	Elected	16 April 2020	General election
Xu Yi	Vice-general Manager	Appointed	16 April 2020	Appointed by the Board
Jiang He	Director	Elected	16 April 2020	General election

Jiang He	Chief Accountant	Appointed	16 April 2020	Appointed by the Board
Yang Feng	Director	Elected	16 April 2020	General election
Wang Mancang	Independent director	Elected	16 April 2020	General election
Xing Min	Independent director	Elected	16 April 2020	General election
Zhang Yan	Independent director	Elected	16 April 2020	General election
Xie Guozhong	Supervisor	Left for expiration of appointment	16 April 2020	Left for expiration of appointment
Xie Guozhong	Vice-general Manager	Appointed	16 April 2020	Appointed by the Board
Sun Jianzhong	Vice-general Manager	Appointed	16 April 2020	Appointed by the Board
He Jianguang	Chairman of the Supervisory Committee	Elected	17 December 2020	Elected
Chen Lijia	Supervisor	Elected	16 April 2020	General election
Ge Jiangli	Supervisor	Elected	16 April 2020	General election

III Biographical Information

Professional backgrounds, major work experience and current duties in the Company of the incumbent directors, supervisors and senior management:

Shi Xinkun: Now he acts as vice-president of Changzhou Investment Group Co., Ltd., the Chairman of the Board and Party Secretary in the Company and the director in Jiangsu Housheng New Energy Technology Co., Ltd.

Zhang Xin: He successively took the posts of Sales Manager, General Manager Assistant, and vice-general manager in our company. Now, he acts as Director, General Manager, deputy Party Secretary of the Company and executive director of Jiangsu Changchai Machinery Co., Ltd.

Lin Tian: He successively worked as deputy director of enterprise development Dept., GM of investment management Dept. II and I, assistant president in Changzhou Investment Group Co., Ltd. Now he is the vice president, director of Changzhou Investment Group Co., Ltd., and the director of the Company.

Xu Yi: successively served as the director and assistant to the GM of the Company's technology center, and currently serves as the director and deputy GM of the Company.

Jiang He: successively served as the accountant, assistant to the minister, and vice minister of the financial department of the Company. He is currently a director, chief accountant and minister of the financial department of the Company.

Yang Feng: successively served as the business manager of the Shanghai Investment Banking Department of China Economic Development Trust and Investment Co., Ltd., business director of the investment banking department of Orient Securities Co., Ltd., GM of and assistant chairman of AJ Securities' investment banking department, operation management headquarters, worked in the development finance department and investment

banking department, and served as the EGM in the equipment group, investment recommendation group, NEEQ business department and comprehensive group of CITIC Securities Co., Ltd. Currently serving as the director and GM of Shanghai Linghe Asset Management Partnership (LP), Daiwa Securities China Co., Ltd., and the director of the Company.

Wang Mancang: successively served as a teacher, lecturer, lecturer and professor in the Department of Finance of the School of Economics and Management of Northwest University, and currently serves as the director of the Department of Finance of the School of Economics and Management of Northwest University, and the director of Institute of Public Economics, counselor of Xi'an municipal government, expert of the "financial group" of the government decision advisory committee, independent director of Xi'an Chenxi Aviation Technology Corp., Ltd., Shaanxi Construction Machinery Co., Ltd, Chang'an International Trust Co., Ltd., Focuslight Technologies Inc. and the Company.

Xing Min: successively served as secretary of the Party Committee and administrative assistant general manager (AGM) of China National Heavy Machinery Corporation; secretary of the Party Committee and GM of China National Machine Tool Sales and Technical Service Corporation (CNMTC); currently Secretary-General of China Internal Combustion Engine Industry Association (CICEIA), Independent Director of ZYNP Corporation, Zhejiang Zhongjian Technology Co., Ltd., Jiangsu Yunyi Electric Co., Ltd., and the Company.

Zhang Yan: successively served as chief accountant of Changzhou Zhengda Certified Public Accountants Co., Ltd., executive deputy chief accountant of Jiangsu Gongzheng Certified Public Accountants Co., Ltd., currently associate professor of Business School of Jiangsu University of Technology, independent non-executive director of S-Enjoy Service Group Co., Limited, independent director of Jiangsu Changhai Composite Materials Co., Ltd., Wuxi SAHAT Electric Technology Co., Ltd., Jiangsu Tianmu Lake Tourism Co., Ltd. and the Company.

Yin Lihou: He worked as Minister of Human Resources Department and General Manager Assistant. Now he acts as Deputy General Manager of the Company, and the Chairman of the Board of Changchai Robin.

Xie Guozhong: Now he acts as General Manager Assistant of the Company, General Manager and Secretary of Party General Branch of the Sales Company, Supervisor and Deputy GM of the Company and Chairman of the Board of Changchai Wanzhou.

Sun Jianzhong: successively served as the director of the technical center and assistant to the general manager of the Company. He is currently the deputy general manager of the Company.

He Jianguang: successively served as deputy chief of Design Section of Changzhou Diesel Engine Factory, engineer of Product Development Department, deputy director of the Company's Joint Venture Office, deputy director of Technology Center, chief engineer, director, general manager, vice chairman of Changzhou Diesel Engine Factory, a member of the Party committee, secretary of the Discipline Inspection Commission and supervisor of Changzhou Investment Group Co., Ltd., currently a member of the Party Committee of Changzhou Investment Group Co., Ltd., and chairman of the board of supervisors of the Company.

Chen Lijia: general manager of risk control legal department of Changzhou Investment Group Co., Ltd. and supervisor of the Company.

Ge Jiangli: director and supervisor of Human Resources Department of the Company.

Lu Zhonggui: Now he acts as Minister of political Department of the Company, Office Director, Secretary of

Organ Party General Branch as well as employee supervisor of the Company and Director of Xingsheng Real Estate Management.

Liu Yi: He successively took the posts of Assistant Minister of Enterprise Management Department. Now he acts as Deputy Director of Audit Department and employee supervisor of the Company, Changchai Wanzhou, Changchai Benniu, Housheng Investment, Housheng Agricultural Equipment, Changchai Robin, Changchai Machinery and Xingsheng Real Estate Management.

He Jianjiang: He successively acted as the Section Member, Assistant Minister, Vice Minister of Investment and Development Department, Representative of Securities in the Company. Now he is Secretary of the Board and Minister of Investment and Development Department in our Company, and Director GM of Housheng Investment, Director of Housheng Agricultural Equipment and Changchai Wanzhou.

Offices held concurrently in shareholding entities:

Applicable Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity
Lin Tian	Changzhou Investment Group Co., Ltd.	Vice president, director	December 2017		Yes
Chen Lijia	Changzhou Investment Group Co., Ltd.	GM of Risk Control Legal Department	March 2018		Yes
Shi Xinkun	Changzhou Investment Group Co., Ltd.	Vice president			No
He Jianguang	Changzhou Investment Group Co., Ltd.	Member of the Party Committee	January 2019		Yes
Notes	None				

Offices held concurrently in other entities:

Applicable Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
Yang Feng	Daiwa Securities (China) Co.Ltd.	Director , GM	1 January 2021		Yes
Wang Mancang	Finance Department of School of Economics & Management Northwest University	Teacher	1 October 1996		Yes
	Xi'an Government	Consultant	1 October 2015		
	Decision-making Advisory Committee of Xi'an Government	Finance group leader	1 April 2017		
	Shaanxi Securities Research Association	President	1 October 2017		

	Chang'an International Trust Co.,Ltd.	Independent Director	1 July 2018		
	Shaanxi Construction Machinery Co., Ltd.	Independent Director	16 November 2018		
	Xi'an Chenxi Aviation Technology Corp.,Ltd.	Independent Director	26 September 2018	5 December 2020	
	Xi'an Focuslight Technology Co., Ltd.	Independent Director	1 October 2018		
Xing Min	China Internal Combustion Engine Industry Association	Secretary-general	1 August 2008		Yes
	Tianjin University	Full-time professor	1 June 2019		
	ZYNP Corporation	Independent Director	29 January 2016		
	Zhongjian Technology Co.,Ltd	Independent Director	20 June 2017		
	Jiangsu Yunyi Electronic Co.,Ltd.	Independent Director	15 July 2019		
Zhang Yan	Jiangsu University of Technology	Associate professor	1 August 2008		Yes
	Jiangsu Changhai Composite Materials Co., Ltd.	Independent Director	16 February 2016		
	S-Enjoy Service Group Co., Limited	Independent non-executive director	20 October 2018		
	Wuxi SAHAT Electric Technology Co., Ltd.	Independent Director	2 November 2020		
	Jiangsu Tianmu Lake Tourism Co., Ltd.	Independent Director	8 February 2021		
Notes	None				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

Applicable Not applicable

IV Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

In 2020, the monthly salaries of directors, supervisors and senior executives in the Company were in line with the stipulations of relevant salary management and grade standards, and the benefits of the Company and assessment results. The Director Lin Tian ,Supervisor He Jianguang and Chen Lijia obtained salaries in shareholders' entities. Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Shi Xinkun	Chairman of the Board	Male	57	Incumbent	81.5	No
Zhang Xin	Director, General Manager	Male	55	Incumbent	81.5	No
Lin Tian	Director	Male	58	Incumbent	0	Yes
Xu Yi	Director, Vice-general Manager	Male	57	Incumbent	72.12	No
Jiang He	Director, Chief Accountant	Male	49	Incumbent	66.22	No
Yang Feng	Director	Male	49	Incumbent	0	No
Wang Mancang	Independent director	Male	58	Incumbent	7.5	No
Xing Min	Independent director	Male	67	Incumbent	7.5	No
Zhang Yan	Independent director	Female	51	Incumbent	7.5	No
Yin Lihou	Vice-general Manager	Male	57	Incumbent	71.09	No
Xie Guozhong	Vice-general Manager	Male	52	Incumbent	70.72	No
Sun Jianzhong	Vice-general Manager	Male	49	Incumbent	67.83	No
He Jianguang	Chairman of the Supervisory Committee	Male	57	Incumbent	0	Yes
Chen Lijia	Supervisor	Female	38	Incumbent	0	Yes
Lu Zhonggui	Supervisor	Male	54	Incumbent	17.19	No
Ge Jiangli	Supervisor	Female	51	Incumbent	17.41	No
Liu Yi	Supervisor	Male	52	Incumbent	17.52	No
He Jianjiang	Secretary of the Board	Male	42	Incumbent	48.41	No

Li Minghui	Independent director	Male	47	Former	1.5	No
Jia Bin	Independent director	Male	43	Former	1.5	No
Feng Genfu	Independent director	Male	64	Former	1.5	No
Ni Mingliang	Chairman of the Supervisory Committee	Male	54	Former	70.58	No
Total	--	--	--	--	709.09	--

Equity incentives for directors, supervisors and senior management in the Reporting Period:

Applicable Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent	2,308
Number of in-service employees of major subsidiaries	555
Total number of in-service employees	2,863
Total number of paid employees in the Reporting Period	2,863
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	0
Functions	
Function	Employees
Production	1,919
Sales	211
Technical	354
Financial	39
Administrative	322
Other	18
Total	2,863
Educational backgrounds	
Educational background	Employees
Junior high school graduates and below	1,259
High school graduates	826
College graduates and technical secondary school graduates	499
Bachelors	260
Masters and above	19
Total	2,863

2. Employee Remuneration Policy

The Company always adhered to the principle of tilting the remuneration incentive mechanism towards excellent

talents, so as to display the roles of various professional technicians, management staffs and skilled backbones. Besides, it adhered to the principle of increasing the employee's income integrated with increasing labor production efficiency and production & operation efficiency, so as to perfect the salary structure and further increase employees' income steadily.

3. Employee Training Plans

The Company established the Management Rules on the Education & Training for Employees, aiming to enhance employees' quality and try its best to cultivate a team of faithful and highly professional talents. Besides, it innovated the training mechanism, optimized the training environment, and reinforced to encourage employees to attend various training, so as to inspire the employees' potential to the maximum extent and further promote the sustainable development of the Company.

4. Labor Outsourcing

Applicable Not applicable

Part X Corporate Governance

I General Information of Corporate Governance

In the Reporting Period, the Company was strictly in line with laws, statutes such as Company Law, Securities Laws, Code of Corporate Governance of Listed Companies, Guide Opinion on Establishment of Independent Director System by Listed Companies and Guidelines on Internal Controls of Listed Companies and so on, continuously perfected corporate governance, established and accomplished internal management and control system, consistently and deeply put forward corporate governance activities, so as to further normalized operation of the Company, raising corporate governance level, laying a guard for steady and healthy development of the Company, protect legal rights and interests of the Company and all shareholders.

The Company promulgated or revised a series of internal control system through all aspects of normal operation and management activities in accordance with each national laws and regulations, characteristics of the industry, operation and self-managing business, and improved it continuously, and finally formed a normative management system. And formulated a series of management system, process and standard covered each operation link and level of the financial assets control, human resources management, quality environment management and internal audit supervisor etc., which ensured all the work had rules to follow.

Indicate by tick mark whether there is any material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

Yes No

No such cases in the Reporting Period.

II The Company's Independence from Its Controlling Shareholder in Business, Personnel, Asset, Organization and Financial Affairs

The Company was totally independent from the controlling shareholder Changzhou Investment Group Co., Ltd in terms of assets, business, personnel, organization and financing, with independent & complete business and capability to operate independently.

III Horizontal Competition

Applicable Not applicable

IV Annual and Special General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 1 st Extraordinary General Meeting of 2020	Extraordinary General Meeting	31.35%	16 April 2020	17 April 2020	2020-026
The 2019 Annual General Meeting	Annual General Meeting	34.88%	8 May 2020	9 May 2020	2020-036
The 2 nd Extraordinary General Meeting of 2020	Extraordinary General Meeting	32.89%	12 October 2020	13 October 2020	2020-061

The 3 rd Extraordinary General Meeting of 2020	Extraordinary General Meeting	30.49%	17 December 2020	18 December 2020	2020-079
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2. Special General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable Not applicable

V Performance of Duty by Independent Directors in the Reporting Period

1. Attendance of Independent Directors at Board Meetings and General Meetings

Attendance of independent directors at board meetings and general meetings							
Independent director	Total number of board meetings the independent director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the independent director failed to attend	The independent director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Xing Min	8	6	2	0	0	No	3
Wang Mancang	8	6	2	0	0	No	3
Zhang Yan	8	6	2	0	0	No	3
Li Minghui	3	3	0	0	0	No	1
Feng Genfu	3	3	0	0	0	No	1
Jia Bin	3	2	0	1	0	No	1

2. Objections Raised by Independent Directors on Matters of the Company

Indicate by tick mark whether any independent directors raised any objections on any matter of the Company.

Yes No

No such cases in the Reporting Period.

3. Other Information about the Performance of Duty by Independent Directors

Indicate by tick mark whether any suggestions from independent directors were adopted by the Company.

Yes No

Suggestions from independent directors adopted or not adopted by the Company:

The independent directors of the Company in line with the law, rules, normative documents and obligations given by the Company of the Company law, Article of Associations and Independent Directors Work Rules, comprehensively focused on the development and operation of the Company, actively attended the general meeting of shareholder and meeting of board of directors, and given independent opinions for the significant events of the Company, and effectively maintained the profits of the Company and all the shareholders. The Company actively listened to the suggestions from the independent directors upon the significant events and adopted them.

VI Performance of Duty by Specialized Committees under the Board in the Reporting Period

1. Summary Report on Responsibility Performance of the Audit Committee under the Board of Directors:

During the Reporting Period, the Audit Committee under the Board of Directors performed its duty according to the diligent and responsible principle, based on relevant regulations such as the Company Law, the Guidelines for Corporate Governance of Listed Companies, the Articles of Association as well as provisions in the Enforcement Regulation of the Audit Committee under the Board of Director of the Company.

(1) Major work of Audit Committee in Reporting Period:

- 1) Periodically examined the working plan and execution of inner control of the Company;
- 2) Communicated fully with the CPAs firm on plan and content of audit;
- 3) Urged the CPAs firm to submit report as scheduled;
- 4) The Audit Committee reviewed the financial statements of the Company before the audit and after the issuance of preliminary opinion by the CPAs firm. After it communicated with the CPAs firm on some important items as well as major accounting estimation items, audit adjustment items and important accounting policies which were likely to have potential influence on the financial statements, it considered that the financial statements reflected the overall situation of the Company authentically, accurately and completely.
- 5) Submitted the summary report on annual audit of the Company conducted by the CPAs firm to the Board of Directors;

(2) Written opinions on financial statements of the Company issued by the Audit Committee

1) On 18 January 2021, the Audit Committee communicated with the Chairman of the Board, GM, Finance Director and the CPAs firm on some important items including the overall audit plan, members of the audit group, risk judgment, the testing and evaluation methods for risks and fraudulent practices and key points of the annual audit.

2) With regard to the audited financial statements 2020, on 6 April 2021, the Audit Committee made the following resolution: the Audit Committee reviewed the financial statements 2020 audited by auditors, and believed that the said financial statements faithfully reflected the financial position of the Company as at 31 December 2020, as well as the business results and cash flows in 2020 in all material aspects. It agreed to submit the statements to the Board of Directors for examination and approval.

(3) Summary report on the audit work conducted by the CPAs firm in 2020:

According to the annual audit plan jointly formulated by the Audit Committee and Gongzheng Tianye Certified Public Accountants (Special General Partnership), auditors communicated fully with the management personnel of the Company and members of the Audit Committee on the consolidation of financial statements, accounting adjustment, accounting policy and other accounting work needed to be improved, which helped both parties acquire a deeper understanding about the operation, financial process and implementation of the New Accounting Standards for Business Enterprises in the Company. With such understanding, the annual audit accountants would make more mature judgment to issue a fair audit conclusion.

The Audit Committee held that the CPAs firm conducted the audit strictly in accordance with provisions stipulated in the Independent Auditing Standards for CPAs of the PRC. The time of audit was sufficient, and the auditors with excellent ability to practice were deployed reasonably. The issued auditor's report fully reflected the financial position of the Company as at 31 December 2020, as well as the business results and cash flows in 2020, and the audit conclusion was in line with the actual situation of the Company.

2. Summary Report on Responsibility Performance of Remuneration & Appraisal Committee under the Board of Directors:

The Remuneration & Appraisal Committee under the Board of Directors was composed of 3 Directors, including 2 Independent Directors and 1 Non-independent Director. And one of the Independent Directors assumed the position of Chairman of the Committee.

In the Reporting Period, the Remuneration & Appraisal Committee raised the proposal on implementing the

appraisal of senior executives in 2020, based on the fulfillment of the main financial indicators and operation targets in 2020, which were determined in the Contract for Appraisal of Senior Executives in 2020.

In the Reporting Period, based on relevant regulations and rules, the Remuneration & Appraisal Committee examined the remuneration of the Company's senior executives in 2020 and issued opinions as follows:

The Remuneration & Appraisal Committee held that, the remuneration of the Company's senior executives in 2020 was in accordance with provisions in the Contract for Appraisal of Senior Executives in 2020, as well as the laws, regulations and rules of the Company.

3. Summary Report on Responsibility Performance of Strategic Development Committee under the Board of Directors:

The Strategic Development Committee under the Board of Directors was composed of 3 Directors, including 1 Independent Directors, 1 External Director and 1 Internal Director. And the Chairman of the Board assumed the position of Chairman of the Committee.

The Strategic Development Committee under the Board of Directors did some research on the development direction of the Company in the future according to the Company Law, the Guidelines for Corporate Governance of Listed Companies, the Articles of Association as well as Rules of Procedures for Strategic Development Committee under the Board of Directors.

VII Performance of Duty by the Supervisory Committee

Indicate by tick mark whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

The Supervisory Committee raised no objections in the Reporting Period.

VIII Appraisal of and Incentive for Senior Management

The Company has established a fair and objective performance appraisal and incentive restraint mechanism for senior management staffs. The annual remuneration of senior management staffs consisted of the basic annual salary and performance appraisal bonus, and the basic annual salary was distributed monthly with a certain proportion, while the performance appraisal bonus was distributed after being appraised according to the appraisal scheme for senior management staffs signed between the Board of Directors and the managers for each year.

IX Internal Control

1. Material Internal Control Weaknesses Identified for the Reporting Period

Yes No

2. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	15 April 2021	
Index to the disclosed internal control self-evaluation report	2021-012	
Evaluated entities' combined assets as % of consolidated total assets	100.00%	
Evaluated entities' combined operating revenue as % of consolidated operating revenue	100.00%	
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting

<p>Nature standard</p>	<p>The Company classified the defects as serious defect, important defect and general defect according to the influence degree from the internal control:</p> <p>(1) Serious defect: refers to one or multiple groups with control defect which may lead the enterprise seriously deviates the control target;</p> <p>(2) Important defect: refers to one or multiple groups with control defect with the severity and the economic results lower than the great defect but may still lead the enterprise seriously deviates the control target;</p> <p>(3) General defect: refers to other defect except for the great defect and significant defect.</p> <p>Nature standards: defects with the following random characteristics should be recognized as serious defect:</p> <p>1) the defect involves with the malpractice of the Directors, Supervisors and Senior Executives;</p> <p>2) revised the disclosed financial report;</p> <p>3) CPAs discovered the great misstatement among the current financial statement while which could not be found during the operating process of the internal control;</p> <p>4) the supervision from the Audit Committee and the internal audit institution of the enterprise was invalid.</p>	<p>Defects with the following random characteristics should be recognized as serious defect:</p> <p>1) Seriously violated the national laws and administrative regulations and the normative documents;</p> <p>2) “three significant one great” event had not been through the collective decision-making process;</p> <p>3) the significant events involved with the production and operation of the Company lacked of systematic control or the institutional system was invalid;</p> <p>4) the internal control of the information disclosure was invalid, which led the Company be open condemned by the supervision department;</p> <p>5) the serious defect from the assessment results of the internal control had not been revised.</p>
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Quantitative standard	<p>Quantitative standards: The quantitative standards of recognizing the significant degree of the misstatement (including the false negatives) of the consolidated financial report of the Company based on the data from the 2020 consolidated statements was as: Serious defect: misstatement $\geq 5\%$ of the annual profits Important defect: 2.5% of the annual profits \leq misstatement $< 5\%$ of the annual profits General defect $< 2.5\%$ of the annual profits</p>	<p>Refer to the quantitative criteria of the internal control defect of the financial report, to recognize the quantitative criteria of the significant degree of the internal control defect of the non-financial report of the Company as: Serious defect: possibly caused directly losses $\geq 0.1\%$ of the net assets Important defect: 0.05% of the net assets \leq possibly caused directly losses $< 0.1\%$ of the net assets General defect: possibly caused directly losses $< 0.05\%$ of the net assets</p>
Number of material weaknesses in internal control over financial reporting		0
Number of material weaknesses in internal control not related to financial reporting		0
Number of serious weaknesses in internal control over financial reporting		0
Number of serious weaknesses in internal control not related to financial reporting		0

X Independent Auditor's Report on Internal Control

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal control	
We believed that Changchai Company, Limited maintained effective internal control of the financial report in significant aspects according to the Basic Norms of Internal Control and relevant regulations on 31 December 2020.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	15 April 2021
Index to such report disclosed	2021-012
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate by tick mark whether any modified opinion is expressed in the independent auditor's report on the

Company's internal control.

Yes No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes No

Part XI Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No.

Part XII Financial Statements

I Independent Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing this report	13 April 2021
Name of the independent auditor	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
No. of the auditor's report	SGW[2021]ANo.359
Name of the certified public accountants	Dai Weizhong, Xu Wenxiang

Text of the Independent Auditor's Report

To the Shareholders of Changchai Company, Limited,

I Opinion

We have audited the accompanying financial statements of Changchai Company, Limited. (together with its consolidated subsidiaries included in the consolidated financial statements, the "Company"), which comprise the parent's and consolidated balance sheets as at 31 December 2020, the parent's and consolidated income statements, the parent's and consolidated cash flow statements, the parent's and consolidated statements of changes in owners' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements attached were prepared in line with the regulations of Accounting Standards for Business Enterprises in all significant aspects which gave a true and fair view of the consolidated and parent financial position of Changchai Company, Limited. as at 31 December 2020 and the consolidated and parent business performance and cash flow for 2020.

II Basis for Opinion

We conducted our audits in accordance with the Audit Standards for Chinese Registered Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the said Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III Key Audit Matters

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

(I) Recognition of revenue

1. Description of the item

For details of accounting policies governing revenue recognition, please refer to the Note III-28 Revenue and the Note V-35 Operating Revenue and Cost of Sales. The operating revenue of the Company in 2020 is RMB2,296,464,700.

Since the operating revenue is one of key performance indicators of the Company, and there is the inherent risk that the management may manipulate the timing of revenue recognition for the purpose of achieving certain goals or expectations, so we identify the revenue recognition as a key audit item.

2. Response for audit

(1) Know the key internal control related to revenue recognition, evaluate whether its design and execution are

valid or not, and test the operation effectiveness of the related internal control.

(2) Interview the management, know about the recognition policies regarding revenue of the Company, get and check contracts or agreements of the Company signed with customers, identify contract terms related to the recognition of sales revenue of products and evaluate whether the revenue recognition of the Company meets the requirements of accounting standards for business enterprises.

(3) Check the supporting documents related to revenue recognition, such as sales contracts, order form, invoice for sales, shipping order, declaration for exportation, and etc.

(4) Check the operating revenue recognized before and after the balance sheet date to the supporting documents, such as shipping order, declaration for exportation, and etc by sampling method to assess whether the operating revenue is recognized within appropriate period.

(5) Implement the confirmation by drawing sample to recognize the balance of accounts receivable and the amount of sales revenue according to the features and natures of customer transaction.

(II) Bad debt provision for accounts receivable

1. Description of the item

Please refer to the accounting policies stipulated in the Note III-10 Impairment of Financial Instruments and the Note V-4 Accounts Receivable. On 31 December 2020, as for accounts receivable of the Company, the carrying amount was RMB563.1894 million, the bad debt provision was RMB166.0354 million, and the carrying value was RMB397.154 million, accounting for 10.05% of total assets at the period-end. The bad debt of accounts receivable due to failure of recovery at maturity or failure of recovery will generate significant impacts on financial statements, thus, we identify the impairment of accounts receivable as a key audit item.

2. Response for audit

(1) Access Changchai's internal control systems of sales and accounts receivable management to understand and evaluate the design of internal control, and carry out walk-through test to confirm the implementation of internal control systems.

(2) Analyze and confirm the reasonableness of Changchai's accounting estimates of bad debt provision for accounts receivable, including the basis for determining the combination of accounts receivable, the expected credit loss rate and the judgment of impairment test of accounts receivable evaluated individually.

(3) Access and check the account receivable details, aging schedule, statement of provisions for bad debts, and confirm the reasonableness of bad debt provision for accounts receivable by combining with the request of confirmation of balance and subsequent collection inspection;

(4) Understand the reasons for accounts receivable, check Changchai's reconciliation and collection during the reporting period and any other data related to payment recovery, verify and confirm its accounts receivable without transaction dispute at the end of the reporting period, as well as the adequacy of bad debt provision for accounts receivable.

(5) Send request for confirmation of balance, and confirm the authenticity and accuracy of the amount of accounts receivable on the balance sheet date by combining with subsequent inspection and other procedures.

IV Other Information

The Company's management (hereinafter referred to as "management") is responsible for the other information. The other information comprises all of the information included in the Company's 2020 Annual Report other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

V Responsibilities of Management and Those Charged with Governance for Financial Statements

The management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

VI Auditor's Responsibilities for Audit of Financial Statements

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related disclosures in the financial statements. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding the planned scope and timing of the audit and

significant audit findings, including any noteworthy deficiencies in internal control that we identify during our audit.

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

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

Gongzheng Tianye Certified Public Accountants
(Special General Partnership)

Wuxi · China

Chinese CPA Dai Weizhong
(Engagement Partner)

Chinese CPA Xu Wenxiang

13 April 2021

II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

1. Consolidated Balance Sheet

Prepared by Changchai Company, Limited

31 December 2020

Unit: RMB

Item	31 December 2020	31 December 2019
Current assets:		
Monetary assets	760,728,222.85	638,589,260.09
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	11,500,272.00	13,050,000.00
Derivative financial assets		
Notes receivable	600,140,938.05	606,283,023.05
Accounts receivable	397,154,016.49	419,302,056.87
Accounts receivable financing		
Prepayments	9,357,840.75	12,968,746.16
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	6,212,062.80	9,703,390.94
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	606,680,340.55	473,359,168.90

Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	27,299,362.72	6,421,275.47
Total current assets	2,419,073,056.21	2,179,676,921.48
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments		
Investments in other equity instruments	685,137,950.87	532,886,000.00
Other non-current financial assets	98,732,938.63	77,952,101.63
Investment property	46,239,326.03	48,447,666.83
Fixed assets	454,181,555.68	457,722,667.32
Construction in progress	66,502,432.41	91,358,156.24
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	158,870,631.71	99,699,450.26
Development costs		
Goodwill		
Long-term prepaid expense	13,693.20	53,497.80
Deferred income tax assets	4,231,873.15	1,023,863.04
Other non-current assets	19,971,006.56	
Total non-current assets	1,533,881,408.24	1,309,143,403.12
Total assets	3,952,954,464.45	3,488,820,324.60
Current liabilities:		
Short-term borrowings	22,000,000.00	22,000,000.00
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	595,346,000.00	403,035,000.00
Accounts payable	612,757,392.46	525,625,016.89
Advances from customers	661,612.17	31,789,001.78
Contract liabilities	35,944,517.15	
Financial assets sold under repurchase agreements		
Customer deposits and interbank		

deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	50,127,161.47	44,559,015.79
Taxes payable	2,869,485.41	9,094,382.58
Other payables	197,545,076.08	205,064,145.10
Including: Interest payable		
Dividends payable	3,891,433.83	3,891,433.83
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities	5,233,947.12	1,177,712.38
Total current liabilities	1,522,485,191.86	1,242,344,274.52
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	56,949,737.60	58,864,111.22
Deferred income tax liabilities	80,671,598.82	57,082,890.27
Other non-current liabilities		
Total non-current liabilities	137,621,336.42	115,947,001.49
Total liabilities	1,660,106,528.28	1,358,291,276.01
Owners' equity:		
Share capital	561,374,326.00	561,374,326.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	164,328,665.43	164,328,665.43
Less: Treasury stock		
Other comprehensive income	425,482,758.24	317,059,775.00

Specific reserve	18,812,986.55	17,560,202.07
Surplus reserves	325,451,531.14	322,228,533.72
General reserve		
Retained earnings	777,899,079.66	728,341,265.36
Total equity attributable to owners of the Company as the parent	2,273,349,347.02	2,110,892,767.58
Non-controlling interests	19,498,589.15	19,636,281.01
Total owners' equity	2,292,847,936.17	2,130,529,048.59
Total liabilities and owners' equity	3,952,954,464.45	3,488,820,324.60

Legal representative: Shi Xinkun

General Manager: Zhang Xin

Head of the accounting department: Jiang He

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2020	31 December 2019
Current assets:		
Monetary assets	682,322,659.41	584,957,678.96
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable	581,230,938.05	576,948,023.05
Accounts receivable	317,828,161.25	337,447,538.04
Accounts receivable financing		
Prepayments	6,592,567.26	6,386,284.14
Other receivables	24,327,355.36	22,741,542.22
Including: Interest receivable		
Dividends receivable		
Inventories	475,688,026.57	368,653,472.39
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	17,521,203.46	3,898,333.51
Total current assets	2,105,510,911.36	1,901,032,872.31
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	375,752,730.03	252,752,730.03
Investments in other equity instruments	685,137,950.87	532,886,000.00
Other non-current financial assets	52,500,000.00	50,000,000.00
Investment property	46,239,326.03	48,447,666.83
Fixed assets	369,194,314.03	364,071,199.07
Construction in progress	26,195,189.06	89,330,161.60
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	68,088,982.37	70,169,770.91

Development costs		
Goodwill		
Long-term prepaid expense		
Deferred income tax assets	4,179,544.86	970,026.67
Other non-current assets		
Total non-current assets	1,627,288,037.25	1,408,627,555.11
Total assets	3,732,798,948.61	3,309,660,427.42
Current liabilities:		
Short-term borrowings	5,000,000.00	5,000,000.00
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	589,534,000.00	392,105,000.00
Accounts payable	550,360,564.07	481,854,210.18
Advances from customers	661,612.17	28,673,664.87
Contract liabilities	32,344,514.86	
Employee benefits payable	42,455,158.67	39,125,477.30
Taxes payable	1,099,861.63	5,952,664.10
Other payables	184,513,545.20	192,046,130.29
Including: Interest payable		
Dividends payable	3,243,179.97	3,243,179.97
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities	2,426,575.40	
Total current liabilities	1,408,395,832.00	1,144,757,146.74
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	56,949,737.60	58,864,111.22
Deferred income tax liabilities	75,460,192.63	55,951,725.00
Other non-current liabilities		
Total non-current liabilities	132,409,930.23	114,815,836.22

Total liabilities	1,540,805,762.23	1,259,572,982.96
Owners' equity:		
Share capital	561,374,326.00	561,374,326.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	183,071,147.70	183,071,147.70
Less: Treasury stock		
Other comprehensive income	425,482,758.24	317,059,775.00
Specific reserve	18,812,986.55	17,560,202.07
Surplus reserves	325,451,531.14	322,228,533.72
Retained earnings	677,800,436.75	648,793,459.97
Total owners' equity	2,191,993,186.38	2,050,087,444.46
Total liabilities and owners' equity	3,732,798,948.61	3,309,660,427.42

3. Consolidated Income Statement

Unit: RMB

Item	2020	2019
1. Revenue	2,296,464,711.24	2,045,820,801.10
Including: Operating revenue	2,296,464,711.24	2,045,820,801.10
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	2,267,289,166.18	1,991,399,859.93
Including: Cost of sales	1,950,573,991.27	1,714,533,867.50
Interest expense		
Handling charge and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	12,869,609.15	10,980,115.06
Selling expense	128,372,278.62	97,085,117.05
Administrative expense	87,446,195.74	107,015,957.41
R&D expense	72,258,781.08	66,221,376.27
Finance costs	15,768,310.32	-4,436,573.36
Including: Interest expense	8,084,428.03	5,722,554.43
Interest income	6,249,975.99	6,733,183.88
Add: Other income	7,808,732.52	5,324,358.80
Return on investment (“-” for loss)	6,545,826.85	8,010,260.85
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)		

Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	20,981,109.00	-49,255.00
Credit impairment loss (“-” for loss)	2,378,630.68	-925,811.28
Asset impairment loss (“-” for loss)	-11,155,930.76	-42,371,202.17
Asset disposal income (“-” for loss)	229,121.29	2,059,668.56
3. Operating profit (“-” for loss)	55,963,034.64	26,468,960.93
Add: Non-operating income	1,047,114.21	462,351.48
Less: Non-operating expense	2,629,797.33	231,938.89
4. Profit before tax (“-” for loss)	54,380,351.52	26,699,373.52
Less: Income tax expense	2,085,600.33	1,715,045.77
5. Net profit (“-” for net loss)	52,294,751.19	24,984,327.75
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	52,294,751.19	24,984,327.75
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent	52,432,443.05	24,966,526.85
5.2.1 Net profit attributable to non-controlling interests	-137,691.86	17,800.90
6. Other comprehensive income, net of tax	108,771,351.91	52,654,100.00
Attributable to owners of the Company as the parent	108,771,351.91	52,654,100.00
6.1 Items that will not be reclassified to profit or loss	108,771,351.91	52,654,100.00
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		

6.1.3 Changes in the fair value of investments in other equity instruments	108,771,351.91	52,654,100.00
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss		
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
6.2.7 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	161,066,103.10	77,638,427.75
Attributable to owners of the Company as the parent	161,203,794.96	77,620,626.85
Attributable to non-controlling interests	-137,691.86	17,800.90
8. Earnings per share		
8.1 Basic earnings per share	0.0934	0.0445
8.2 Diluted earnings per share	0.0934	0.0445

Legal representative: Shi Xinkun

General Manager: Zhang Xin

Head of the accounting department: Jiang He

4. Income Statement of the Company as the Parent

Unit: RMB

Item	2020	2019
1. Operating revenue	2,123,200,238.11	1,866,291,739.39
Less: Cost of sales	1,823,443,404.79	1,575,626,989.46
Taxes and surcharges	10,349,672.15	8,407,285.53
Selling expense	110,774,087.06	89,281,567.68
Administrative expense	70,342,720.73	89,269,943.25
R&D expense	67,074,041.38	60,705,823.99
Finance costs	10,879,173.24	-7,320,351.23
Including: Interest expense	5,197,914.71	3,477,128.23
Interest income	6,017,663.50	6,955,017.26
Add: Other income	5,478,200.87	3,864,303.74
Return on investment (“-” for loss)	5,437,925.05	6,206,814.50
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	2,500,000.00	
Credit impairment loss (“-” for loss)	2,599,053.83	755,537.33
Asset impairment loss (“-” for loss)	-18,384,759.06	-41,914,242.93
Asset disposal income (“-” for loss)	80,014.23	2,072,367.71
2. Operating profit (“-” for loss)	28,047,573.68	21,305,261.06
Add: Non-operating income	542,506.89	13,825.00
Less: Non-operating expense	262,488.62	141,118.07
3. Profit before tax (“-” for loss)	28,327,591.95	21,177,967.99
Less: Income tax expense	-3,554,013.58	236,773.02
4. Net profit (“-” for net loss)	31,881,605.53	20,941,194.97
4.1 Net profit from continuing operations (“-” for net loss)	31,881,605.53	20,941,194.97
4.2 Net profit from		

discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	108,771,351.91	52,654,100.00
5.1 Items that will not be reclassified to profit or loss	108,771,351.91	52,654,100.00
5.1.1 Changes caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments	108,771,351.91	52,654,100.00
5.1.4 Changes in the fair value arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	140,652,957.44	73,595,294.97

7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2020	2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	2,230,952,492.49	2,178,835,433.27
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates	33,693,741.46	42,607,617.45
Cash generated from other operating activities	16,977,100.96	11,790,596.40
Subtotal of cash generated from operating activities	2,281,623,334.91	2,233,233,647.12
Payments for commodities and services	1,571,967,433.96	1,824,178,697.91
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in interbank loans granted		

Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	294,472,502.80	287,894,549.87
Taxes paid	39,853,712.33	19,999,117.04
Cash used in other operating activities	123,533,031.29	121,486,471.86
Subtotal of cash used in operating activities	2,029,826,680.38	2,253,558,836.68
Net cash generated from/used in operating activities	251,796,654.53	-20,325,189.56
2. Cash flows from investing activities:		
Proceeds from disinvestment	557,198,253.76	15,101,882.58
Return on investment	6,545,826.85	8,546,765.69
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	275,546.00	326,835.85
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	336,150.00	
Subtotal of cash generated from investing activities	564,355,776.61	23,975,484.12
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	133,737,262.64	39,236,511.40
Payments for investments	579,733,766.76	65,930,496.31
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	4,141,850.71	
Subtotal of cash used in investing activities	717,612,880.11	105,167,007.71
Net cash generated from/used in investing activities	-153,257,103.50	-81,191,523.59
3. Cash flows from financing activities:		

Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised	22,000,000.00	34,000,000.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	22,000,000.00	34,000,000.00
Repayment of borrowings	22,000,000.00	59,500,000.00
Interest and dividends paid	3,232,890.38	19,005,058.96
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	2,500,000.00	
Subtotal of cash used in financing activities	27,732,890.38	78,505,058.96
Net cash generated from/used in financing activities	-5,732,890.38	-44,505,058.96
4. Effect of foreign exchange rates changes on cash and cash equivalents	-8,827,118.35	715,396.97
5. Net increase in cash and cash equivalents	83,979,542.30	-145,306,375.14
Add: Cash and cash equivalents, beginning of the period	545,959,998.20	691,266,373.34
6. Cash and cash equivalents, end of the period	629,939,540.50	545,959,998.20

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	2020	2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,963,288,154.66	1,911,679,765.84
Tax rebates	25,903,016.36	34,035,423.13
Cash generated from other operating activities	9,006,278.01	9,754,947.38
Subtotal of cash generated from operating activities	1,998,197,449.03	1,955,470,136.35
Payments for commodities and services	1,388,644,147.32	1,637,576,894.25
Cash paid to and for employees	247,717,051.40	237,310,147.26
Taxes paid	26,755,852.89	8,675,558.38
Cash used in other operating activities	110,744,198.57	107,932,998.05
Subtotal of cash used in operating activities	1,773,861,250.18	1,991,495,597.94
Net cash generated from/used in operating activities	224,336,198.85	-36,025,461.59
2. Cash flows from investing activities:		
Proceeds from disinvestment	500,487.00	4,000,000.00
Return on investment	5,437,925.05	6,206,814.50
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	183,890.00	297,935.85
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	9,718,669.72	9,500,000.00
Subtotal of cash generated from investing activities	15,840,971.77	20,004,750.35
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	4,071,225.07	30,078,441.85
Payments for investments	154,786,000.00	60,000,000.00

Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	9,000,000.00	9,500,000.00
Subtotal of cash used in investing activities	167,857,225.07	99,578,441.85
Net cash generated from/used in investing activities	-152,016,253.30	-79,573,691.50
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised	5,000,000.00	5,000,000.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	5,000,000.00	5,000,000.00
Repayment of borrowings	5,000,000.00	28,500,000.00
Interest and dividends paid	1,027,748.70	16,009,069.84
Cash used in other financing activities	2,500,000.00	
Subtotal of cash used in financing activities	8,527,748.70	44,509,069.84
Net cash generated from/used in financing activities	-3,527,748.70	-39,509,069.84
4. Effect of foreign exchange rates changes on cash and cash equivalents	-6,995,969.85	1,031,120.95
5. Net increase in cash and cash equivalents	61,796,227.00	-154,077,101.98
Add: Cash and cash equivalents, beginning of the period	497,777,104.81	651,854,206.79
6. Cash and cash equivalents, end of the period	559,573,331.81	497,777,104.81

7. Consolidated Statements of Changes in Owners' Equity

2020

Unit: RMB

Item	2020													
	Equity attributable to owners of the Company as the parent											Non-contr olling interests	Total owners' equity	
	Share capital	Other equity instrument s			Capital reserves	Les s: Tre asu ry sto ck	Other comprehen sive income	Specific reserve	Surplus reserves	G e n e r a l r e s e r v e	Retained earnings			O t h e r
P r e f e r r e d s h a r e s		P e r e t u a l b o n d s	O t h e r											
1. Bala nce as at the end of	561,374,32 6.00			164,328,66 5.43		317,059,77 5.00	17,560,20 2.07	322,226,70 0.34		726,689,92 9.10		2,109,239,59 7.94	19,636,28 1.01	2,128,875,87 8.95

the prior year														
Add: Adjustment for change in accounting policy														
Adjustment for correction of previous error								1,833.38		1,651,336.26		1,653,169.64		1,653,169.64
Adjustment for business														

combination under common control														
Other adjustments														
2. Balance as at the beginning of the year	561,374,326.00			164,328,665.43	317,059,775.00	17,560,202.07	322,228,533.72	728,341,265.36	2,110,892,767.58	19,636,281.01	2,130,529,048.59			
3. Increase/decrease in the period					108,422,983.24	1,252,784.48	3,222,997.42	49,557,814.30	162,456,579.44	-137,691.86	162,318,887.58			

by owners															
3 .2.2 Capital increased by holders of other equity instruments															
3 .2.3 Share-based payments included in owners'															

equity															
3.2.4 Other															
3.3 Profit distribution								3,222,997.42		-3,222,997.42					
3.3.1 Appropriation to surplus reserves								3,222,997.42		-3,222,997.42					
3.3.2 Appropriation to general reserve															

3.3.3 Appropriation to owners (or shareholders)															
3.3.4 Other															
3.4 Transfers within owners' equity							-348,368.67				348,368.67				
3.4.1 Increase in capital (or															

share capital) from capital reserves																				
3.4.2 Increase in capital (or share capital) from surplus reserves																				
3.4.3 Loss offset by surplus																				

reserves														
3.4.4 Changes in defined benefit schemes transferred to retained earnings														
3.4.5 Other comprehensive income transferred														

to retain ed earni ngs													
3.4.6 Other						-348,368.6 7				348,368.67			
3.5 Speci fic reser ve							1,252,784. 48				1,252,784.48		1,252,784.48
3.5.1 Incre ase in the perio d							3,766,291. 74				3,766,291.74		3,766,291.74
3.5.2 Used in the perio d							2,513,507. 26				2,513,507.26		2,513,507.26
3.6 Other													
4. Bala	561,374,32 6.00			164,328,66 5.43		425,482,75 8.24	18,812,98 6.55	325,451,53 1.14	777,899,07 9.66	2,273,349,34 7.02	19,498,58 9.15	2,292,847,93 6.17	

ng policy															
Adjustment for correction of previous error								1,364.08		1,619,864.82		1,621,228.90		1,621,228.90	
Adjustment for business combination under common control															
Other adjustments															
2. Balance as at the beginning of the year	561,374,326.00				164,328,665.43		264,405,675.00	15,182,958.83	320,134,414.23		719,503,216.15		2,044,929,255.64	19,618,480.11	2,064,547,735.75
3. Increase/decrease in the							52,654,100.00	2,377,243.24	2,094,119.49		8,838,049.21		65,963,511.94	17,800.90	65,981,312.84

period ("-" for decrease)															
3.1 Total compreh ensive income							52,654,1 00.00				24,966,5 26.85		77,620,62 6.85	17,800.90	77,638,42 7.75
3.2 Capital increase d and reduced by owners															
3.2. 1 Ordinary shares increase d by owners															
3.2. 2 Capital increase d by holders of other equity															

instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other															
3.3 Profit distribution								2,094,119.49		-16,128,477.64		-14,034,358.15		-14,034,358.15	
3.3.1 Appropriation to surplus reserves								2,094,119.49		-2,094,119.49					
3.3.2 Appropriation to general reserve															

capital) from surplus reserves																
3.4.3 Loss offset by surplus reserves																
3.4.4 Changes in defined benefit schemes transferr ed to retained earnings																
3.4.5 Other compreh ensive income transferr ed to retained																

earnings															
3.4.6 Other															
3.5 Specific reserve							2,377,24 3.24					2,377,243. 24			2,377,243. 24
3.5.1 Increase in the period							3,868,72 7.07					3,868,727. 07			3,868,727. 07
3.5.2 Used in the period							1,491,48 3.83					1,491,483. 83			1,491,483. 83
3.6 Other															
4. Balance as at the end of the period	561,374, 326.00				164,328, 665.43		317,059, 775.00	17,560,2 02.07	322,228, 533.72		728,341, 265.36		2,110,892, 767.58	19,636,28 1.01	2,130,529, 048.59

8. Statements of Changes in Owners' Equity of the Company as the Parent

2020

Unit: RMB

Item	2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the prior year	561,374,326.00				183,071,147.70		317,059,775.00	17,560,202.07	322,226,700.34	648,776,959.53		2,050,069,110.64
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error									1,833.38	16,500.44		18,333.82
Other adjustments												
2. Balance as at the beginning of the year	561,374,326.00				183,071,147.70		317,059,775.00	17,560,202.07	322,228,533.72	648,793,459.97		2,050,087,444.46

3. Increase/ decrease in the period ("—" for decrease)							108,422,983 .24	1,252,784. 48	3,222,997.4 2	29,006,976. 78		141,905,741.9 2
3.1 Total comprehens ive income							108,771,351 .91			31,881,605. 53		140,652,957.4 4
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners'												

3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings							-348,368.67			348,368.67		
3.4.6 Other												
3.5								1,252,784.				1,252,784.48

Specific reserve								48				
3.5.1 Increase in the period								3,766,291.74				3,766,291.74
3.5.2 Used in the period								2,513,507.26				2,513,507.26
3.6 Other												
4. Balance as at the end of the period	561,374,326.00				183,071,147.70		425,482,758.24	18,812,986.55	325,451,531.14	677,800,436.75		2,191,993,186.38

2019

Unit: RMB

Item	2019											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the prior year	561,374,326.00				183,071,147.70		264,405,675.00	15,182,958.83	320,133,050.15	643,968,465.93		1,988,135,623.61
Add: Adjustment for change in accounting policy												

Adjustment for correction of previous error									1,364.08	12,276.71		13,640.79
Other adjustments												
2. Balance as at the beginning of the year	561,374,326.00				183,071,147.70		264,405,675.00	15,182,958.83	320,134,414.23	643,980,742.64		1,988,149,264.40
3. Increase/decrease in the period (“-” for decrease)							52,654,100.00	2,377,243.24	2,094,119.49	4,812,717.33		61,938,180.06
3.1 Total comprehensive income							52,654,100.00			20,941,194.97		73,595,294.97
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												

3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution								2,094,119.4 9	-16,128,477. 64		-14,034,358.1 5	
3.3.1 Appropriation to surplus reserves								2,094,119.4 9	-2,094,119.4 9			
3.3.2 Appropriation to owners (or shareholders)									-14,034,358. 15		-14,034,358.1 5	
3.3.3 Other												

3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred												

to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve								2,377,243.24				2,377,243.24
3.5.1 Increase in the period								3,868,727.07				3,868,727.07
3.5.2 Used in the period								1,491,483.83				1,491,483.83
3.6 Other												
4. Balance as at the end of the period	561,374,326.00				183,071,147.70		317,059,775.00	17,560,202.07	322,228,533.72	648,793,459.97		2,050,087,444.46

III. Company Profile

Changchai Company, Limited (hereinafter referred to as “the Company”) was founded on 5 May 1994, which is a company limited by shares promoted solely by Changzhou Diesel Engine Plant through the approval by the State Commission for Restructuring the Economic Systems with document TGS [1993] No. 9 on 15 January 1993 by way of public offering of shares. With the approved of the People’s Government of Jiangsu Province SZF [1993] No. 67, as well as reexamined and approved by China Securities Regulatory Commission (“CSRC”) through document ZJFSZ (1994) No. 9, the Company initially issued A shares to the public from 15 March 1994 to 30 March 1994. As approved by the Shenzhen Stock Exchange through document SZSFZ (1994) No. 15, such tradable shares of the public got listing on 1 July 1994 at Shenzhen Stock Exchange with “Su Changchai A” for short of stock, as well as “0570” as stock code (present stock code is “000570”).

In 1996, with the recommendation of the Office of the People’s Government of Jiangsu Province SZBH [1996] No. 13, as well as first review by Shenzhen Municipal Securities Administration Office through SZBZ [1996] No. 24, and approval of the State Council Securities Commission ZWF [1996] No. 27, the Company issued 100 million B shares to qualified investors on 27 August 1996 to 30 August 1996, getting listed on 13 September 1996.

On 9 June 2006, the Company held a shareholders’ general meeting related to A shares market to examine and approve share merger reform plan, and performed the share merger reform on 19 June 2006.

As examined and approved at the 2nd Extraordinary General Meeting of 2009 in September 2009, based on the total share capital of 374,249,551 shares as at 30 June 2009, the Company implemented the profit distribution plan, i.e. to distribute 5 bonus shares and cash of RMB0.80 for every 10 shares, with registered capital increased by RMB187,124,775.00, as well as registered capital of RMB561,374,326.00 after change. As at 31 December 2015, the total share capital of the Company is 561,374,326.00 shares, as well as registered capital of RMB561,374,326.00, which verified by Jiangsu Gongzheng Tianye Certified Public Accountants Company Limited with issuing Capital Verification Report SGC [2010] No. B002. And the unified social credit code of the enterprise business license of the Company is 91320400134792410W.

The Company’s registered address is situated at No. 123 Huaide Middle Road, Changzhou, Jiangsu, as well as its head office located at No. 123 Huaide Middle Road, Changzhou, Jiangsu.

The Company belongs to manufacturing with business scope including manufacturing and sale of diesel engine, diesel engines part and casting, grain harvesting machine, rotary cultivators, walking tractor, mould and fixtures, assembling and sale of diesel generating set and pumping unit. The Company mainly engaged in the production and sales of small and medium-sized single cylinders and multi-cylinder diesel engine with the label of Changchai Brand. The diesel engine produced and sold by the Company were mainly used in tractors, combine harvest models, light commercial vehicle, farm equipment, small-sized construction machinery, generating sets and shipborne machinery and equipment, etc. The Company’s main business remained unchanged in the Reporting Period.

The Company established the Shareholders’ General Meeting, the Board of Directors and the Supervisory Committee, Corporate office, Financial Department, Political Department, Investment and Development Department, Audit Department, Human Recourses Department, Production Department, Procurement Department, Sales Company, Chief Engineer Office, Technology Center, QA Department, Foundry Branch, Machine Processing Branch, Single-cylinder Engine branch, Multi-cylinder Engine Branch and Overseas Business Department in the Company.

The financial report has been approved to be issued by the Board of Directors on 13 April 2021.

The consolidated scope of the Company of the Reporting Period includes the Company as the parent and 7 subsidiaries. For the details of the consolidated scope of the Reporting Period and the changes situation, please

refer to the changes of the consolidated scope of the notes to the financial report and the notes to the equities among other entities.

IV. Basis for Preparation of the Financial Report

1. Basis for Preparation

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Group prepared financial statements in accordance with The Accounting Standards for Business Enterprises—Basic Standard issued by the Ministry of Finance with Decree No. 33 and revised with Decree No. 76, the various specific accounting standards, the Application Guidance of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other regulations issued and revised from 15 February 2006 onwards (hereinafter jointly referred to as “the Accounting Standards for Business Enterprises”, “China Accounting Standards” or “CAS”), as well as the Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

In accordance with relevant provisions of the Accounting Standards for Business Enterprises, the Group adopted the accrual basis in accounting. Except for some financial instruments, where impairment occurred on an asset, an impairment reserve was withdrawn accordingly pursuant to relevant requirements.

2. Continuation

The Company comprehensively evaluated the information acquired recently that there would be no such factors in the 12 months from the end of the Reporting Period that would obviously influence the continuation capability of the Company and predicted that the operating activities would continue in the future 12 months of the Company. The financial statement compiled base on the continuous operation.

V. Important Accounting Policies and Estimations

Notification of specific accounting policies and accounting estimations:

The Company and each subsidiary according to the actual production and operation characteristics and in accord with the regulations of the relevant ASBE, formulated certain specific accounting policies and accounting estimations, which mainly reflected in the financial instruments, withdrawal method of the bad debt provision of the accounts receivable, the measurement of the inventory and the depreciation of the fixed assets etc.

1. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Group are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company’s and the Group’s financial positions, business results and cash flows and other relevant information.

2. Fiscal Period

The fiscal periods are divided into fiscal year and metaphase, the fiscal year is from January 1 to December 31 and as the metaphase included monthly, quarterly and semi-yearly periods.

3. Operating Cycle

A normal operating cycle refers to a period from the Group purchasing assets for processing to realizing cash or cash equivalents. An operating cycle for the Group is 12 months, which is also the classification criterion for the liquidity of its assets and liabilities.

4. Currency Used in Bookkeeping

Renminbi is functional currency of the Company.

5. Accounting Methods for Business Combinations under the Same Control and Business Combinations not under the Same Control

(1) Business combinations under the same control:

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary.

For the merger of enterprises under the same control, if the consideration of the merging enterprise is that it makes payment in cash, transfers non-cash assets or bear its debts, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

All direct costs for the business combination, including expenses for audit, evaluating and legal services shall be recorded into the profits and losses at the current period. The expenses such as the handling charges and commission etc, premium income of deducting the equity securities, and as for the premium income was insufficient to dilute, the retained earnings shall be written down.

Owing to the reasons such as the additional investment, for the equity investment held before acquiring the control right of the combined parties, the confirmed relevant gains and losses, other comprehensive income and the changes of other net assets since the date of the earlier one between the date when acquiring the original equity right and the date when the combine parties and combined ones were under the same control to the combination date, should be respectively written down and compared with the beginning balance of retained earnings or the current gains and losses during the statement period.

(2) Business combinations not under the same control

A business combination not under the same control is a business combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination. The combination costs of the acquirer and the identifiable net assets obtained by the acquirer in a business combination shall be measured at the fair values. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains forms the acquiree as business

reputation. The direct relevant expenses occurred from the enterprise combination should be included in the current gains and losses when occurred. The combination costs of the acquirer and the identifiable net assets obtained by it in the combination shall be measured according to their fair values at the acquiring date. The difference between the fair value of the assets paid out by the Company and its book value should be included in the current gains and losses. The purchase date refers to the date that the purchaser acquires the control right of the acquiree.

For the business combinations not under the same control realized through step by step multiple transaction, as for the equity interests that the Group holds in the acquiree before the acquiring date, they shall be re-measured according to their fair values at the acquiring date; the positive difference between their fair values and carrying amounts shall be recorded into the investment gains for the period including the acquiring date. The equity held by the acquiree which involved with the other comprehensive income and the other owners' equities changes except for the net gains and losses, other comprehensive income and the profits distribution and other related comprehensive gains and other owners' equities which in relation to the equity interests that the Group holds in the acquiree before the acquiring date should be transferred into the current investment income on the acquiring date, except for the other comprehensive income occurred from the re-measurement of the net profits of the defined benefit plans or the changes of the net assets of the investees.

6. Methods for Preparing Consolidated Financial Statements

The Company confirms the consolidated scope based on the control and includes the subsidiaries with actual control right into the consolidated financial statement.

The consolidated financial statement of the Company is compiled according to the regulations of No. 33 of ASBE-Consolidated Financial Statement and the relevant regulations and as for the whole significant come-and-go balance, investment, transaction and the unrealized profits should be written off when compiling the consolidated financial statement. The portion of a subsidiary's shareholders' equity and the portion of a subsidiary's net profits and losses for the period not held by the Group are recognized as minority interests and minority shareholder profits and losses respectively and presented separately under shareholders' equity and net profits in the consolidation financial statements. The portion of a subsidiary's net profits and losses for the period that belong to minority interests is presented as the item of "minority shareholder profits and losses" under the bigger item of net profits in the consolidated financial statements. Where the loss of a subsidiary shared by minority shareholders exceeds the portion enjoyed by minority shareholders in the subsidiary's opening owners' equity, minority interests are offset.

The accounting policy or accounting period of each subsidiary is different from which of the Company, which shall be adjusted as the Company; or subsidiaries shall prepare financial statement again required by the Company when preparing the consolidated financial statements.

As for the added subsidiary company not controlled by the same enterprise preparing the consolidated financial statement, shall adjust individual financial statement based on the fair value of the identifiable net assets on the acquisition date; as for the added subsidiary companies controlled by the same enterprise preparing the financial statement, shall not adjust the financial statement of the subsidiaries, namely survived by integration as participating in the consolidation when the final control party starts implementing control and should adjust the period-begin amount of the consolidated balance sheet and at the same time adjust the relevant items of the compared statement.

As for the disposed subsidiaries, the operation result and the cash flow should be included in the consolidated income statement and the consolidated cash flow before the disposing date; the disposed subsidiaries of the

current period, should not be adjusted the period-begin amount of the consolidated balance sheet.

Where the Group loses control on its original subsidiaries due to disposal of some equity investments or other reasons, the residual equity interests are re-measured according to the fair value on the date when such control ceases. The summation of the consideration obtained from the disposal of equity interests and the fair value of the residual equity interests, minus the portion in the original subsidiary's net assets measured on a continuous basis from the acquisition date that is enjoyable by the Group according to the original shareholding percentage in the subsidiary, is recorded in investment gains for the period when the Group's control on the subsidiary ceases. Other comprehensive incomes in relation to the equity investment and the other owners' equities changes except for the net gains and losses, other comprehensive income and profits distribution in the original subsidiary are treated on the same accounting basis as the acquiree directly disposes the relevant assets or liabilities (that is, except for the changes in the net liabilities or assets with a defined benefit plan resulted from re-measurement of the original subsidiary, the rest shall all be transferred into current investment gains) when such control ceases. And subsequent measurement is conducted on the residual equity interests according to the No.2 Accounting Standard for Business Enterprises-Long-term Equity Investments or the No.22 Accounting Standard for Business Enterprises-Recognition and Measurement of Financial Instruments.

For the disposal of equity investment belongs to a package deal, should be considered as a transaction and conduct accounting treatment. However, Before losing control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated financial statements, which together transferred into the current profits and losses in the loss of control, when the Group losing control on its subsidiary.

For the disposal of the equity investment not belongs to a package deal, should be executed accounting treatment according to the relevant policies of partly disposing the equity investment of the subsidiaries under the situation not lose the control right before losing the control right; when losing the control right, the former should be executed accounting treatment according to the general disposing method of the disposal of the subsidiaries.

7. Classification of Joint Arrangements and Accounting Treatment of Joint Operations

The Group classifies joint arrangements into joint operations and joint ventures.

A joint operation refers to a joint arrangement where the Group is the joint operations party of the joint arrangement and enjoys assets and has to bear liabilities related to the arrangement. The Company confirms the following items related to the interests share among the joint operations and executes accounting treatment according to the regulations of the relevant ASBE:

- (1) Recognizes the assets that it holds and bears in the joint operation and recognizes the jointly-held assets according to the Group's stake in the joint operation;
- (2) Recognizes the liabilities that it holds and bears in the joint operation and recognizes the jointly-held liabilities according to the Group's stake in the joint operation;
- (3) Recognizes the income from sale of the Group's share in the output of the joint operation
- (4) Recognizes the income from sale of the joint operation's outputs according to the Group's stake in it
- (5) Recognizes the expense solely incurred to the Group and the expense incurred to the joint operation according to the Group's stake in it.

8. Recognition Standard for Cash and Cash Equivalents

In the Group's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

9. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements

(1) Foreign currency business

Concerning the foreign-currency transactions that occurred, the foreign currency shall be converted into the recording currency according to the middle price of the market exchange rate disclosed by the People's Bank of China on the date of the transaction. Among the said transactions that occurred, those involving foreign exchanges shall be converted according to the exchange rates adopted in the actual transactions.

On the balance sheet date, the foreign-currency monetary assets and the balance of the liability account shall be converted into the recoding currency according to the middle price of the market exchange rates disclosed by the People's Bank of China on the Balance Sheet Date. The difference between the recording-currency amount converted according to the exchange rate on the Balance Sheet Date and the original book recording-currency amount shall be recognized as gains/losses from foreign exchange. And the exchange gain/loss caused by the foreign-currency borrowings related to purchasing fixed assets shall be handled according to the principle of capitalizing borrowing expenses; the exchange gain/loss incurred in the establishment period shall be recorded into the establishment expense; others shall be recorded into the financial expenses for the current period.

On the balance sheet date, the foreign-currency non-monetary items measured by historical cost shall be converted according to the middle price of the market exchange disclosed by the People's Bank of China on the date of the transaction, with no changes in the original recording-currency amount; while the foreign-currency non-monetary items measured by fair value shall be converted according to the middle price of the market exchange disclosed by the People's Bank of China on the date when the fair value is recognized, and the exchange gain/loss caused thereof shall be recognized as the gain/loss from fair value changes and recorded into the gain/loss of the current period.

(2) Translation of foreign currency

The assets and liabilities items among the balance sheet of the foreign operation shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except for the items as "undistributed profits", other items shall be translated at the spot exchange rate at the time when they are incurred. And the revenues and expenses items among the balance sheet of the foreign operation shall be translated at the approximate exchange rate of the transaction date. The difference caused from the above transaction of the foreign currency statement should be listed in the other comprehensive income among the owners' equities.

10. Financial Instruments

(1) Classification of Financial Instruments

The Company classifies the financial assets when initially recognized into the following three categories based on the business model for financial assets management and characteristics of contractual cash flow of financial assets: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (debt instruments) and financial assets at fair value through profit or loss

Financial liabilities were classified when initially recognized into financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost.

(2) Recognition Basis and Measurement Method for Financial Instruments

① Financial assets measured at amortized cost

Financial assets at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and investment in debt obligations which are initially measured at fair value and related transaction cost shall be recorded into the initial recognized amount. For accounts receivable excluding significant financing and accounts receivable that the Company decides not to consider financing components less than one year, the initial measurement shall be made at the contract transaction price. The interest calculated with actual rates for the holding period shall be recorded into the current profit or loss. When recovered or disposed, the difference between the price obtained and the carrying value of the financial assets shall be recorded into the current profit or loss.

② Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income (debt instruments) include accounts receivable financing and investment in other debt obligations which are initially measured at fair value and related transaction cost shall be recorded into the initial recognized amount. The subsequent measurement of the financial assets shall be at fair value and changes of fair value except for interest calculated with actual rates, impairment losses or gains and exchange gains or losses shall be recorded into other comprehensive income. When derecognized, the accumulated gains or losses originally recorded into other comprehensive income shall be transferred into the current profit or loss.

③ Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income (equity instruments) include investment in other equity instruments, etc. which are initially measured at fair value and related transaction cost shall be recorded into the initial recognized amount. The subsequent measurement of the financial assets shall be at fair value and changes of fair value shall be recorded into other comprehensive income. The dividends obtained shall be recorded into the current profit or loss. When derecognized, the accumulated gains or losses originally recorded into other comprehensive income shall be transferred into retained earnings.

④ Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include held-for-trading financial assets, derivative financial assets and other non-current financial assets which are initially measured at fair value and the related transaction cost shall be recorded into the current profit or loss. The subsequent measurement of the financial assets shall be at fair value and the changes of fair value shall be recorded into the current profit or loss.

⑤ Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities and derivative financial liabilities which are initially measured at fair value and the related transaction cost shall be recorded into the current profit or loss. The subsequent measurement of the financial liabilities shall be at fair value and the changes of fair value shall be recorded into the current profit or loss. When derecognized, the difference between the carrying value and the paid consideration shall be recorded into the current profit or loss.

⑥ Financial liabilities at amortized cost

Financial liabilities at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables which are initially measured at fair value and the related transaction cost shall be recorded into the initial recognized amount. The interest calculated with actual rates for the holding period shall be recorded into the current profit or loss. When derecognized, the difference between the paid consideration and the carrying value of the financial liabilities shall be recorded into the current profit or loss.

(3) Recognition Basis and Measurement of Transfer of Financial Assets

Where the Company has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset and separately recognize the rights and obligations generated retained from the transfer as assets or liabilities. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall continue to recognize the transferred financial asset. Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, it shall deal with it according to the circumstances as follows, respectively: (1) If it gives up its control over the financial asset, it shall stop recognizing the financial asset and separately recognize the rights and obligations generated retained from the transfer as assets or liabilities; (2) If it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period: (1) The carrying value of the transferred financial asset on the derecognition date; (2) The sum of consideration received from the transfer of financial assets, and derecognition amount among the accumulative amount of the changes of the fair value originally recorded in the other comprehensive income (the financial assets involve transfer are investments in debt instruments at fair value through other comprehensive income. If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire carrying value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value on the transfer date, and the difference between the amounts of the following two items shall be included into the profits and losses of the current period: (1) The carrying value of the portion whose recognition has been stopped; (2) The sum of consideration of the portion whose recognition has been stopped, and derecognition amount among the accumulative amount of the changes of the fair value originally recorded in the other comprehensive income (the financial assets involve transfer are investments in debt instruments at fair value through other comprehensive income.

(4) Derecognition Basis of Financial Liabilities

A financial liability or part of it can be derecognized after its current obligation has been relieved in full or in part.

(5) Recognition of Fair Value of Financial Assets and Financial Liabilities

The fair value of financial instruments with an active market is determined by the quoted price in the active market. For financial instruments without active market, the fair value is determined by valuation techniques. The Company adopts the valuation techniques applicable to the current conditions which are supported by sufficient data and other information for valuation, and selects the input values consistent with the characteristics of assets or liabilities considered by market participants in asset or liability transactions, with priority to observable input values. Unobservable input values are used only when relevant observable input values are not available or practical.

(6) Impairment of financial instrument

① Impairment measurement and accounting handling of financial instrument

Based on expected credit loss, the Company conducts impairment handling and confirms credit impairment loss for financial assets which is measured by amortized cost, debt instrument investment which is measured by fair value and whose change is calculated into other comprehensive profits, financial guarantee contract.

Expected credit loss refers to weighted average of credit loss of financial instrument which takes the risk of contract breach occurrence as the weight. Credit loss refers to the difference between all contract cash flow which is converted into cash according to actual interest rate and receivable according to contract and all cash flow which to be charged as expected, i.e. current value of all cash shortage. Among it, as for financial asset purchased

or original which has had credit impairment, it should be converted into cash according actual interest rate of this financial asset after credit adjustment.

As for financial asset purchased or original which has had credit impairment, the Company only confirms cumulative change of expected credit loss within the whole duration after initial confirmation on the balance sheet date as loss reserve.

As for accounts receivable which don't include major financing contents or the Company does not consider financing contents in contract which is less than one year, the Company applies simplified measurement method, and measures loss reserve according to amount of expected credit loss within the whole duration.

As for account receivable of rental and accounts receivable including major financing contents, the Company applies simplified measurement method, and measure loss reserve according to amount of expected credit loss within the whole duration.

As for financial asset beyond above mentioned measurement methods, the Company evaluates whether its credit risk has increased obviously since the initial confirmation on each balance sheet date. In case credit risk has increased obviously, the Company measures the loss reserve according to amount of expected credit loss within the whole duration; in case the credit risk does not increase obviously, the Company measures loss reserve according to the amount of expected credit loss in next 12 months.

By utilizing obtainable rational and well grounded information, including forward-looking information, comparing the risk of contract breach on balance sheet date and risk of contract breach on initial confirmation date, the Company confirms whether the credit risk of financial instrument has increased obviously from initial confirmation.

On balance sheet date, in case the Company judges that the financial instrument just has relatively low credit risk, then it will be assumed that credit risk of the financial instrument has not increased obviously.

Based on single financial instrument or financial portfolio, the Company evaluates expected credit risk and measures expected credit loss. When based on financial instrument portfolio, the Company takes common risk characteristics as the basis, and divides financial instruments into different portfolios.

The Company measures expected credit loss again on each balance sheet date, the increase of loss reserve or amount which is transfer back generated by it is calculated into current profits and losses as impairment profits or losses. As for financial asset which is measured by amortized cost, loss reserve offsets the carrying value of the financial asset listed in the balance sheet; as for debt investment which is measured by fair value and whose change is calculated into other comprehensive profits, the Company confirms its loss reserve in other comprehensive profits and does not offset the carrying value of the financial asset.

② For notes receivable, accounts receivable, other receivables and long-term receivables with objective evidence indicating impairment and those suitable for individual evaluation, the Company carries out impairment test separately to confirm expected credit loss and prepare provision for impairment of single items. For notes receivable, accounts receivable and other receivables without objective evidence of impairment, or a single financial asset with expected credit loss impossible to be assessed at a reasonable cost, the Company divides the receivables into groups according to the characteristics of credit risk, and calculates the expected credit loss based on receivable groups.

Accounts receivable with expected credit losses measured by groups

Specific groups and method of measuring expected credit loss

Item	Recognition basis	Method of measuring expected credit losses
Bank's acceptance bills receivable	Bill type	Consulting historical experience in credit losses, combining current situation and prediction for future economic situation, the expected credit

Trade acceptance bills receivable		loss shall be accounted through exposure at default and the expected credit loss rate over the entire life
Accounts receivable-credit risk characteristics group	Aging group	Prepare the comparative list between aging of accounts receivable and expected credit loss rate over the entire life and calculate the expected credit loss by consulting historical experience in credit losses, combining current situation and prediction for future economic situation
Accounts receivable-intercourse funds among related party group within the consolidation scope	Related party within the consolidation scope	Consulting historical experience in credit losses, combining current situation and prediction for future economic situation, the expected credit loss shall be accounted through exposure at default and the expected credit loss rate over the entire life

Accounts receivable-the comparative list between aging of credit risk characteristic group and expected credit loss rate over the entire life

Aging	Withdrawal proportion
Within 1 year	2.00%
1 to 2 years	5.00%
2 to 3 years	15.00%
3 to 4 years	30.00%
4 to 5 years	60.00%
Over 5 years	100.00%

Other receivables with expected credit losses measured by groups

Specific groups and method of measuring expected credit loss

Item	Recognition basis	Method of measuring expected credit losses
Other receivables-aging analysis group	Aging group	Consulting historical experience in credit losses, combining current situation and prediction for future economic situation, the expected credit loss shall be accounted through exposure at default and the expected credit loss rate within the next 12 months or over the entire life
Other receivables-intercourse funds among related party group within the consolidation scope	Related party within the consolidation scope	Consulting historical experience in credit losses, combining current situation and prediction for future economic situation, the expected credit loss shall be accounted through exposure at default and the expected credit loss rate over the entire life

For the measurement of impairment loss of other receivables, refer to the aforesaid measurement of impairment loss of accounts receivable.

11. Notes Receivable

See “10. Financial Instruments”.

12. Accounts Receivable

See “10. Financial Instruments”.

13. Inventory

(1) Category of Inventory

Inventory refers to the held-for-sale finished products or commodities, goods in process, materials consumed in the production process or the process providing the labor service etc. Inventory is mainly including the raw materials, low priced and easily worn articles, unfinished products, inventories and work in process—outsourced etc.

(2) Pricing method

Purchasing and storage of the various inventories should be valued according to the planned cost and the dispatch be calculated according to the weighted average method; carried forward the cost of the finished products according to the actual cost of the current period and the sales cost according to the weighted average method.

(3) Determination basis of the net realizable value of inventory and withdrawal method of the provision for falling price of inventory

At the balance sheet date, inventories are measured at the lower of the costs and net realizable value. When all the inventories are checked roundly, for those which were destroyed, outdated in all or in part, sold at a loss, etc, the Company shall estimate the irrecoverable part of its cost and withdrawal the inventory falling price reserve at the year-end. Where the cost of the single inventory item is higher than the net realizable value, the inventory falling price reserve shall be withdrawn and recorded into profits and losses of the current period. Of which: in the normal production and operating process, as for the commodities inventory directly for sales such as the finished products, commodities and the materials for sales, should recognize the net realizable value according to the amount of the estimated selling price of the inventory minus the estimated selling expenses and the relevant taxes; as for the materials inventory needs to be processed in the normal production and operating process, should recognize its net realizable value according to the amount of the estimated selling price of the finished products minus the cost predicts to be occur when the production completes and the estimated selling expenses as well as the relevant taxes; on the balance sheet date, for the same inventory with one part agreed by the contract price and other parts not by the contract price, should be respectively recognized the net realizable value. For items of inventories relating to a product line that are produced and marketed in the same geographical area, have the same or similar end users or purposes, and cannot be practicably evaluated separately from other items in that product line provision for decline in value is determined on an aggregate basis; for large quantity and low value items of inventories, provision for decline in value is made based on categories of inventories.

(4) The perpetual inventory system is maintained for stock system.

(5) Amortization method of low-value consumables and packages

One time amortization method is adopted for low-value consumables and packages.

14. Contract Assets

Contract Assets means that the Company is endowed with the right to charge the consideration through transferring any commodity or service to the client, and such right depends on other factors except the passing of time. The Company's unconditional right (only depending on the passing of time) of charging the consideration from the client shall be separately presented as receivables.

The recognition method and accounting treatment method of the estimated credit loss of contract assets are consistent with that specified in Notes V.12.

15. Contract Costs

(1) Costs from Acquiring Contract

If the incremental cost resulting from the Company's acquiring of contract (namely costs merely resulting from the acquiring of contract) is predicted to be retrieved, it shall be recognized as an assets, amortized by adopting the same basis with the recognition of commodities or service revenues related to the assets and included into the current profit and loss. If the assets' amortization period does not exceed one year, it shall be immediately included into the current profit and loss. Other expenses resulting from the Company's acquiring of contract shall also be included into the current profit and loss unless it is explicitly borne by the client.

(2) Costs from Executing Contract

The Company's costs from executing contract is not covered by other ASBE except for Revenue Standards, and when the following situations are met, such costs can be recognized as an assets: ① the costs are directly related to a current or predicted contract; ② the costs increase the Company's resources applied to fulfill performance obligations in the future; ③ the costs are predicted to be retrieved. The recognized assets shall be amortized by adopting the same basis with the recognition of commodities or service revenues related to the assets and included into the current profit and loss.

If the book value of contract costs is higher than the difference of the following two items, corresponding depreciation reserves shall be counted and withdrawn and it shall be recognized as the assets depreciation loss: ① the residual consideration predicted to be acquired by transferring commodities related to the assets; ② the costs predicted to occur due to the transfer of related commodities.

If the difference between ① and ② is higher than the book value of contract costs due to any change in various factors causing depreciation in previous periods, it shall be restituted to the withdrawn assets depreciation reserves and included in the current profit and loss. However, the book value of restituted contract costs shall not exceed the book value of the assets on the day of restitution based on the hypothesis that depreciation reserves are not counted and withdrawn.

16. Assets Held for Sale

The Company recognizes the components (or the non-current assets) which meet with the following conditions as assets held for sale:

- (1) The components must be immediately sold only according to the usual terms of selling this kind of components under the current conditions;
- (2) The Company had made solutions on disposing the components (or the non-current assets), for example, the Company should gain the approval from the shareholders according to the regulations and had acquired the approved from the Annual General Meeting or the relevant authority institutions;

- (3) The Company had signed the irrevocable transformation agreement with the transferee;
- (4) The transformation should be completed within 1 year.

17. Long-term Equity Investments

(1) Judgment standard of joint control and significant influences

Joint control, refers to the control jointly owned according to the relevant agreement on an arrangement by the Company and the relevant activities of the arrangement should be decided only after the participants which share the control right make consensus. Significant influence refers to the power of the Company which could anticipate in the finance and the operation policies of the investees, but could not control or jointly control the formulation of the policies with the other parties.

(2) Recognition for initial investment cost

The initial investment cost of the long-term equity investment shall be recognized by adopting the following ways in accordance with different methods of acquisition:

1) As for those forms under the same control of the enterprise combine, if the combine party takes the cash payment, non-cash assets transformation, liabilities assumption or equity securities issuance as the combination consideration, should take the shares of the book value by the ultimate control party in the consolidate financial statement of the owners' equities of the combiners acquired on the merger date as the initial investment cost. The difference between the initial investment cost and the book value of the paid combination consideration or the total amount of the issued shares of the long-term equity investment should be adjusted the capital reserve; If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. To include each direct relevant expense occurred when executing the enterprise merger into the current gains and losses; while the handling charges and commission occurs from the issuing the equity securities or the bonds for the enterprise merger should be included in the initial measurement amount of the shareholders' equities or the liabilities.

2) As for long-term equity investment acquired through the merger of enterprises not under the same control, its initial investment cost shall regard as the combination cost calculated by the fair value of the assets, equity instrument issued and liabilities incurred or undertaken on the purchase date adding the direct cost related with the acquisition. The identifiable assets of the combined party and the liabilities (including contingent liability) undertaken on the combining date shall be measured at the fair value without considering the amount of minority interest. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation. The acquirer shall record the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree into the consolidated income statement directly. The agent expense and other relevant management expenses such as the audit, legal service and evaluation consultation occurs from the enterprise merger, should be included in the current gains and losses when occur; while the handling charges and commission occurs from the issuing the equity securities or the bonds for the enterprise merger should be included in the initial measurement amount of the shareholders' equities or the liabilities.

3) Long-term equity investment obtained by other means

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid.

The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

The initial cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement, the unfair value stipulated in the contract or agreement shall be measured at fair value.

As for long-term investment obtained by the exchange of non-monetary assets, where it is commercial in nature,

the fair value of the assets surrendered shall be recognized as the initial cost of the long-term equity investment received; where it is not commercial in nature, the book value of the assets surrendered shall be recognized as the initial cost of the long-term equity investment received.

The initial cost of a long-term equity investment obtained by recombination of liabilities shall be recognized at fair value of long-term equity investment.

(3) Subsequent measurement and recognition of profits and losses

1) An investment in the subsidiary company shall be measured by employing the cost method

Where the Company hold, and is able to do equity investment with control over an invested entity, the invested entity shall be its subsidiary company. Where the Company holds the shares of an entity over 50%, or, while the Company holds the shares of an entity below 50%, but has a real control to the said entity, then the said entity shall be its subsidiary company.

2) An investment in the joint enterprise or associated enterprise shall be measured by employing the equity method

Where the Company hold, and is able to do equity investment with joint control with other parties over an invested entity, the invested entity shall be its joint enterprise. Where the Company hold, and is able to have equity investment with significant influences on an invested entity, the invested entity shall be its associated entity.

After the Company acquired the long-term equity investment, should respectively recognize investment income and other comprehensive income according to the net gains and losses as well as the portion of other comprehensive income which should be enjoyed or be shared, and at the same time adjust the book value of the long-term equity investment; corresponding reduce the book value of the long-term equity investment according to profits which be declared to distribute by the investees or the portion of the calculation of cash dividends which should be enjoyed; for the other changes except for the net gains and losses, other comprehensive income and the owners' equity except for the profits distribution of the investees, should adjust the book value of the long-term equity investment as well as include in the owners' equity .

The investing enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity.

If the accounting policy adopted by the investees is not accord with that of the Company, should be adjusted according to the accounting policies of the Company and the financial statement of the investees during the accounting period and according which to recognize the investment income as well as other comprehensive income.

For the transaction happened between the Company and associated enterprises as well as joint ventures, if the assets launched or sold not form into business, the portion of the unrealized gains and losses of the internal transaction, which belongs to the Company according to the calculation of the enjoyed proportion, should recognize the investment gains and losses on the basis. But the losses of the unrealized internal transaction happened between the Company and the investees which belongs to the impairment losses of the transferred assets, should not be neutralized.

The Company shall recognize the net losses of the invested enterprise according to the following sequence: first of all, to write down the book value of the long-term equity investment. Secondly, if the book value of the long-term equity investment is insufficient for written down, should be continued to recognized the investment losses limited to the book value of other long-term equity which forms of the net investment of the investees and to written down the book value of the long-term accounts receivable etc. Lastly, through the above handling, for those should still undertake the additional obligations according to the investment contracts or the agreements, it shall

be recognized as the estimated liabilities in accordance with the estimated duties and then recorded into investment losses at current period. If the invested entity realizes any net profits later, the Company shall, after the amount of its attributable share of profits offsets against its attributable share of the un-recognized losses, resume recognizing its attributable share of profits.

In the preparation for the financial statements, the balance existed between the long-term equity investment increased by acquiring shares of minority interest and the attributable net assets on the subsidiary calculated by the increased shares held since the purchase date (or combination date), the capital reserves shall be adjusted, if the capital reserves are not sufficient to offset, the retained profits shall be adjusted; the Company disposed part of the long-term equity investment on subsidiaries without losing its controlling right on them, the balance between the disposed price and attributable net assets of subsidiaries by disposing the long-term equity investment shall be recorded into owners' equity.

For other ways on disposal of long-term equity investment, the balance between the book value of the disposed equity and its actual payment gained shall be recorded into current profits and losses.

For the long-term equity investment measured by adopting equity method, if the remained equity after disposal still adopts the equity method for measurement, the other comprehensive income originally recorded into owners' equity should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees according to the corresponding proportion. The owners' equity recognized owing to the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current gains and losses according to the proportion.

For the long-term equity investment which adopts the cost method of measurement, if the remained equity still adopt the cost method, the other comprehensive income recognized owing to adopting the equity method for measurement or the recognition and measurement standards of financial instrument before acquiring the control of the investees, should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees and should be carried forward into the current gains and losses according to the proportion; the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion.

For those the Company lost the control of the investees by disposing part of the equity investment as well as the remained equity after disposal could execute joint control or significant influences on the investees, should change to measure by equity method when compiling the individual financial statement and should adjust the measurement of the remained equity to equity method as adopted since the time acquired; if the remained equity after disposal could not execute joint control or significant influences on the investees, should change the accounting disposal according to the relevant regulations of the recognition and measurement standards of financial instrument, and its difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized by adopting equity method for measurement or the recognition and measurement standards of financial instrument before the Company acquired the control of the investees, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when lose the control of them, while the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion. Of which, for the disposed remained equity which adopted the equity method for measurement, the other comprehensive income and the other owners' equity should be carried forward according to the proportion; for the disposed remained equity which changed to execute the accounting disposal according to

the recognition and measurement standards of financial instrument, the other comprehensive income and the other owners' equity should be carried forward in full amount.

For those the Company lost the control of the investees by disposing part of the equity investment, the disposed remained equity should change to calculate according to the recognition and measurement standards of financial instrument, and difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized from the original equity investment by adopting the equity method, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when terminate the equity method for measurement, while for the owners' equity recognized owing to the changes of the other owner's equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current investment income with full amount when terminate adopting the equity method.

18. Investment Real Estate

Measurement mode of investment real estate:

Measurement of cost method

Depreciation or amortization method

The investment real estate shall be measured at its cost. Of which, the cost of an investment real estate by acquisition consists of the acquisition price, relevant taxes, and other expense directly relegated to the asset; the cost of a self-built investment real estate composes of the necessary expenses for building the asset to the hoped condition for use. The investment real estate invested by investors shall be recorded at the value stipulated in the investment contracts or agreements, but the unfair value appointed in the contract or agreement shall be entered into the account book at the fair value.

As for withdrawal basis of provision for impairment of investment real estates, please refer to withdrawal method for provision for impairment of fixed assets.

19. Fixed Assets

(1) Recognition Conditions

Fixed assets refers to the tangible assets that simultaneously possess the features as follows: (a) they are held for the sake of producing commodities, rendering labor service, renting or business management; and (b) their useful life is in excess of one fiscal year. The fixed assets are only recognized when the relevant economic benefits probably flow in the Company and its cost could be reliable measured.

(2) Depreciation Method

Category of fixed assets	Method	Useful life	Annual depreciation
Housing and building	Average method of useful life	20-40	2.50%-5%
Machinery equipment	Average method of useful life	6-15	6.67%-16.67%
Transportation equipment	Average method of useful life	5-10	10%-20%
Other equipment	Average method of useful life	5-10	10%-20%

(3) Recognition Basis, Pricing and Depreciation Method of Fixed Assets by Finance Lease

The Company recognizes those meet with the following one or certain standards as the fixed assets by finance lease:

- 1) The leasing contract had agreed that (or made the reasonable judgment according to the relevant conditions on the lease starting date) when the lease term expires, the ownership of leasing the fixed assets could be transferred to the Company;
- 2) The Company owns the choosing right for purchasing and leasing the fixed assets, with the set purchase price which is estimated far lower than the fair value of the fixed assets by finance lease when executing the choosing right, so the Company could execute the choosing right reasonably on the lease starting date;
- 3) Even if the ownership of the fixed assets not be transferred, the lease period is of 75% or above of the useful life of the lease fixed assets;
- 4) The current value of the minimum lease payment on the lease starting date of the Company is equal to 90% or above of the fair value of the lease fixed assets on the lease starting date; the current value of the minimum lease receipts on the lease starting date of the leaser is equal to 90% or above of the fair value of the lease fixed assets on the lease starting date;
- 5) The nature of the lease assets is special that only the Company could use it if not execute large transformation.

The fixed assets by finance lease should take the lower one between the fair value of the leasing assets and the current value of the minimum lease payment on the lease starting date as the entry value. As for the minimum lease payment which be regarded as the entry value of the long-term accounts payable, its difference should be regarded as the unrecognized financing expense. For the initial direct expenses occur in the lease negotiations and the signing process of the lease contracts that attribute to the handling expenses, counsel fees, travel expenses and stamp taxes of the lease items, should be included in the charter-in assets value. The unrecognized financing expenses should be amortized by adopting the actual interest rate during the period of the lease term.

The fixed assets by finance lease shall adopt the same depreciation policy for self-owned fixed assets. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life

20. Construction in Progress

(1) Valuation of the progress in construction

Construction in progress shall be measured at actual cost. Self-operating projects shall be measured at direct materials, direct wages and direct construction fees; construction contract shall be measured at project price payable; project cost for plant engineering shall be recognized at value of equipments installed, cost of installation, trail run of projects. Costs of construction in process also include borrowing costs and exchange gains and losses, which should be capitalized.

(2) Standardization on construction in process transferred into fixed assets and time point

The construction in process, of which the fixed assets reach to the predicted condition for use, shall carry forward fixed assets on schedule. The one that has not audited the final accounting shall recognize the cost and make depreciation in line with valuation value. The construction in process shall adjust the original valuation value at its historical cost but not adjust the depreciation that has been made after auditing the final accounting.

21. Borrowing Costs

(1) Recognition principle of capitalization of borrowing costs

The borrowing costs shall include the interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. Where the borrowing costs occurred belong to specifically borrowed loan or general borrowing used for the acquisition and construction of investment real estates and inventories over one year (including one year) shall be capitalized, and record into relevant assets cost. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses. The borrowing costs shall not be capitalized unless they simultaneously meet the following three requirements: (1) The asset disbursements have already incurred; (2) The borrowing costs have already incurred; and (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) The period of capitalization of borrowing costs

The borrowing costs arising from acquisition and construction of fixed assets, investment real estates and inventories, if they meet the above-mentioned capitalization conditions, the capitalization of the borrowing costs shall be measured into asset cost before such assets reach to the intended use or sale, Where acquisition and construction of fixed assets, investment real estates and inventories is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended, and recorded into the current expense, till the acquisition and construction of the assets restarts. When the qualified asset is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased, the borrowing costs occurred later shall be included into the financial expense directly at the current period.

(3) Measurement method of capitalization amount of borrowing costs

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

22. Intangible Assets

(1) Pricing Method, Service Life, and Impairment Test

(1) Pricing method of intangible assets

Intangible assets purchased should take the actual payment and the relevant other expenses as the actual cost.

For the intangible assets invested by the investors should be recognized the actual cost according to the value of the investment contracts or agreements, however, for the value of the contracts or agreements is not fair, the actual cost should be recognized according to the fair value.

For the intangible assets acquires from the exchange of the non-currency assets, if own the commercial nature, should be recorded according to the fair value of the swap-out assets; for those not own the commercial nature, should be recorded according to the book value of the swap-out assets.

For the intangible assets acquires from the debts reorganization should be recognized by the fair value.

(2) Amortization method and term of intangible assets

As for the intangible assets with limited service life, which are amortized by straight-line method when it is available for use within the service period, shall be recorded into the current profits and losses. The Company shall, at least at the end of each year, check the service life and the amortization method of intangible assets with limited service life. When the service life and the amortization method of intangible assets are different from those before, the years and method of the amortization shall be changed.

Intangible assets with uncertain service life may not be amortized. However, the Company shall check the service life of intangible assets with uncertain service life during each accounting period. Where there are evidences to prove the intangible assets have limited service life, it shall be estimated of its service life, and be amortized according to the above method mentioned.

The rights to use land of the Company shall be amortized according to the rest service life.

(2) Accounting Policies of Internal R & D Costs

The internal research and development projects of an enterprise shall be classified into research phase and development phase: the term “research” refers to the creative and planned investigation to acquire and understand new scientific or technological knowledge; the term “development” refers to the application of research achievements and other knowledge to a certain plan or design, prior to the commercial production or use, so as to produce any new material, device or product, or substantially improved material, device and product.

The Company collects the costs of the corresponding phases according to the above standard of classifying the research phase and the development phase. The research expenditures for its internal research and development projects of an enterprise shall be recorded into the profit or loss for the current period. The development costs for its internal research and development projects of an enterprise may be capitalized when they satisfy the following conditions simultaneously: it is feasible technically to finish intangible assets for use or sale; it is intended to finish and use or sell the intangible assets; the usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally; it is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; the development costs of the intangible assets can be reliably measured.

23. Impairment of Long-term Assets

For non-current financial Assets of fixed Assets, projects under construction, intangible Assets with limited service life, investing real estate with cost model, long-term equity investment of subsidiaries, cooperative enterprises and joint ventures, the Company should judge whether decrease in value exists on the date of balance sheet. Recoverable amounts should be tested for decrease in value if it exists. Other intangible Assets of reputation and uncertain service life and other non-accessible intangible assets should be tested for decrease in value no matter whether it exists.

If the recoverable amount is less than book value in impairment test results, the provision for impairment of differences should include in impairment loss. Recoverable amounts would be the higher of net value of asset fair value deducting disposal charges or present value of predicted cash flow. Asset fair value should be determined according to negotiated sales price of fair trade. If no sales agreement exists but with asset active market, fair value should be determined according to the Buyer’s price of the asset. If no sales agreement or asset active market exists, asset fair value could be acquired on the basis of best information available. Disposal expenses include legal fees, taxes, cartage or other direct expenses of merchantable Assets related to asset disposal. Present

value of predicted asset cash flow should be determined by the proper discount rate according to Assets in service and predicted cash flow of final disposal. Asset depreciation reserves should be calculated on the basis of single Assets. If it is difficult to predict the recoverable amounts for single Assets, recoverable amounts should be determined according to the belonging asset group. Asset group is the minimum asset combination producing cash flow independently.

In impairment test, book value of the business reputation in financial report should be shared to beneficial asset group and asset group combination in collaboration of business merger. It is shown in the test that if recoverable amounts of shared business reputation asset group or asset group combination are lower than book value, it should determine the impairment loss. Impairment loss amount should firstly be deducted and shared to the book value of business reputation of asset group or asset group combination, then deduct book value of all assets according to proportions of other book value of above assets in asset group or asset group combination except business reputation.

After the asset impairment loss is determined, recoverable value amounts would not be returned in future.

24. Long-term Deferred Expenses

Long-term deferred expenses of the Company shall be recorded in light of the actual expenditure, and amortized averagely within benefit period. In case of no benefit in the future accounting period, the amortized value of such project that fails to be amortized shall be transferred into the profits and losses of the current period.

25. Contract Liabilities

Contract liabilities refer to the Company's obligations in transferring commodities or services to the client for the received or predicted consideration. Contract assets and contract liabilities under the same contract shall be presented based on the net amount.

26. Employee Benefits

(1) Accounting Treatment of Short-term Compensation

Short-term compensation mainly including salary, bonus, allowances and subsidies, employee services and benefits, medical insurance premiums, birth insurance premium, industrial injury insurance premium, housing fund, labor union expenditure and personnel education fund, non-monetary benefits etc. The short-term compensation actually happened during the accounting period when the active staff offering the service for the Company should be recognized as liabilities and is included in the current gains and losses or relevant assets cost. Of which the non-monetary benefits should be measured according to the fair value.

(2) Accounting Treatment of the Welfare after Demission

The Company classifies the welfare plans after demission into defined contribution plans and defined benefit plans. Welfare plans after demission refers to the agreement on the welfare after demission reaches between the Company and the employees, or the regulations or methods formulated by the Company for providing the welfare after demission for the employees. Of which, defined contribution plans refers to the welfare plans after demission that the Company no more undertake the further payment obligations after the payment of the fixed expenses for the independent funds; defined benefit plans, refers to the welfare plans after demission except for the defined contribution plans.

Defined contribution plans

During the accounting period that the Company providing the service for the employees, the Company should

recognize the liabilities according to the deposited amount calculated by defined contribution plans, and should be included in the current gains and losses or the relevant assets cost.

(3) Accounting Treatment of the Demission Welfare

The Company should recognize the payroll payment liabilities occur from the demission welfare according to the earlier date between the following two conditions and include which in the current gains and losses when providing the demission welfare for the employees: the Company could not unilaterally withdraw the demission welfare owing to the relieve plans of the labor relationship or reduction; when the Company recognizing the costs or expenses related to the reorganization involves with the demission welfare payments.

27. Provisions

(1) Criteria of provisions

Only if the obligation pertinent to a contingencies shall be recognized as an estimated debts when the following conditions are satisfied simultaneously:

- 1) That obligation is a current obligation of the Company;
- 2) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation;
- 3) The amount of the obligation can be measured in a reliable way.

(2) Measurement of provisions

The Company shall measure the provisions in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

The Company shall check the book value of the provisions on the Balance Sheet Date. If there is any conclusive evidence proving that the said book value can't truly reflect the current best estimate, the Company shall, subject to change, make adjustment to carrying value to reflect the current best estimate.

28. Revenue

Accounting policies for recognition and measurement of revenue:

When the Company fulfills its due performance obligations (namely when the client obtains the control over related commodities or services), revenues shall be recognized based on the obligation's amortized transaction price. Performance Obligation refers to the Company's promise of transferring commodities or services that can be clearly defined to the client. Transaction Price refers to the consideration amount duly charged by the Company for transferring commodities or services to the client, excluding any amount charged by the third party and any amount predicted to be returned to the client. Control Over Relevant Commodities means that the use of commodities can be controlled and almost all economic interests can be obtained.

On the contract commencement day, the Company shall evaluate the contract, recognize individual performance obligation and confirm that individual performance obligation is fulfilled in a certain period. When one of the following conditions is met, such performance obligation shall be deemed as fulfilled in a certain period, and the Company shall recognize it as revenue within a certain period according to the performance schedule: (1) the client obtains and consumes the economic interests resulting from the Company's performance of contract while performing the contract; (2) the client is able to control the commodities under construction during the performance; (3) commodities produced by the Company during the performance possess the irreplaceable purpose, and the Company has the right to charge all finished parts during the contract period; otherwise, the Company shall recognize the revenue when the client obtains the control over relevant commodities or services.

The Company shall adopt the Input Method to determine the Performance Schedule. Namely, the Performance Schedule shall be determined according to the Company's input for fulfilling performance obligations. When the Performance Schedule cannot be reasonably determined and all resulting costs are predicted to be compensated, the Company shall recognize the revenue based on the resulting cost amount till the Performance Schedule can be reasonably determined.

When the contract involves two or more than two performance obligations, the transaction price shall be amortized to each single performance obligation on the contract commencement day according to the relative proportion of the independent selling price of commodities or services under each single performance obligation. If any solid evidence proves that the contract discount or variable consideration only relates to one or more than one (not all) performance obligation under the contract, the Company shall amortize the contract discount or variable consideration to one or more than one related performance obligations. Independent selling price refers to the price adopted by the Company to independently sell commodities or services to the client. However, independent selling price cannot be directly observed. The Company shall estimate the independent selling price by comprehensively considering all related information that can be reasonably obtained and maximally adopting the observable input value.

Variable Consideration

If any variable consideration exists in the contract, the Company shall determine the optimal estimation of the variable consideration based on the expected values or the most possible amount. The variable consideration's transaction price shall be included without exceeding the total revenue amount recognized without the risk of significant restitution when all uncertainties are eliminated. On each balance sheet day, the Company shall re-estimate the variable consideration amount to be included in the transaction price.

Consideration Payable to the Client

If any consideration payable to the client exists in the contract, the Company shall use such consideration to offset the transaction price unless such consideration is paid for acquiring other clearly-defined commodities or services from the client, and write down the current revenue at the later time between the time of recognizing relevant revenues and the time of paying (or promising the payment) the consideration to the client.

Sales with the Quality Assurance

For sales with the Quality Assurance, if the Quality Assurance involves another separate service except for the guarantee of all sold commodities or services meeting all established standards, the Quality Assurance shall constitute a single Performance Obligation; otherwise, the Company shall make corresponding accounting treatment to the Quality Assurance according to ASBE No.13--Contingency.

Main Responsibility Person/Agent

According to whether the control over commodities or services is obtained before they are transferred to the client, the Company can judge whether it is Main Responsibility Person or Agent based on its status during the transaction. If the Company can control commodities or services before they are transferred to the client, the Company shall be Main Responsibility Person, and revenues shall be recognized according to the total consideration amount received or to be received; otherwise, the Company shall be Agent, and revenues shall be recognized according to the commission or service fees predicted to be duly charged. However, such amount shall be determined based on the net amount after deducting other amounts payable to other related parties from the total consideration received or to be duly received or the fixed commission amount or proportion.

Interest Revenue

Interest Revenue shall be determined according to the time of the Company's use of monetary capital and the actual interest rate.

Rental Income

The rental income from operating lease shall be recognized during each lease period according to the straight-line method, and the contingent rent shall be included into the current profit and loss without delay.

29. Government Grants

(1) Type

A government grant means the monetary or non-monetary assets obtained free by an enterprise from the government. Government grants consist of the government grants pertinent to assets and government grants pertinent to income according to the relevant government documents.

For those the government documents not definite stipulate the assistance object, the judgment basis of the Company classifies the government grants pertinent to assets and government subsidies pertinent to income is: whether are used for purchasing or constructing or for forming the long-term assets by other methods.

(2) Recognition of Government Subsidies

The government subsidies should be recognized only when meet with the attached conditions of the government grants as well as could be acquired.

If the government grants are the monetary assets, should be measured according to the received or receivable amount; and for the government grants are the non-monetary assets, should be measured by fair value.

(3) Accounting Treatment

The government grants pertinent to assets shall be recognized as deferred income, and included in the current gains and losses or offset the book value of related assets within the useful lives of the relevant assets with a reasonable and systematic method. Government grants pertinent to income used to compensate the relevant costs, expenses or losses of the Company in the subsequent period shall be recognized as deferred income, and shall be included in the current profit and loss during the period of confirming the relevant costs, expenses or losses; those used to compensate the relevant costs, expenses or losses of the Company already happened shall be included in the current gains and losses or used to offset relevant costs directly.

For government grants that include both assets-related and income-related parts, they should be distinguished separately for accounting treatment; for government subsidies that are difficult to be distinguished, they should be classified as income-related.

Government grants related to the daily activities of the Company shall be included into other income or used to offset relevant costs by the nature of economic business; those unrelated shall be included into non-operating income.

The government grants recognized with relevant deferred income balance but need to return shall be used to offset the book balance of relevant deferred income, the excessive part shall be included in the current gains and losses or adjusting the book value of assets for the government grants assets-related that offset the book value of relevant assets when they are initially recognized; those belong to other cases shall be directly included in the current gains and losses.

30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Basis of recognizing the deferred income tax assets

According to the difference between the book value of the assets and liabilities and their tax basis, a deferred tax asset shall be measured in accord with the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The recognition of the deferred income tax assets is limited by the income tax payable that the Company probably gains for deducting the deductible temporary differences. At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

(2) Basis of recognizing the deferred income tax liabilities

According to the difference between the book value of the assets and liabilities and their tax basis, A deferred tax liability shall be measured in accord with the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

31. Lease

(1) Accounting Treatment of Operating Lease

Lessee in an operating lease shall treat the lease payment under an operating lease as a relevant asset cost or the current profit or loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit or loss; Contingent rents shall be charged as expenses in the periods in which they are incurred.

Lessors in an operating lease shall be recognized as the current profit or loss on a straight-line basis over the lease term; Initial direct costs incurred by lessors shall be recognized as the current profit or loss; the initial direct expenses occur should be directly included in the current gains and losses except for those with larger amount and be capitalized as well as be included in the gains and losses by stages. Contingent rents shall be charged as expenses in the periods in which they are incurred.

(2) Accounting Treatments of Financial Lease

When the Company as the lessee, On the lease beginning date, the Company shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges and the occurred initial direct expenses, should be recorded in the lease assets value. During each lease period, should recognize the current financing expenses by adopting the actual interest rate.

When the Company as the lessor and on the beginning date of the lease term, the Company shall recognize the sum of the minimum lease receipts on the lease beginning date and the initial direct costs as the entering value in an account of the financing lease values receivable, and record the unguaranteed residual value at the same time. The balance between the sum of the minimum lease receipts, the initial direct costs and the unguaranteed residual value and the sum of their present values shall be recognized as unrealized financing income. During each lease period, should recognize the current financing revenues adopting the actual interest rate.

32. Changes in Main Accounting Policies and Estimates

(1) Change of Accounting Policies

√ Applicable □ Not applicable

Changes to the accounting policies and why	Approval process	Remark
The Ministry of Finance issued the Notice on Revising and Printing the Accounting Standards for Business Enterprises No.14-Revenue (CK[2017]No.22) (hereinafter referred to as the “New Standards governing Revenue”) in July 2017 and required all domestically listed companies to implement it since 1 January 2020.	On 28 April 2020, the Company held the 2 nd Meeting of the 9 th Board of Directors and the 2 nd Meeting of the 9 th Supervisory Committee and approved the <i>Proposal on Changes of Some Accounting Policies</i>	

(1) Influence of Implementing the New Standards Governing Revenue

Affected items in the consolidated balance sheet and amount thereof:

Item	31 December 2019	Affected by classification and measurement	1 January 2020
Advances from customers	31,789,001.78	-31,789,001.78	
Contract liabilities		29,652,202.74	29,652,202.74
Other current liabilities	1,177,712.38	2,136,799.04	3,314,511.42

Affected items in the balance sheet of the Company as the parent and amount thereof:

Item	31 December 2019	Affected by classification and measurement	1 January 2020
Advances from customers	28,673,664.87	-28,673,664.87	
Contract liabilities		26,661,229.33	26,661,229.33
Other current liabilities		2,012,435.54	2,012,435.54

(2) Changes in Accounting Estimates

□ Applicable √ Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Revenue or Leases since 2020

Applicable

Consolidated Balance Sheet

Unit: RMB

Item	31 December 2019	1 January 2020	Adjusted
Current assets:			
Monetary assets	638,589,260.09	638,589,260.09	
Settlement reserve			
Interbank loans granted			
Held-for-trading financial assets	13,050,000.00	13,050,000.00	
Derivative financial assets			

Notes receivable	606,283,023.05	606,283,023.05	
Accounts receivable	419,302,056.87	419,302,056.87	
Accounts receivable financing			
Prepayments	12,968,746.16	12,968,746.16	
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables	9,703,390.94	9,703,390.94	
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	473,359,168.90	473,359,168.90	
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	6,421,275.47	6,421,275.47	
Total current assets	2,179,676,921.48	2,179,676,921.48	
Non-current assets:			
Loans and advances to customers			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments			
Investments in other equity instruments	532,886,000.00	532,886,000.00	
Other non-current financial assets	77,952,101.63	77,952,101.63	
Investment property	48,447,666.83	48,447,666.83	
Fixed assets	457,722,667.32	457,722,667.32	
Construction in progress	91,358,156.24	91,358,156.24	
Productive living assets			

Oil and gas assets			
Right-of-use assets			
Intangible assets	99,699,450.26	99,699,450.26	
Development costs			
Goodwill			
Long-term prepaid expense	53,497.80	53,497.80	
Deferred income tax assets	1,023,863.04	1,023,863.04	
Other non-current assets			
Total non-current assets	1,309,143,403.12	1,309,143,403.12	
Total assets	3,488,820,324.60	3,488,820,324.60	
Current liabilities:			
Short-term borrowings	22,000,000.00	22,000,000.00	
Borrowings from the central bank			
Interbank loans obtained			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	403,035,000.00	403,035,000.00	
Accounts payable	525,625,016.89	525,625,016.89	
Advances from customers	31,789,001.78		-31,789,001.78
Contract liabilities		29,652,202.74	29,652,202.74
Financial assets sold under repurchase agreements			
Customer deposits and interbank deposits			
Payables for acting trading of securities			
Payables for underwriting of securities			
Employee benefits payable	44,559,015.79	44,559,015.79	
Taxes payable	9,094,382.58	9,094,382.58	
Other payables	205,064,145.10	205,064,145.10	
Including: Interest payable			
Dividends	3,891,433.83	3,891,433.83	

payable			
Handling charges and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities			
Other current liabilities	1,177,712.38	3,314,511.42	2,136,799.04
Total current liabilities	1,242,344,274.52	1,242,344,274.52	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	58,864,111.22	58,864,111.22	
Deferred income tax liabilities	57,082,890.27	57,082,890.27	
Other non-current liabilities			
Total non-current liabilities	115,947,001.49	115,947,001.49	
Total liabilities	1,358,291,276.01	1,358,291,276.01	
Owners' equity:			
Share capital	561,374,326.00	561,374,326.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	164,328,665.43	164,328,665.43	
Less: Treasury stock			
Other comprehensive	317,059,775.00	317,059,775.00	

income			
Specific reserve	17,560,202.07	17,560,202.07	
Surplus reserves	322,228,533.72	322,228,533.72	
General reserve			
Retained earnings	728,341,265.36	728,341,265.36	
Total equity attributable to owners of the Company as the parent	2,110,892,767.58	2,110,892,767.58	
Non-controlling interests	19,636,281.01	19,636,281.01	
Total owners' equity	2,130,529,048.59	2,130,529,048.59	
Total liabilities and owners' equity	3,488,820,324.60	3,488,820,324.60	

Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2019	1 January 2020	Adjusted
Current assets:			
Monetary assets	584,957,678.96	584,957,678.96	
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	576,948,023.05	576,948,023.05	
Accounts receivable	337,447,538.04	337,447,538.04	
Accounts receivable financing			
Prepayments	6,386,284.14	6,386,284.14	
Other receivables	22,741,542.22	22,741,542.22	
Including: Interest receivable			
Dividends receivable			
Inventories	368,653,472.39	368,653,472.39	
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	3,898,333.51	3,898,333.51	
Total current assets	1,901,032,872.31	1,901,032,872.31	
Non-current assets:			
Investments in debt			

obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	252,752,730.03	252,752,730.03	
Investments in other equity instruments	532,886,000.00	532,886,000.00	
Other non-current financial assets	50,000,000.00	50,000,000.00	
Investment property	48,447,666.83	48,447,666.83	
Fixed assets	364,071,199.07	364,071,199.07	
Construction in progress	89,330,161.60	89,330,161.60	
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	70,169,770.91	70,169,770.91	
Development costs			
Goodwill			
Long-term prepaid expense			
Deferred income tax assets	970,026.67	970,026.67	
Other non-current assets			
Total non-current assets	1,408,627,555.11	1,408,627,555.11	
Total assets	3,309,660,427.42	3,309,660,427.42	
Current liabilities:			
Short-term borrowings	5,000,000.00	5,000,000.00	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	392,105,000.00	392,105,000.00	
Accounts payable	481,854,210.18	481,854,210.18	
Advances from customers	28,673,664.87		-28,673,664.87
Contract liabilities		26,661,229.33	26,661,229.33
Employee benefits payable	39,125,477.30	39,125,477.30	
Taxes payable	5,952,664.10	5,952,664.10	

Other payables	192,046,130.29	192,046,130.29	
Including: Interest payable			
Dividends payable	3,243,179.97	3,243,179.97	
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities			
Other current liabilities		2,012,435.54	2,012,435.54
Total current liabilities	1,144,757,146.74	1,144,757,146.74	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	58,864,111.22	58,864,111.22	
Deferred income tax liabilities	55,951,725.00	55,951,725.00	
Other non-current liabilities			
Total non-current liabilities	114,815,836.22	114,815,836.22	
Total liabilities	1,259,572,982.96	1,259,572,982.96	
Owners' equity:			
Share capital	561,374,326.00	561,374,326.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	183,071,147.70	183,071,147.70	
Less: Treasury stock			

Other comprehensive income	317,059,775.00	317,059,775.00	
Specific reserve	17,560,202.07	17,560,202.07	
Surplus reserves	322,228,533.72	322,228,533.72	
Retained earnings	648,793,459.97	648,793,459.97	
Total owners' equity	2,050,087,444.46	2,050,087,444.46	
Total liabilities and owners' equity	3,309,660,427.42	3,309,660,427.42	

(4) Retroactive Adjustments to Comparative Data of Prior Years when First Execution of any New Standards Governing Revenue or Leases since 2020

Applicable Not applicable

VI. Taxation

1. Main Taxes and Tax Rate

Category of taxes	Tax basis	Tax rate
VAT	Payable to sales revenue	13%, 9%, 6%
Urban maintenance and construction tax	Taxable turnover amount	Tax paid in accordance with the tax regulations of tax units location
Enterprise income tax	Taxable income	25%、15%、5%
Education surcharge	Taxable turnover amount	5%

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate
Changchai Company, Limited	15%
Changchai Wanzhou Diesel Engine Co., Ltd.	15%
Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	25%
Changzhou Housheng Investment Co., Ltd.	25%
Changzhou Changchai Housheng Agricultural Equipment Co., Ltd.	25%
Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.	15%
Jiangsu Changchai Machinery Co., Ltd.	25%
Changzhou Xingsheng Real Estate Management Co., Ltd.	5%

2. Tax Preference

On 24 October 2018, the Company obtained the Certificates for High-tech Enterprises again, and it still enjoys 15-percent preferential rate for corporate income tax during the Reporting Period; the Company's controlling subsidiary-Changchai Wanzhou Diesel Engine Co., Ltd., the controlling subsidiary company, shall pay the corporate income tax at tax rate 15% from 1 January 2011 to 31 December 2020 in accordance with the Notice of the Ministry of Finance, the General Administration of Customs of PRC and the National Administration of Taxation about the Preferential Tax Policies for the Western Development. On 2 December 2020, the wholly-owned subsidiary Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. obtained the "High-tech Enterprise Certificate" and enjoyed a 15% preferential corporate income tax rate during the Reporting Period; The wholly-owned subsidiary Changzhou Xingsheng Real Estate Management Co., Ltd. is eligible small enterprise with low profits and shall pay the corporate income tax at tax rate 5% for small enterprises with low profits during the Reporting Period.

VII. Notes to Major Items in the Consolidated Financial Statements of the Company**1. Monetary Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	287,505.91	181,115.21
Bank deposits	620,966,786.57	545,271,159.50
Other monetary assets	139,473,930.37	93,136,985.38
Total	760,728,222.85	638,589,260.09
Of which: Total amount deposited overseas		

At the period-end, the restricted monetary assets of the Company was RMB130,788,682.35, of which RMB126,979,327.60 was the cash deposit for bank acceptance bills, RMB2,993,220.00 was cash deposit for L/G, and RMB816,134.75 was cash deposit for environment.

2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	11,500,272.00	13,050,000.00
Of which: Forward settlement	200,272.00	
Financial products	11,300,000.00	13,050,000.00
Total	11,500,272.00	13,050,000.00

3. Notes Receivable**(1) Notes Receivable Listed by Category**

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	600,140,938.05	606,283,023.05
Total	600,140,938.05	606,283,023.05

If the bad debt provision for notes receivable was withdrawn in accordance with the general model of expected credit losses, information related to bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable Not applicable

(2) There Were No Notes Receivable Pledged by the Company at the Period-end**(3) Notes Receivable which Had Endorsed by the Company or had Discounted but had not Due on the Balance Sheet Date at the Period-end**

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	765,010,766.00	
Total	765,010,766.00	

(4) There Were No Notes Transferred to Accounts Receivable because Drawer of the Notes Failed to Execute the Contract or Agreement at the Period-end

4. Accounts Receivable

(1) Accounts Receivable Classified by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable for which bad debt provision separately accrued	33,703,039.72	5.98%	31,807,452.89	94.38%	1,895,586.83	35,534,574.55	5.31%	33,449,794.41	94.13%	2,084,780.14
Of which:										
Accounts receivable with significant amount for which bad debt provision separately accrued	29,870,525.05	5.30%	27,974,938.22	93.65%	1,895,586.83	30,642,717.62	4.58%	28,557,937.48	93.20%	2,084,780.14
Accounts receivable with insignificant amount for which bad debt provision separately accrued	3,832,514.67	0.68%	3,832,514.67	100.00%	0.00	4,891,856.93	0.73%	4,891,856.93	100.00%	0.00
Accounts receivable for which bad debt provision accrued by group	529,486,382.09	94.02%	134,227,952.43	25.35%	395,258,429.66	633,062,365.04	94.69%	215,845,088.31	34.10%	417,217,276.73
Of which:										

Accounts receivable for which bad debt provision accrued by credit risk features group	529,486,382.09	94.02%	134,227,952.43	25.35%	395,258,429.66	633,062,365.04	94.69%	215,845,088.31	34.10%	417,217,276.73
Total	563,189,421.81	100.00%	166,035,405.32	29.48%	397,154,016.49	668,596,939.59	100.00%	249,294,882.72	37.29%	419,302,056.87

Account receivables withdrawn bad debt provision separately with significant amount at the period end:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason of withdrawal
Customer 1	1,470,110.64	1,470,110.64	100.00%	Difficult to recover
Customer 2	1,902,326.58	1,902,326.58	100.00%	Difficult to recover
Customer 3	6,215,662.64	6,215,662.64	100.00%	Difficult to recover
Customer 4	2,254,860.60	2,175,814.38	96.49%	Expected to difficultly recover
Customer 5	3,633,081.23	1,816,540.62	50.00%	Expected to difficultly recover
Customer 6	3,279,100.00	3,279,100.00	100.00%	Difficult to recover
Customer 7	1,617,988.01	1,617,988.01	100.00%	Difficult to recover
Customer 8	5,359,381.00	5,359,381.00	100.00%	Difficult to recover
Customer 9	2,584,805.83	2,584,805.83	100.00%	Difficult to recover
Customer 10	1,553,208.52	1,553,208.52	100.00%	Difficult to recover
Total	29,870,525.05	27,974,938.22	--	--

Accounts receivable for which bad debt provision accrued by credit risk features group:

Unit: RMB

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	385,027,068.11	7,700,541.84	2.00%
1 to 2 years	10,151,185.00	507,559.25	5.00%
2 to 3 years	4,745,351.68	711,802.76	15.00%
3 to 4 years	5,193,053.09	1,557,915.93	30.00%
4 to 5 years	1,548,978.90	929,387.34	60.00%
Over 5 years	122,820,745.31	122,820,745.31	100.00%
Total	529,486,382.09	134,227,952.43	--

Notes of the basis of determining the group:

The accounts receivable was adopted the aging analysis based on the months when the accounts incurred actually, among which the accounts incurred earlier will be priority to be settled in terms of the capital turnover.

Explanation of the input value and assumption adopted to determine the withdrawal amount of bad debt provision

on the Current Period: With reference to the experience of the historical credit loss, combining with the prediction of the present status and future financial situation, the comparison table was prepared between the aging of the accounts receivable and estimated credit loss rate in the duration and to calculate the estimated credit loss.

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Carrying amount
Within 1 year (including 1 year)	385,027,068.11
1 to 2 years	10,871,134.25
2 to 3 years	6,695,101.24
Over 3 years	160,596,118.21
3 to 4 years	7,729,342.84
4 to 5 years	4,161,559.72
Over 5 years	148,705,215.65
Total	563,189,421.81

(2) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

Information of bad debt provision withdrawn:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Write-off	
Bad debt provision withdrawn separately	33,449,794.41	159,597.80	1,801,939.32		31,807,452.89
Bad debt provision withdrawn by group	215,845,088.31	766,429.39	4,361.56	82,379,203.71	134,227,952.43
Total	249,294,882.72	926,027.19	1,806,300.88	82,379,203.71	166,035,405.32

Of which bad debt provision reversed or recovered with significant amount in the Reporting Period: No.

(3) Accounts Receivable with Actual Verification during the Reporting Period

Unit: RMB

Item	Verified amount
Accounts receivable with actual verification	82,379,203.71

Of which the verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature of the accounts receivable	Verified amount	Reason for verification	Verification procedures performed	Arising from related-party
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					transacti ons or not
Customer 1	Bad debt losses	14,234,302.79	The aging of canceled receivables shall exceed 5 years and result from fruitless collection, and if any single client's large amount is involved without any business transaction with the Company for over ten years, the client's qualification for business operation shall be canceled or the insolvency liquidation is finished without any production and operation activities.	1. The Company held the 3rd Meeting of the 9th Board of Directors and the 3rd Meeting of the 9th Supervisory Committee on 28 June 2020 and approved the Proposal on Verification of Some Accounts Receivable. 2. On 12 November 2020, the bankruptcy liquidation procedures of Shandong Hongli Group Co., Ltd. had been implemented, and the repayment rate of the Company's outstanding payment was 0. On 29 January 2021, the Company held the 7th Meeting of the 9th Board of Directors and approved the Proposal on Verification of Accounts Receivable of Shandong Hongli Group Co., Ltd..	Not
Customer 2		10,000,000.00			
Customer 3		7,583,232.65			
Customer 4		4,581,880.41			
Customer 5		3,600,000.00			
Customer 6		2,752,840.00			
Customer 7		2,450,966.67			
Customer 8		2,180,243.72			
Customer 9		1,976,282.47			
Customer 10		1,860,830.82			
Customer 11		1,758,686.48			
Customer 12		1,662,052.98			
Customer 13		1,285,160.60			
Customer 14		1,236,225.30			
Customer 15		1,235,170.95			
Customer 16		1,200,000.00			
Customer 17		1,149,217.70			
Customer 18		848,158.92			
Customer 19		841,642.86			
Customer 20		830,000.00			
Customer 21		800,000.00			
Customer 22		797,786.72			
Customer 23		796,226.73			
Customer 24		760,197.20			
Customer 25		728,666.36			
Customer 26		677,250.00			
Customer 27		551,305.36			
Customer 28		549,800.00			
Customer 29		537,698.10			
Customer 30		12,343,782.28			
Customer 31		520,892.51			
Total	--	82,330,500.58	--	--	--

(4) Top 5 of the Ending Balance of the Accounts Receivable Collected according to the Arrears Party

Unit: RMB

Name of the entity	Ending balance of accounts receivable	Proportion to total ending balance of accounts receivable	Ending balance of bad debt provision
Customer 1	140,334,103.03	24.92%	2,806,682.06
Customer 2	36,991,841.04	6.57%	856,733.55
Customer 3	33,407,519.00	5.93%	668,150.38

Customer 4	22,051,755.53	3.92%	441,035.11
Customer 5	18,721,197.34	3.32%	374,423.95
Total	251,506,415.94	44.66%	

5. Prepayments

(1) List by Aging Analysis

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	7,039,656.05	75.23%	10,857,776.65	83.72%
1 to 2 years	641,762.79	6.86%	993,030.99	7.66%
2 to 3 years	673,819.29	7.20%	115,335.90	0.89%
Over 3 years	1002602.62	10.71%	1,002,602.62	7.73%
Total	9,357,840.75	--	12,968,746.16	--

As of the end of the Reporting Period, the Company had no prepayments with an aging of more than 1 year and a significant amount.

(2) Top 5 of the Ending Balance of the Prepayments Collected according to the Prepayment Target

At the period-end, the total top 5 of the ending balance of the prepayments collected according to the prepayment target was RMB5,537,493.47 accounting for 59.17% of the total ending balance of prepayments.

6. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividend receivable	0.00	0.00
Other receivables	6,212,062.80	9,703,390.94
Total	6,212,062.80	9,703,390.94

(1) Other Receivables

1) Other Receivables Classified by Accounts Nature

Unit: RMB

Nature	Ending carrying value	Beginning carrying value
Margin and cash pledge	4,200.00	7,758.60
Intercourse funds	22,967,220.99	24,536,151.71
Petty cash and borrowings by employees	1,359,483.08	3,208,541.67
Other	13,806,779.19	15,374,916.41
Total	38,137,683.26	43,127,368.39

2) Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020	33,423,977.45			33,423,977.45

Balance of 1 January 2020 in the Current Period				
--Transfer to Second stage				
-- Transfer to Third stage				
-- Reverse to Second stage				
-- Reverse to First stage				
Withdrawal of the Current Period	27,302.92			27,302.92
Reversal of the Current Period	1,525,659.91			1,525,659.91
Write-offs of the Current Period				
Verification of the Current Period				
Other changes				
Balance of 31 December 2020	31,925,620.46			31,925,620.46

Changes of carrying amount with significant amount changed of loss provision in the current period

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	4,544,798.95
1 to 2 years	488,230.94
2 to 3 years	461,642.22
Over 3 years	32,643,011.15
3 to 4 years	1,168,912.97
4 to 5 years	208,579.74
Over 5 years	31,265,518.44
Total	38,137,683.26

3) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

Information of withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	

Bad debt provision for which accrued separately	5,042,448.58		3,080.17		5,039,368.41
Bad debt provision for which accrued by group	28,381,528.87	27,302.92	1,522,579.74		26,886,252.05
Total	33,423,977.45	27,302.92	1,525,659.91		31,925,620.46

4) There Was No Particulars of the Actual Verification of Other Receivables during the Reporting Period

5) Top 5 of the Ending Balance of the Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to ending balance of other receivables%	Ending balance of bad debt provision
Changzhou Compressor Factory	Intercourse funds	2,940,000.00	Over 5 years	7.71%	2,940,000.00
Changchai Group Imp. & Exp. Co., Ltd.	Intercourse funds	2,853,188.02	Over 5 years	7.48%	2,853,188.02
Changzhou New District Accounting Center	Intercourse funds	1,626,483.25	Over 5 years	4.26%	1,626,483.25
Changchai Group Settlement Center	Intercourse funds	1,140,722.16	Over 5 years	2.99%	1,140,722.16
Changzhou Huadi Engineering Guarantee Co., Ltd.	Intercourse funds	1,065,400.00	Within 1 year	2.79%	21,308.00
Total	--	9,625,793.43	--	25.23%	8,581,701.43

7. Inventory

Whether the Company needs to comply with the requirements of real estate industry

No

(1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves	Carrying value	Carrying amount	Falling price reserves	Carrying value
Raw materials	134,712,519.83	5,559,513.66	129,084,129.60	125,757,856.89	6,539,831.39	119,218,025.50
Materials processed on commission	14,065,866.52	68,876.57	14,065,866.52	12,444,566.41	183,111.28	12,261,455.13
Goods in process	134,454,109.88	18,512,449.08	115,941,660.80	142,399,981.66	26,985,350.14	115,414,631.52

Finished goods	361,975,004.89	15,261,416.17	346,713,588.72	239,701,513.09	15,404,153.29	224,297,359.80
Low priced and easily worn articles	1,906,803.53	1,031,708.62	875,094.91	3,373,235.80	1,205,538.85	2,167,696.95
Total	647,114,304.65	40,433,964.10	606,680,340.55	523,677,153.85	50,317,984.95	473,359,168.90

(2) Falling Price Reserves

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Reversal or write-off	Other	
Raw materials	6,539,831.39	1,393,521.63		2,373,839.36		5,559,513.66
Materials processed on commission	183,111.28	68,876.57		183,111.28		68,876.57
Goods in process	26,985,350.14	4,107,305.33		12,580,206.39		18,512,449.08
Finished goods	15,404,153.29	7,064,868.66		7,207,605.78		15,261,416.17
Low priced and easily worn articles	1,205,538.85	1,031,708.62		1,205,538.85		1,031,708.62
Total	50,317,984.95	13,666,280.81		23,550,301.66		40,433,964.10

(3) There Was No Capitalized Borrowing Expense in the Ending Balance of Inventories**8. Other Current Assets**

Unit: RMB

Item	Ending balance	Beginning balance
The VAT tax credits	22,534,134.72	6,043,473.29
Private placement of intermediary agency fees	2,358,490.56	
Prepaid corporate income tax	2,240,396.88	
Prepaid expense	80,070.32	98,856.26
Other	86,270.24	278,945.92
Total	27,299,362.72	6,421,275.47

9. Long-term Equity Investment

Unit: RMB

Invest	Begin	Increase/decrease	Endin	Endin
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ees	ning balanc e (carryi ng value)	Additi onal invest ment	Reduc ed invest ment	Gain or loss recogn ized under the equity metho d	Adjust ment of other compr ehensi ve incom e	Chang es in other equity	Cash bonus or profit annou nced to issue	Withd rawal of deprec iation reserv es	Other	g balanc e (carryi ng value)	g balanc e of deprec iation reserv es
II. Associated enterprises											
Beijin g Tsingh ua Indust rial Invest ment Mana gemen t Co., Ltd.	0.00									0.00	44,182 .50
Subtot al	0.00									0.00	44,182 .50
Total	0.00									0.00	44,182 .50

10. Other Equity Instrument Investment

Unit: RMB

Item	Ending balance	Beginning balance
Changzhou Synergetic Innovation Private Equity Fund (Limited Partnership)	102,198,950.87	100,000,000.00
Other equity instrument investment measured by fair value	582,939,000.00	432,886,000.00
Total	685,137,950.87	532,886,000.00

Non-trading equity instrument investment disclosed by category

Unit: RMB

Item	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure by fair value of which changes be included to other comprehensive income	Reason for other comprehensive income transferred to retained earnings
Foton Motor Co., Ltd.		192,185,000.00			Non-trading equity investment	
Bank of Jiangsu	5,004,000.00	522,000.00			Non-trading equity investment	
Jiangsu Ninghu Expressway Co., Ltd.		348,368.67		348,368.67	Non-trading equity investment	The stock has been sold this year
Changzhou Synergetic Innovation Private Equity Fund (Limited Partnership)		2,198,950.87			Non-trading equity investment	
Total	5,004,000.00	195,254,319.54		348,368.67		

Other notes:

Securities of the Company's securities refinancing business which was still on loan at the end of the period: 26,272,100 shares of Foton Motor Co., Ltd.

11. Other Non-current Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Jiangsu Liance Electromechanical Technology Co., Ltd.	7,200,000.00	7,200,000.00
Kailong High Technology Co., Ltd.	38,282,105.00	20,001,268.00
Guizhou Weimen Pharmaceutical Co., Ltd.	200,104.80	200,104.80
Guizhou Anda Technology Energy Co., Ltd.	195,297.49	195,297.49
Henan Lantian Gas Co., Ltd.	160,744.76	160,744.76
Hebei Songhe Renewable Resources Co., Ltd.	104,699.44	104,699.44
Anhui Haofang Electromechanical Co., Ltd.	89,987.14	89,987.14
Jiangsu Hosun New Energy Technology Co., Ltd.	52,500,000.00	50,000,000.00
Total	98,732,938.63	77,952,101.63

12. Investment Property**(1) Investment Property Adopting the Cost Measurement Mode**

√ Applicable □ Not applicable

Unit: RMB

Item	Houses and buildings	Total
I. Original carrying value		
1.Beginning balance	87,632,571.14	87,632,571.14
2.Increased amount of the period		
(1) Outsourcing		
(2) Transfer from inventories/fixed assets/construction in progress		
(3) Enterprise combination increase		
3.Decreased amount of the period		
(1) Disposal		
(2) Other transfer		
4. Ending balance	87,632,571.14	87,632,571.14
II. Accumulative depreciation and accumulative amortization		
1.Beginning balance	39,184,904.31	39,184,904.31
2.Increased amount of the period	2,208,340.80	2,208,340.80
(1) Withdrawal or amortization	2,208,340.80	2,208,340.80
3.Decreased amount of the period		
(1) Disposal		
(2) Other transfer		
4. Ending balance	41,393,245.11	41,393,245.11
III. Depreciation reserves		
1.Beginning balance		
2.Increased amount of the period		
(1) Withdrawal		
3.Decreased amount of the period		
(1) Disposal		
(2) Other transfer		
4. Ending balance		
IV. Carrying value		
1.Ending carrying value	46,239,326.03	46,239,326.03
2.Beginning carrying value	48,447,666.83	48,447,666.83

13. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	454,181,555.68	457,722,667.32
Disposal of fixed assets		
Total	454,181,555.68	457,722,667.32

(1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Other equipment	Total
I. Original carrying value					
1. Beginning balance	448,688,661.22	956,138,240.18	17,283,169.54	42,791,587.37	1,464,901,658.31
2. Increased amount of the period	16,740,314.49	55,956,615.74	1,265,424.03	1,253,215.06	75,215,569.32
(1) Purchase	418,626.65	1,790,876.46	420,194.69	605,480.50	3,235,178.30
(2) Transfer from construction in progress	16,321,687.84	54,165,739.28	845,229.34	647,734.56	71,980,391.02
(3) Enterprise combination increase					
3. Decreased amount of the period		15,123,976.27	1,609,285.56	1,920,409.32	18,653,671.15
(1) Disposal or scrap		15,123,976.27	1,609,285.56	1,920,409.32	18,653,671.15
4. Ending balance	465,428,975.71	996,970,879.65	16,939,308.01	42,124,393.11	1,521,463,556.48
II. Accumulative depreciation					
1. Beginning balance	281,666,582.26	674,545,182.51	13,892,318.80	35,580,792.42	1,005,684,875.99
2. Increased amount of the period	16,501,775.40	57,821,450.01	1,098,838.47	2,985,836.70	78,407,900.58
(1) Withdrawal	16,501,775.40	57,821,450.01	1,098,838.47	2,985,836.70	78,407,900.58
3. Decreased amount of the period	1,235.25	13,868,284.82	1,526,161.49	1,895,768.46	17,291,450.02
(1) Disposal or scrap	1,235.25	13,868,284.82	1,526,161.49	1,895,768.46	17,291,450.02
4. Ending balance	298,167,122.41	718,498,347.70	13,464,995.78	36,670,860.66	1,066,801,326.55
III. Depreciation reserves					

1. Beginning balance		1,494,115.00			1,494,115.00
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period		1,013,440.75			1,013,440.75
(1) Disposal or scrap		1,013,440.75			1,013,440.75
4. Ending balance		480,674.25			480,674.25
IV. Carrying value					
1. Ending carrying value	167,261,853.30	277,991,857.70	3,474,312.23	5,453,532.45	454,181,555.68
2. Beginning carrying value	167,022,078.96	280,098,942.67	3,390,850.74	7,210,794.95	457,722,667.32

14. Construction in Progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	44,844,896.77	63,216,445.03
Engineering materials	21,657,535.64	28,141,711.21
Total	66,502,432.41	91,358,156.24

(1) List of Construction in Progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Expansion capacity of multi-cylinder (The 2nd Period)	1,128,887.90		1,128,887.90	11,375,531.74		11,375,531.74
Diesel Engine Cylinder Body Flexible Manufacturing Line				38,266,788.31		38,266,788.31

35KV Substation				1,321,959.41		1,321,959.41
Oily water separating equipment				340,800.00		340,800.00
Relocation project of light engine and casting	40,307,243.35		40,307,243.35	1,687,194.64		1,687,194.64
Equipment to be installed and payment for projects	3,408,765.52		3,408,765.52	10,224,170.93		10,224,170.93
Total	44,844,896.77		44,844,896.77	63,216,445.03		63,216,445.03

(2) Changes in Significant Construction in Progress during the Reporting Period

Unit: RMB

Item	Budget	Beginning balance	Increased amount	Transferred in fixed assets	Other decreased amount	Ending balance	Proportion of accumulated investment in constructions to budget	Job schedule	Accumulated amount of interest capitalization	Of which : Amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
Expansion capacity of multi-cylinder (The 2nd Period)	79,000,000.00	11,375,531.74	31,452.00	10,278,095.84		1,128,887.90		Uncompleted				Self-funded

Diesel Engine Cylinder Body Flexible Manufacturing Line	116,040,000.00	38,266,788.31	187,769.94	38,454,558.25		0.00						Self-funded
35KV Substation	73,290,000.00	1,321,959.41	390,676.04	1,712,635.45		0.00						Self-funded
Relocation project of light engine and casting	474,706,000.00	1,687,194.64	38,620,048.71	0.00		40,307,243.35	8.49%	Uncompleted				Self-funded
Total	---	52,651,474.10	39,229,946.69	50,445,289.54		41,436,131.25	--	--				--

(3) Engineering Materials

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Engineering materials	21,657,535.64		21,657,535.64	28,141,711.21		28,141,711.21
Total	21,657,535.64		21,657,535.64	28,141,711.21		28,141,711.21

15. Intangible Assets**(1) List of Intangible Assets**

Unit: RMB

Item	Land use right	Patent right	License fee	Trademark use right	Total
I. Original carrying value					

1. Beginning balance	144,770,507.85	12,866,992.58	5,488,000.00		163,125,500.43
2. Increased amount of the period	62,013,038.83	1,200,922.58		1,087,042.79	64,301,004.20
(1) Purchase	62,013,038.83	1,200,922.58		1,087,042.79	64,301,004.20
(2) Internal R&D					
(3) Business combination increase					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	206,783,546.68	14,067,915.16	5,488,000.00	1,087,042.79	227,426,504.63
II. Accumulated amortization					
1. Beginning balance	51,100,000.82	10,771,116.13	1,554,933.22		63,426,050.17
2. Increased amount of the period	3,445,675.20	1,108,171.52	548,799.96	27,176.07	5,129,822.75
(1) Withdrawal	3,445,675.20	1,108,171.52	548,799.96	27,176.07	5,129,822.75
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	54,545,676.02	11,879,287.65	2,103,733.18	27,176.07	68,555,872.92
III. Depreciation reserves					
1. Beginning balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance					
IV. Carrying value					
1. Ending carrying value	152,237,870.66	2,188,627.51	3,384,266.82	1,059,866.72	158,870,631.71
2. Beginning carrying value	93,670,507.03	2,095,876.45	3,933,066.78	0.00	99,699,450.26

16. Long-term Prepaid Expenses

Item	Beginning balance	Increase	Amortized amount	Decrease	Ending balance
Furniture of employee dormitory, etc.	53,497.80		39,804.60		13,693.20
Total	53,497.80		39,804.60		13,693.20

17. Deferred Income Tax Assets/Deferred Income Tax Liabilities**(1) Deferred Income Tax Assets that Had not Been Off-set**

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Bad debt provision	6,544,083.47	981,314.04	6,682,294.34	1,023,863.04
Deductible loss	21,670,394.08	3,250,559.11		
Total	28,214,477.55	4,231,873.15	6,682,294.34	1,023,863.04

(2) Deferred Income Tax Liabilities Had Not Been Off-set

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value of other equity instrument investment	500,567,950.87	75,085,192.63	373,011,500.00	55,951,725.00
Changes in fair value of trading financial assets	18,481,109.00	4,600,250.05		
Changes in fair value of other non-current financial assets	2,500,000.00	375,000.00		
Assets evaluation appreciation for business combination not under the same control	4,074,374.26	611,156.14	4,524,661.07	1,131,165.27
Total	525,623,434.13	80,671,598.82	377,536,161.07	57,082,890.27

(3) List of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Ending balance	Beginning balance
Bad debt provision	191,416,942.31	276,036,565.83
Falling price reserves of inventories	40,433,964.10	50,317,984.95
Total	231,850,906.41	326,354,550.78

18. Other Non-current Assets

Unit: RMB

Item	Ending balance	Beginning balance
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	Carrying amount	Depreciated on reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Advances payment of equipments	19,971,006.56		19,971,006.56			
Total	19,971,006.56		19,971,006.56			

19. Short-term Borrowings

(1) Category of Short-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Mortgage loans	7,000,000.00	7,000,000.00
Guaranteed loans	10,000,000.00	10,000,000.00
Credit loans	5,000,000.00	5,000,000.00
Total	22,000,000.00	22,000,000.00

(2) There Was No Short-term Borrowings Overdue but Unpaid.

20. Notes Payable

Unit: RMB

Category	Ending balance	Beginning balance
Bank acceptance bill	595,346,000.00	403,035,000.00
Total	595,346,000.00	403,035,000.00

At the end of the current period, the total amount of notes payable due and not paid was RMB0.

21. Accounts Payable

(1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Payment for goods	612,757,392.46	525,625,016.89
Total	612,757,392.46	525,625,016.89

(2) There Was No Significant Accounts Payable Aging over One Year

22. Deposit Received

Unit: RMB

Item	Ending balance	Beginning balance
Payment for goods	661,612.17	
Total	661,612.17	

Refer to “V Significant Accounting Policies, Estimates-32(1) Changes to Significant Accounting Policies” for the difference between the beginning balance and ending balance of prior period (31 December 2019).

(2) There Was No Significant Accounts Payable Aging over One Year

23. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Contract liabilities	35,944,517.15	29,652,202.74

Total	35,944,517.15	29,652,202.74
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Refer to “V Significant Accounting Policies, Estimates-32(1) Changes to Significant Accounting Policies” for the difference between the beginning balance and ending balance of prior period (31 December 2019).

24. Payroll Payable

(1) List of Payroll Payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	44,559,015.79	277,676,314.10	272,108,168.42	50,127,161.47
II. Post-employment benefit-defined contribution plans		22,003,717.86	22,003,717.86	
III. Termination benefits		109,584.00	109,584.00	
Total	44,559,015.79	299,789,615.96	294,221,470.28	50,127,161.47

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	36,894,953.71	237,003,162.20	231,989,488.74	41,908,627.17
2. Employee welfare	1,592.74	3,302,752.84	3,302,752.84	1,592.74
3. Social insurance		14,152,537.94	14,152,537.94	
Of which: Medical insurance premiums		11,550,069.03	11,550,069.03	
Work-related injury insurance		1,128,043.94	1,128,043.94	
Maternity insurance		1,474,424.97	1,474,424.97	
4. Housing fund		18,592,725.00	18,592,725.00	
5. Labor union budget and employee education budget	7,662,469.34	4,625,136.12	4,070,663.90	8,216,941.56
6. Short-term absence with salary				
7. Short-term profit sharing scheme				
Total	44,559,015.79	277,676,314.10	272,108,168.42	50,127,161.47

(3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits		21,335,032.17	21,335,032.17	

2. Unemployment insurance		668,685.69	668,685.69	
3. Enterprise annuities				
Total		22,003,717.86	22,003,717.86	

25. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	461.22	1,290,060.47
Corporate income tax	531,557.38	5,090,781.18
Personal income tax	114,208.40	367,624.40
Urban maintenance and construction tax	879,346.31	970,067.92
Property tax	94,863.50	94,257.20
Land use tax	100,135.19	100,135.19
Stamp duty	6,851.35	6,282.95
Education Surcharge	35,023.81	99,824.96
Comprehensive fees	1,075,134.76	1,075,134.76
Environmental protection tax	31,903.49	213.55
Total	2,869,485.41	9,094,382.58

26. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable	3,891,433.83	3,891,433.83
Other payables	193,653,642.25	201,172,711.27
Total	197,545,076.08	205,064,145.10

(1) Dividends Payable

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	3,243,179.97	3,243,179.97
Interest of preferred shares/ perpetual bond classified as equity instrument		
Dividends for non-controlling shareholders	648,253.86	648,253.86
Other		
Total	3,891,433.83	3,891,433.83

The reason for non-payment for over one year: Not gotten by shareholders yet.

(2) Other Payables**1) Other Payables Listed by Nature of Account**

Unit: RMB

Item	Ending balance	Beginning balance
Margin & cash pledged	3,406,041.83	3,271,541.83
Intercourse funds among units	9,309,617.95	11,321,462.95
Intercourse funds among individuals	1,256,848.49	430,612.05
Sales discount and three guarantees	147,739,746.71	143,497,522.22
Other	31,941,387.27	42,651,572.22
Total	193,653,642.25	201,172,711.27

2) Significant Other Payables Aging over One Year

The significant other payables aging over one year at the period-end mainly referred to the unsettled temporary credits and charges owned.

27. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Sale service fee	365,047.65	229,387.96
Transportation storage fee	260,055.33	132,551.86
Electric charge	1,972,314.61	815,772.56
Tax to be transferred	2,636,529.53	2,136,799.04
Total	5,233,947.12	3,314,511.42

Refer to “V Significant Accounting Policies, Estimates-32(1) Changes to Significant Accounting Policies” for the difference between the beginning balance and ending balance of prior period (31 December 2019).

28. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government grants	58,864,111.22		1,914,373.62	56,949,737.60	Government appropriation
Total	58,864,111.22		1,914,373.62	56,949,737.60	--

Item involving government grants:

Unit: RMB

Item	Beginning balance	Amount of new subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Amount offset cost in the Reporting Period	Other changes	Ending balance	Related to assets/related income
Electric control of diesel engine research and development and industrialization allocations	248,400.00		248,400.000					Related to assets
National major project special allocations	28,770,000.00						28,770,000.00	Related to assets
Remove compensation	19,845,711.22		665,973.62				19,179,737.60	Related to assets

Research and development and industrialization allocations of national III/IV standard high-powered efficient diesel engine for agricultural use	10,000,000.00		1,000,000.00				9,000,000.00	Related to assets
Total	58,864,111.22		1,914,373.62				56,949,737.60	

29. Share Capital

单位：元

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other	Subtotal	
The sum of shares	561,374,326.00						561,374,326.00

30. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	143,990,690.24			143,990,690.24
Other capital reserves	20,337,975.19			20,337,975.19
Total	164,328,665.43			164,328,665.43

31. Other Comprehensive Income

Unit: RMB

Item	Beginni	Reporting Period	Endin
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	ng balance	Income before taxatio n in the Curren t Period	Less: Recorded in other comprehe nsive income in prior period and transfere d in profit or loss in the Current Period	Less: Record ed in other compre hensiv e income in prior period and transfe rred in retaine d earnin gs in the Curren t Period	Less: Income tax expens e	Attribu table to owners of the Compa ny as the parent after tax	Attribu table to non-co ntrollin g interest s after tax	g balan ce
I. Other comprehensive income that will not be reclassified to profit or loss	317,059,775.00	127,966,296.36		348,368.67	19,194,944.45	108,422,983.24		425,482,758.24
Of which: Changes caused by re-measurements on defined benefit pension schemes								
Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method								
Changes in fair value of other equity instrument investment	317,059,775.00	127,966,296.36		348,368.67	19,194,944.45	108,422,983.24		425,482,758.24
Changes in fair value of corporate credit risk								
II. Other comprehensive income that may subsequently be reclassified to profit or loss								

Of which: Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method								
Changes in fair value of investment in other debt obligations								
Amount of financial assets reclassified to other comprehensive income								
Credit depreciation reserves of investment in other debt obligations								
Reserves for cash flow hedges								
Differences arising from translation of foreign currency-denominated financial statements								
Total of other comprehensive income	317,059,775.00	127,966,296.36		348,368.67	19,194,944.45	108,422,983.24		425,482,758.24

32. Specific Reserve

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Safety production cost	17,560,202.07	3,766,291.74	2,513,507.26	18,812,986.55
Total	17,560,202.07	3,766,291.74	2,513,507.26	18,812,986.55

33. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	309,071,675.82	3,222,997.42		312,294,673.24
Discretionary surplus reserves	13,156,857.90			13,156,857.90
Total	322,228,533.72	3,222,997.42		325,451,531.14

34. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	726,689,929.10	717,883,351.33

Total retained earnings at the beginning of the adjustment period (“+” means up, “-” means down)	1,651,336.26	1,619,864.82
Beginning balance of retained earnings after adjustments	728,341,265.36	719,503,216.15
Add: Net profit attributable to owners of the Company as the parent	52,432,443.05	24,966,526.85
Less: Withdrawal of statutory surplus reserves	3,222,997.42	2,094,119.49
Withdrawal of discretionary surplus reserves		
Withdrawal of general reserve		
Dividend of ordinary shares payable		14,034,358.15
Dividends of ordinary shares transferred as share capital		
Recorded in other comprehensive income in prior period and transferred in retained profits in the Current Period	348,368.67	
Ending retained earnings	777,899,079.66	728,341,265.36

Notes:

The retained earnings at the beginning of the adjustment period due to the accounting errors correction in previous period: RMB1,651,336.26 at the period-beginning of 2020, and RMB1,619,864.82 at the period-beginning of 2019.

35. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	2,252,479,553.51	1,918,486,625.85	2,001,911,782.04	1,679,856,891.00
Other operations	43,985,157.73	32,087,365.42	43,909,019.06	34,676,976.50
Total	2,296,464,711.24	1,950,573,991.27	2,045,820,801.10	1,714,533,867.50

Information related to performance obligations: performing according to the contract offer

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB0 at the period-end.

36. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	2,090,758.82	967,755.74
Education surcharge	1,493,399.12	690,897.41
Property tax	4,573,282.78	4,692,583.81
Land use tax	3,752,947.49	3,813,015.72
Vehicle and vessel use tax	1,350.00	1,320.00
Stamp duty	698,047.82	541,541.14

Environment tax	221,775.24	238,068.00
Other	38,047.88	34,933.24
Total	12,869,609.15	10,980,115.06

37. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Office expenses	15,665,504.29	15,164,256.65
Employee benefits	38,670,632.17	29,850,039.44
Sales promotional expense	6,859,494.25	5,260,765.63
Three guarantees	65,108,496.52	38,321,773.50
Transport charge		7,296,670.11
Other	2,068,151.39	1,191,611.72
Total	128,372,278.62	97,085,117.05

38. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Safety expenses	3,766,291.74	3,868,727.07
Office expenses	10,970,658.73	11,096,718.08
Other	7,389,204.00	22,624,149.85
Repair charge	788,498.70	391,744.51
Transport fees		2,035,060.15
Depreciation and amortization	10,255,597.50	11,166,156.58
Employee benefits	54,275,945.07	55,833,401.17
Total	87,446,195.74	107,015,957.41

39. Development Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Direct input expense	43,808,908.87	39,929,867.41
Employee benefits	20,288,706.97	19,795,993.59
Depreciation and amortization	4,534,946.69	3,926,467.26
Entrusted development charges	430,000.00	26,000.00
Other	3,196,218.55	2,543,048.01
Total	72,258,781.08	66,221,376.27

40. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense	7,302,086.80	5,722,554.43
Less: Interest income	5,467,634.76	6,733,183.88
Net foreign exchange gains or losses	14,491,248.00	-1,709,183.70
Other	-557,389.72	-1,716,760.21
Total	15,768,310.32	-4,436,573.36

41. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Government grants	7,763,215.65	5,312,295.51
Other	45,516.87	12,063.29

42. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method		
Investment income from disposal of long-term equity investment		
Investment income from holding of trading financial assets		
Investment income from disposal of trading financial assets	-25,036.13	
Dividend income from holding of other equity instrument investment	5,004,000.00	6,069,000.00
Investment income from holding of held-to-maturity investment		
Investment income from holding of available-for-sale financial assets		
Investment income from disposal of available-for-sale financial assets		
Investment income from disposal of held-to-maturity investment		
Income from re-measurement of residual stock rights at fair value after losing control power		
Interest income from holding of investment in debt obligations		
Interest income from holding of investment in other debt obligations		
Investment income from disposal of investment in other debt obligations		
Investment income from disposal of other non-current financial assets		-18,685.03
Dividend income from holding of other non-current financial assets	149,821.58	1,408,752.61
Other income from holding of other equity instrument investments	433,925.05	137,814.50
Investment income from financial products	753,991.35	413,378.77
Forward income from foreign exchange settlement	229,125.00	

Total	6,545,826.85	8,010,260.85
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43. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year
Transactional financial assets	200,272.00	-49,255.00
Other non-current financial assets	20,780,837.00	
Total	20,981,109.00	-49,255.00

44. Credit Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss of other receivables	1,498,356.99	-288,027.65
Bad debt loss of accounts receivable	880,273.69	-4,637,783.63
Impairment loss of entrusted loan		4,000,000.00
Total	2,378,630.68	-925,811.28

45. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
I. Bad debt loss		
II. Loss on inventory valuation and contract performance cost	-11,155,930.76	-42,371,202.17
III. Impairment loss on long-term equity investment		
IV. Impairment loss on investment property		
V. Impairment loss on fixed assets		
VI. Impairment loss on engineering materials		
VII. Impairment loss on construction in progress		
VIII. Impairment loss on productive living assets		
IX. Impairment loss on oil and gas assets		
X. Impairment loss on intangible assets		
XI. Impairment loss on goodwill		
XII. Other		
Total	-11,155,930.76	-42,371,202.17

46. Asset Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Disposal income of fixed assets	229,121.29	2,059,668.56

47. Non-operating Income

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Income from penalty	267,439.00	373,200.44	267,439.00

No payment required	399,049.91	29,831.10	399,049.91
Other	380,625.30	59,319.94	380,625.30
Total	1,047,114.21	462,351.48	1,047,114.21

48. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Retirement loss of non-current assets	34,356.44	158,128.44	34,356.44
Quality indemnity	2,085,438.03		2,085,438.03
Donation expenditure	250,000.00		250,000.00
Other	260,002.86	73,810.45	260,002.86
Total	2,629,797.33	231,938.89	2,629,797.33

49. Income Tax Expense**(1) List of Income Tax Expense**

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	838,369.52	1,939,568.19
Deferred income tax expense	1,247,230.81	-224,522.42
Total	2,085,600.33	1,715,045.77

(2) Adjustment Process of Accounting Profit and Income Tax Expense

Unit: RMB

Item	Reporting Period
Profit before taxation	54,380,351.52
Current income tax expense accounted at statutory/applicable tax rate	8,157,052.73
Influence of applying different tax rates by subsidiaries	733,969.40
Influence of income tax before adjustment	-728,340.92
Influence of non-taxable income	-788,055.39
Influence of non-deductible costs, expenses and losses	456,287.08
Influence of deductible losses of unrecognized deferred income tax at the beginning of the Reporting Period	-2,140,409.67
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax assets in the Reporting Period	110,589.49
Tax preference generated from eligible expense	-3,241,494.34
Changes in the balance of deferred income tax assets/liabilities at the beginning of the period due to tax rate adjustments	-473,998.05
Income tax expense	2,085,600.33

50. Cash Flow Statement**(1) Cash Generated from Other Operating Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
Subsidy and appropriation	5,857,679.00	4,247,921.89

Other intercourses in cash	5,144,619.79	176,497.69
Interest income	5,467,634.76	6,987,251.60
Other	507,167.41	378,925.22
Total	16,977,100.96	11,790,596.40

(2) Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Selling and administrative expenses paid in cash	120,289,403.78	120,086,467.93
Handling charges	1,776,237.12	938,872.65
Other	777,383.09	317,407.08
Other transactions	690,007.30	143,724.20
Total	123,533,031.29	121,486,471.86

(3) Cash Generated from Other Investing Activities

Item	Reporting Period	Same period of last year
Deposit of construction unit	336,150.00	
Total	336,150.00	

(4) Cash Used in Other Investing Activities

Item	Reporting Period	Same period of last year
Product margin	4,141,850.71	
Total	4,141,850.71	

(5) Cash Used in Other Financial Activities

Item	Reporting Period	Same period of last year
Private placement of intermediary agency fees	2,500,000.00	
Total	2,500,000.00	

51. Supplemental Information for Cash Flow Statement**(1) Supplemental Information for Cash Flow Statement**

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	52,294,751.19	24,984,327.75
Add: Provision for impairment of assets	8,777,300.08	43,297,013.45
Depreciation of fixed assets, of oil and gas assets, of productive living assets	80,616,241.38	85,591,455.99
Depreciation of right-of-use assets		
Amortization of intangible assets	5,129,822.75	4,826,730.02
Amortization of long-term deferred expenses	39,804.60	39,804.60
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains by “-”)	-229,121.29	-2,059,668.56

Losses on the scrapping of fixed assets (gains by “-”)	34,356.44	158,128.44
Losses on the changes in fair value (gains by “-”)	-20,981,109.00	49,255.00
Financial expenses (gains by “-”)	16,911,546.38	5,007,157.46
Investment losses (gains by “-”)	-6,545,826.85	-8,010,260.85
Decrease in deferred income tax assets (increase by “-”)	-3,208,010.11	-43,732.33
Increase in deferred income tax liabilities (decrease by “-”)	4,455,240.92	-180,790.09
Decrease in inventory (increase by “-”)	-144,477,102.41	42,238,508.04
Decrease in accounts receivable from operating activities (increase by “-”)	16,892,902.36	-138,877,379.35
Increase in payables from operating activities (decrease by “-”)	278,992,494.07	-99,909,743.96
Other	-36,906,635.98	22,564,004.83
Net cash flows generated from operating activities	251,796,654.53	-20,325,189.56
2. Investing and financing activities that do not involving cash receipts and payment:	--	--
Debt transferred as capital		
Convertible corporate bond due within one year		
Fixed assets from financing lease		
3. Net increase in cash and cash equivalents	--	--
Ending balance of cash	629,939,540.50	545,959,998.20
Less: Beginning balance of cash	545,959,998.20	691,266,373.34
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	83,979,542.30	-145,306,375.14

(2) Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	629,939,540.50	545,959,998.20
Including: Cash on hand	287,505.91	181,115.21
Bank deposit on demand	620,966,786.57	545,271,159.5
Other monetary assets on demand	8,685,248.02	507,723.49
Accounts deposited in the central bank available for payment		
Deposits in other banks		
Accounts of interbank		
II. Cash equivalents		
Of which: Bond investment expired within three months		
III. Ending balance of cash and cash equivalents	629,939,540.50	545,959,998.20
Of which: Cash and cash equivalents with restriction in use for the Company as the parent or subsidiaries of the Group		

52. Assets with Restricted Ownership or Right to Use

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	130,788,682.35	As cash deposit for bank acceptance bill and environment
Houses and buildings	2,012,894.88	Mortgaged for borrowings from banks
Land use right	962,953.87	Mortgaged for borrowings from banks
Machinery equipment	34,959,585.43	Mortgaged for borrowings from banks
Total	168,724,116.53	--

53. Foreign Currency Monetary Items**(1) Foreign Currency Monetary Items**

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets	--	--	88,036,406.31
Of which: USD	22,205,667.87	6.5249	144,889,762.28
EUR			
HKD	285,402.45	0.84164	240,206.12
SGD	54,427.95	4.9314	268,405.99
JPY	1.00	0.0632	0.06
Accounts receivable	--	--	
Of which: USD	7,621,884.47	6.5249	49,732,033.97
Accounts payable			
Of which: USD	302.60	6.5249	1,974.43

(2) Notes to Overseas Entities Including: for Significant Oversea Entities, Main Operating Place, Recording Currency and Selection Basis Shall Be Disclosed; if there Are Changes in Recording Currency, Relevant Reasons Shall Be Disclosed.

Applicable Not applicable

54. Government Grants**(1) Basic Information on Government Grants**

Unit: RMB

Category	Amount	Listed items	Amount recorded in the current profit or loss
Industrial and information industry transformation and upgrading subsidies	150,000.00	Other income	150,000.00
Trinity subsidy	615,000.00	Other income	615,000.00
Subsidy for stabilizing posts	3,147,000.03	Other income	3,147,000.03
Business development fund	10,600.00	Other income	10,600.00
Small and medium-sized enterprises exploit capital	14,200.00	Other income	14,200.00
Export credit insurance subsidies	323,200.00	Other income	323,200.00
Relocation compensation	665,973.62	Other income	665,973.62

R & D and industrialization of off-road diesel engine controlled by electricity	248,400.00	Other income	248,400.00
Tax contribution award	50,000.00	Other income	50,000.00
Funding for the first year of the demonstration base for training advanced skilled personnel	35,000.00	Other income	35,000.00
Subsidies for training by work	1,217,500.00	Other income	1,217,500.00
Epidemic subsidy	2,000.00	Other income	2,000.00
Development funds for science and technology projects	10,000.00	Other income	10,000.00
Post-doctoral grants, outbound awards and site establishment awards	50,000.00	Other income	50,000.00
The third batch of intellectual property award funds in Changzhou	100,000.00	Other income	100,000.00
Financial center subsidy	50,460.00	Other income	50,460.00
Innovation-driven rewards	6,000.00	Other income	6,000.00
Subsidy fund of New District Finance Bureau award	7,882.00	Other income	7,882.00
Subsidies for high-tech enterprises from the New District Finance Bureau	60,000.00	Other income	60,000.00
Appropriation or research and development and industrialization allocations of national III/IV standard high-powered efficient diesel engine for agricultural use	1,000,000.00	Other income	1,000,000.00

Return of Government Grants

Applicable Not applicable

VIII. Changes of Consolidation Scope

None

IX. Equity in Other Entities**1. Equity in Subsidiary****(1) Subsidiaries**

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Changchai Wanzhou Diesel Engine Co., Ltd.	Chongqing	Chongqing	Industry	60.00%		Set-up
Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	Changzhou	Changzhou	Industry	99.00%	1.00%	Set-up
Changzhou Housheng Investment Co., Ltd.	Changzhou	Changzhou	Service	100.00%		Set-up

Changzhou Changchai Housheng Agricultural Equipment Co., Ltd.	Changzhou	Changzhou	Industry	70.00%	25.00%	Set-up
Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.	Changzhou	Changzhou	Industry	100.00%		Combination not under the same control
Jiangsu Changchai Machinery Co., Ltd.	Changzhou	Changzhou	Industry	100.00%		Set-up
Changzhou Xingsheng Property Management Co., Ltd.	Changzhou	Changzhou	Service	100.00%		Set-up

(2) Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Changchai Wanzhou Diesel Engine Co., Ltd.	40.00%	197,910.74		19,811,859.46
Changzhou Changchai Housheng Agricultural Equipment Co., Ltd.	5.00%	-335,602.60		-313,270.31

Holding proportion of non-controlling interests in subsidiary different from voting proportion: Not applicable

(3) The Main Financial Information of Significant Not Wholly-owned Subsidiary

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Changchai Wanzhou Diesel Engine Co., Ltd.	49,260.00	25,041.17	74,311.17	24,785.52		24,785.52	43,807.71	25,821.00	69,628.71	20,594.90		20,594.90

Changzhou Changchai Housheng Agricultural Equipment Co., Ltd.	26,356,205.03	423,493.77	26,779,698.80	33,045,105.00	33,045,105.00	28,573,892.12	514,669.94	29,088,562.06	28,641,916.23	28,641,916.23
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Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Changchai Wanzhou Diesel Engine Co., Ltd.	43,143,296.52	494,776.84	494,776.84	2,183,407.36	40,959,222.43	160,355.43	160,355.43	1,526,529.99
Changzhou Changchai Housheng Agricultural Equipment Co., Ltd.	14,280,066.47	-6,712,052.03	-6,712,052.03	-171,680.44	13,888,579.77	-926,825.38	-926,825.38	-419,750.02

2. Equity in the Structured Entity Excluded in the Scope of Consolidated Financial Statements

Notes to the structured entity excluded in the scope of consolidated financial statements:

In 2017, the Company set up Changzhou Xietong Private Equity Fund (Limited Partnership) together with Synergetic Innovation Fund Management Co., Ltd. through joint investment. On 18 October 2018 and 3 December 2020, new partners were added. In line with the revised Partnership Agreement, the general partner is Synergetic Innovation Fund Management Co., Ltd., and the limited partners are Changchai Company, Limited, Changzhou Zhongyou Petroleum Sales Co., Ltd., Changzhou Fuel Co., Ltd., Tong Yinzhu, Tong Yinxin and Anhui

Haiyunzhou Equity Investment Partnership Enterprise (Limited). In accordance with the Partnership Agreement, the limited partner does not execute the partnership affairs. Thus, the Company does not control Changzhou Xietong Private Equity Fund (Limited Partnership) and did not include it into the scope of consolidated financial statements.

X. The Risk Related to Financial Instruments

The goal of the Company's risk management was gaining the balance between the risk and income, and reduced the negative impact to the operation performance of the Company in the lowest level and maximized the interests of shareholders and other equity investors. Base on the risk management goal, the basis strategy of the Company's risk management was to recognized and analyze all kinds of risk that the Company faced, set up suitable risk bottom line and conduct risk management, and supervised the risks timely and reliably and control the risk within the limited scope.

The main risks of the Company due to financial instruments were credit risk, liquidity risk and market risk. The management level had reviewed and approved the policies to manage the risks, which summarized as follows:

(I) Credit Risk

Credit risk was one party of the contract failed to fulfill the obligations and causes loss of financial assets of the other party.

The credit of risk of the Company mainly was related to account receivable, in order to control the risk, the Company conduct the following methods.

The Company only conducts related transaction with approved and reputable third party, in line with the policy of the Company, the Company need to conduct credit-check for the clients adopting way of credit to conduct transaction. In addition, the Company continuously monitors the balance of account receivable to ensure the Company would not face the significant bad debt risk.

(II) Liquidity Risk

Liquidity risk is referred to the risk of incurring capital shortage when performing settlement obligation in the way of cash payment or other financial assets. The policies of the Company are to ensure that there was sufficient cash to pay the due liabilities.

The liquidity risk was centralized controlled by the financial department of the Company. The financial departments through supervising the balance of the cash and securities can be convert to cash at any time and the rolling prediction of cash flow in future 12 months to ensure the Company has sufficient cash to pay the liabilities under the case of all reasonable prediction.

(III) Market Risk

Market risk is refer to risk of the fair value or future cash flow of financial instrument changed due to the change of market price, including foreign exchange rate risk, interest rate risk.

1. Interest Rate Risk

Interest rate risk is refers to fluctuation risk of the fair value or future cash flow of financial instrument change due to the change of market price.

2. Foreign Exchange Risk

Foreign exchange rate risk is referred to the risk incurred form the change of exchange rate. As for the Company's export business, customers will be given a certain credit term, if the RMB appreciates against the dollar, the company's accounts receivable will incur foreign currency exchange loss.

XI. The Disclosure of Fair Value

1. Ending Fair Value of Assets and Liabilities at Fair Value

Unit: RMB

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
1. Trading financial assets	49,582,105.00		60,651,105.63	110,233,210.63
(I) Financial assets at fair value through profit or loss	49,582,105.00		60,651,105.63	110,233,210.63
(1) Debt instrument investment				
(2) Equity instrument investment	49,582,105.00		60,651,105.63	110,233,210.63
(3) Derivative financial assets				
2. Financial assets designated to be measured at fair value and the changes included into the current profit or loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(II) Other bond investment				
(III) Other equity instrument investment	582,939,000.00		102,198,950.87	685,137,950.87
(2) Equity instrument investment				
(IV) Investment property				
1. Land use right for lease				
2. Buildings leased out				
3. Land use right held and planned to be transferred once appreciating				
(V) Living assets				
1. Consumptive living assets				
2. Productive living assets				
Total assets consistently measured by fair value	632,521,105.00		162,850,056.50	795,371,161.50
(VI) Trading financial liabilities				
Of which: Issued trading bonds				
Derivative financial liabilities				
Other				
(VII) Financial liabilities designated to be measured at fair value and the changes recorded into the current profit or loss				

Total liabilities consistently measured by fair value				
II. Inconsistent fair value measurement	--	--	--	--
(1) Assets held for sale				
Total assets inconsistently measured by fair value				
Total liabilities inconsistently measured by fair value				

2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 1

For the listed company stocks held by the company in the investment of other equity instruments measured at fair value, the closing price at the end of the period was the basis for the measurement of fair value.

3. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 3

(1) Among the trading financial assets, the basic assets invested in financial products include bond assets, deposit assets, fund assets, etc. The portfolio of investment is managed dynamically, and the change in the fair value of financial products is difficult to measure, so the cost amount is adopted to confirm its fair value.

For the unsettled forward settlement contract at the end of the period, its fair value was measured based on the valuation of the bank.

(2) Among the non-current financial assets, such as the equity investment in Jiangsu Liance Mechanical and Electrical Technology Co., Ltd., which did not have active market transactions, the Company's equity of the investee was relatively low and had no significant impact, so it is not feasible to use the income method or market method to estimate the value. Therefore, the investment cost was treated as reasonable estimation of fair value to measure at the period-end.

In terms of shares of NEEQ unlisted public companies held by the Company, as for the equity instrument investment with inactive market transactions, due to the market value of shares cannot be reflected by the market transaction price with the low volume of holding, so the appraisalment to the invested companies by income or market approach was unfeasible. Therefore, the investment cost shall be treated as reasonable estimation of fair value to measure at the period-end.

Jiangsu Housheng New Energy Technology Co., Ltd. entrusted an appraisal agency to evaluate the value of all its shareholders' equity due to the need for capital increase and share expansion in 2020, and confirmed the premium rate of capital increase based on the appreciation rate of the equity value (on 30 December 2020, the company's investors signed an investment agreement). Therefore, at the end of the period, the fair value of the equity investment had been adjusted and confirmed accordingly.

(3) Among other equity investment instruments, the total investment in Chengdu Changwan Diesel Engine Distribution Co., Ltd., Chongqing Wanzhou Changwan Diesel Engine Parts Co., Ltd., Changzhou Economic and Technological Development Company, Changzhou Tractor Company, Changzhou Economic Commission Industrial Capital Mutual Aid Association, Beijing Engineering Machinery Agricultural Machinery Company was RMB 1.21 million, and the fair value was RMB 0.00 due to the difficulty in recovering the investment.

Since its establishment in October 2017, Changzhou Synergetic Innovation Private Equity Fund (Limited Partnership) has invested in Jiangsu Housheng New Energy Technology Co., Ltd., and the change in fair value of the company's equity held by it had increased the equity of partners at the end of the year. In addition, the company's business environment, operating conditions, and financial status had not undergone major changes.

Therefore, the company determined its fair value on the basis of the net book assets of the partnership at the end of the period.

XII. Related Party and Related-party Transactions

1. Information Related to the Company as the Parent of the Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company	Proportion of voting rights owned by the Company as the parent against the Company
Changzhou Investment Group Co., Ltd.	Changzhou	Investment and operations of state-owned assets, assets management (excluding financial business), investment consulting (excluding consulting on investment in securities and options), etc.	RMB1.2 billion	30.43%	30.43%

Notes: Information on the Company as the parent

The parent company of the enterprise is Changzhou Investment Group Co., Ltd., which is a wholly-owned subsidiary of Changzhou Municipal People's Government. In accordance with Changzhou People's Government Document (CZF [2006] No. 62), both the Company and Changzhou Investment Group Co., Ltd. are enterprises which Changzhou People's Government authorizes Changzhou Government State-owned Assets Supervision and Administration Commission to perform duties of investors. Thus, after the sharer transfer, Changzhou Investment Group Co., Ltd. is the controlling shareholder of the Company and Changzhou Government State-owned Assets Supervision and Administration Commission is still the actual controller of the Company. The final controller of the Company is Changzhou Government State-owned Assets Supervision and Administration Commission.

2. Subsidiaries of the Company

Refer to Note IX for details.

3. Information on Other Related Parties

Name	Relationship with the Company
Synergetic Innovation Fund Management Co., Ltd.	Senior executives of the company used to serve as directors of the Company (no longer as directors of the Company on 16 April 2020)
Changzhou Synergetic Innovation Private Equity Fund (Limited Partnership)	Participated in establishing the industrial investment fund
Jiangsu Housheng New Energy Technology Co., Ltd.	Shareholding enterprise of the Company
Donghai Securities Co., Ltd.	Controlled by the same Company as the parent

4. Related-party Transactions

(1) Other Related-party Transaction

On 28 June 2020, the 3rd Meeting of the 9th Board of Directors approved the Proposal on Signature of Joint Sponsorship Underwriting Agreement of the Private Placement of A shares and Related-party Transaction, which

allowed the Company signing the joint sponsorship underwriting agreement with Industrial Securities Co., Ltd. (hereinafter referred to as “Industrial Securities”) and Donghai Securities Co., Ltd. (hereinafter referred to as “Donghai Securities”), and appointing Industrial Securities and Donghai Securities as the co-sponsor underwriters for the private placement of A shares of the Company with sponsor fee of RMB3 million to Industrial Securities and Donghai Securities and the underwriting fee of no more than RMB11 million (inclusive of RMB11 million). As of 31 December 2020, the Company has paid a sponsorship fee of RMB 750,000 to Donghai Securities.

XIII. Commitments and Contingency

1. Significant Commitments

Significant commitments on balance sheet date

As of 31 December 2020, there was no significant commitment for the Company to disclose.

2. Contingency

As of 31 December 2020, there was no contingencies for the Company to disclose.

XIV. Events after Balance Sheet Date

1. Profit Distribution

Unit: RMB

Profits or dividends to be distributed	0
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2. Notes to Other Events after Balance Sheet Date

According to the Investment Agreement signed on 30 December 2020, the Company increased its capital to Jiangsu Housheng New Energy Technology Co., Ltd. by RMB 26.25 million on 11 January 2021.

As of the approval issue date of financial statements, there was no other significant event after balance sheet date that shall be disclosed.

XV. Other Significant Events

1. Correction of Previous Accounting Error

(1) Retrospective Restatement

Unit: RMB

Content	Processing procedure	Affected financial statement line items of the comparative periods	Cumulative effects
Changzhou Xingsheng Property Management Co., Ltd. that was not included in the scope of consolidated statements before has been conducted accounting treatment according to	The 4th Meeting of the 9th Board of Directors held on 29 July 2020 reviewed and approved the Proposal on Accounting Errors Correction in Previous Period.	Consolidated Balance Sheet in 2019-Mnetary assets	1,375,254.03
		Consolidated Balance Sheet in 2019-Trading financial assets	3,050,000.00
		Consolidated Balance Sheet in 2019-Accounts receivable	6,391.36
		Consolidated Balance Sheet in 2019-Prepayment	38,200.00
		Consolidated Balance Sheet in 2019-Other receivables	-893,682.24
		Consolidated Balance Sheet in 2019-Inventories	7,158.32
		Consolidated Balance Sheet in 2019-Other current assets	67,355.14
		Consolidated Balance Sheet in 2019-Total of current assets	4,632,342.79
		Consolidated Balance Sheet in 2019-Fixed assets	140,153.19
		Consolidated Balance Sheet in 2019-Long-term prepaid expenses	53,497.80

the provisions of the accounting standards during the Reporting Period.

Consolidated Balance Sheet in 2019-Deferred income tax assets	6.52
Consolidated Balance Sheet in 2019-Total of non-current assets	193,657.51
Consolidated Balance Sheet in 2019- Total assets	4,826,000.30
Consolidated Balance Sheet in 2019-Accounts payable	14,760.00
Consolidated Balance Sheet in 2019-Advances from customers	952,386.57
Consolidated Balance Sheet in 2019-Other payables	1,224,017.91
Consolidated Balance Sheet in 2019-Total of current liabilities	2,191,164.48
Consolidated Balance Sheet in 2019-Total liabilities	2,191,164.48
Consolidated Balance Sheet in 2019-Surplus reserves	163,483.58
Consolidated Balance Sheet in 2019- Retained earnings	1,471,352.24
Consolidated Balance Sheet in 2019- Total equity attributable to owners of the Company as the parent	2,634,835.82
Consolidated Balance Sheet in 2019- Total owners' equity	2,634,835.82
Consolidated Balance Sheet in 2019- Total liabilities and owners' equity	4,826,000.30
Consolidated Income Statement in 2019- Revenue	5,687,083.80
Consolidated Income Statement in 2019- Operating revenue	5,687,083.80
Consolidated Income Statement in 2019-Operating costs	5,726,254.73
Consolidated Income Statement in 2019- Cost of sales	4,884,089.75
Consolidated Income Statement in 2019- Taxes and surtaxes	21,043.17
Consolidated Income Statement in 2019- Administrative expense	832,824.01
Consolidated Income Statement in 2019- Finance costs	-11,702.20
Consolidated Income Statement in 2019-Interest income	13,193.10
Consolidated Income Statement in 2019- Other income	12,063.29
Consolidated Income Statement in 2019- Investment income	58,549.24
Consolidated Income Statement in 2019-Credit	7,317.61

impairment loss	
Consolidated Income Statement in 2019-Operating profit	38,759.21
Consolidated Income Statement in 2019-Non-operating income	16,006.10
Consolidated Income Statement in 2019-Non-operating expense	12,597.35
Consolidated Income Statement in 2019- Profit before taxation	42,167.96
Consolidated Income Statement in 2019- Income tax	10,227.22
Consolidated Income Statement in 2019-Net profit	31,940.74
Consolidated Income Statement in 2019- Net profit from continuing operations	31,940.74
Consolidated Income Statement in 2019- Net profit attributable to owners of the Company as the parent	31,940.74
Consolidated Income Statement in 2019-Total comprehensive income	31,940.74
Consolidated Income Statement in 2019-Attributable to owners of the Company as the parent	31,940.74
Consolidated Income Statement in 2019-Earnings per share	0.00005
Consolidated Income Statement in 2019- Diluted earnings per share	0.00005
Consolidated Cash Flow Statement in 2019-Proceeds from sale of commodities and rendering of services	6,150,306.39
Consolidated Cash Flow Statement in 2019- Cash generated from other operating activities	110,627.50
Consolidated Cash Flow Statement in 2019-Subtotal of cash used in operating activities	6,260,933.89
Consolidated Cash Flow Statement in 2019-Payments for commodities and services	4,051,587.11
Consolidated Cash Flow Statement in 2019- Cash paid to and for employees	1,415,158.29
Consolidated Cash Flow Statement in 2019- Taxes paid	223,381.96
Consolidated Cash Flow Statement in 2019- Cash used in other operating activities	353,138.57
Consolidated Cash Flow Statement in 2019-Subtotal of cash used in operating activities	6,043,265.93
Consolidated Cash Flow Statement in 2019- Net cash generated from/used in operating activities	217,667.96
Consolidated Cash Flow Statement in	3,900,000.00

	2019-Proceeds from disinvestments	
	Consolidated Cash Flow Statement in 2019- Investment income	58,549.24
	Consolidated Cash Flow Statement in 2019- Subtotal of cash generated from investing activities	3,958,549.24
	Consolidated Cash Flow Statement in 2019-Payments for acquisition of fixed assets, intangible assets and other long-lived assets	37,696.92
	Consolidated Cash Flow Statement in 2019- Payments for investments	6,950,000.00
	Consolidated Cash Flow Statement in 2019- Subtotal of cash used in investing activities	6,987,696.92
	Consolidated Cash Flow Statement in 2019- Net cash generated from/used in investing activities	-3,029,147.68
	Consolidated Cash Flow Statement in 2019- Net increase in cash and cash equivalents	-2,811,479.72

2. Segment Information

(1) Determination Basis and Accounting Policies of Reportable Segment

Due to the operation scope of the Company and subsidiaries were similar, the Company conducts common management, and did not divide business unit, so the Company only made single branch report.

3. Other Significant Transactions and Events with Influence on Investors' Decision-making

No.

XVI. Notes of Main Items in the Financial Statements of the Company as the Parent

1. Accounts Receivable

(1) Accounts Receivable Classified by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withd rawal proportion		Amount	Proportion	Amount	Withd rawal proportion	
Accounts receivable for which bad debt provision separately accrued	33,543,441.92	7.29%	31,647,855.09	94.35%	1,895,586.83	37,510,056.90	6.66%	33,788,291.86	90.08%	3,721,765.04
Of which:										

Accounts receivable with significant single amount for which bad debt provision separately accrued	29,870,525.05	6.50%	27,974,938.22	93.65%	1,895,586.83	32,618,199.97	5.79%	28,896,434.93	88.59%	3,721,765.04
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	3,672,916.87	0.80%	3,672,916.87	100.00%		4,891,856.93	0.87%	4,891,856.93	100.00%	
Accounts receivable for which bad debt provision accrued by group	426,300,279.29	92.71%	110,367,704.87	25.89%	315,932,574.42	525,874,423.56	93.34%	192,148,650.56	36.54%	333,725,773.00
Of which:										
Accounts receivable for which bad debt provision accrued by credit risk features group	426,300,279.29	92.71%	110,367,704.87	25.89%	315,932,574.42	525,874,423.56	93.34%	192,148,650.56	36.54%	333,725,773.00
Total	459,843,721.21	100.00%	142,015,559.96	30.88%	317,828,161.25	563,384,480.46	100.00%	225,936,942.42	40.10%	337,447,538.04

Accounts receivable with significant single amount for which bad debt provision separately accrued at the end of the period:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason
Customer 1	1,470,110.64	1,470,110.64	100.00%	Difficult to recover
Customer 2	1,902,326.58	1,902,326.58	100.00%	Difficult to recover
Customer 3	6,215,662.64	6,215,662.64	100.00%	Difficult to recover

Customer 4	2,254,860.60	2,175,814.38	96.49%	Expected to difficultly recover
Customer 5	3,633,081.23	1,816,540.62	50.00%	Expected to difficultly recover
Customer 6	3,279,100.00	3,279,100.00	100.00%	Difficult to recover
Customer 7	1,617,988.01	1,617,988.01	100.00%	Difficult to recover
Customer 8	5,359,381.00	5,359,381.00	100.00%	Difficult to recover
Customer 9	2,584,805.83	2,584,805.83	100.00%	Difficult to recover
Customer 10	1,553,208.52	1,553,208.52	100.00%	Difficult to recover
Total	29,870,525.05	27,974,938.22	--	--

Accounts receivable for which bad debt provision accrued by credit risk features group

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	309,661,916.82	6,193,238.34	2.00%
1 to 2 years	8,482,312.62	424,115.63	5.00%
2 to 3 years	1,236,457.38	185,468.61	15.00%
3 to 4 years	4,343,446.09	1,303,033.83	30.00%
4 to 5 years	785,744.81	471,446.89	60.00%
Over 5 years	101,790,401.57	101,790,401.57	100.00%
Total	426,300,279.29	110,367,704.87	--

Notes to the basis for the determination of the groups:

The accounts receivable was adopted the aging analysis based on the months when the accounts occurred actually, among which the accounts occurred earlier will be priority to be settled in terms of the capital turnover.

Explanation of the input value and assumption adopted to determine the withdrawal amount of bad debt provision on the Current Period: With reference to the experience of the historical credit loss, combining with the prediction of the present status and future financial situation, the comparison table was prepared between the aging of the accounts receivable and estimated credit loss rate in the duration and to calculate the estimated credit loss.

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Carrying amount
Within 1 year (including 1 year)	309,661,916.82
1 to 2 years	9,058,714.07
2 to 3 years	3,186,206.94
Over 3 years	137,936,883.38
3 to 4 years	6,867,235.84
4 to 5 years	3,394,775.63
Over 5 years	127,674,871.91

Total	459,843,721.21
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(2) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Bad debt provision withdrawn separately	33,788,291.86		2,140,436.77		31,647,855.09	
Bad debt provision withdrawn by group	192,148,650.56	598,258.02		82,379,203.71	110,367,704.87	
Total	225,936,942.42	598,258.02	2,140,436.77	82,379,203.71	142,015,559.96	

Of which bad debt provision reversed or recovered with significant amount in the Reporting Period: No.

(3) There Was No Particulars of the Actual Verification of Accounts Receivable during the Reporting Period

Unit: RMB

Item	Amount
Actual verification of accounts receivable	82,379,203.71

Of which the verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount verified	Reason	Performance of verification procedures	Whether generated from related-party transaction
Customer 1	Bad debt losses	14,234,302.79	The aging of canceled receivables shall exceed 5 years and result from fruitless collection, and if any single client's large amount is involved without any business transaction with the	1. The Company held the 3rd Meeting of the 9th Board of Directors and the 3rd Meeting of the 9th Supervisory Committee on 28 June 2020 and approved the Proposal on Verification of Some Accounts Receivable. 2. On 12 November 2020, the bankruptcy liquidation	Not
Customer 2		10,000,000.00			
Customer 3		7,583,232.65			
Customer 4		4,581,880.41			
Customer 5		3,600,000.00			
Customer 6		2,752,840.00			
Customer 7		2,450,966.67			
Customer 8		2,180,243.72			
Customer 9		1,976,282.47			
Customer 10		1,860,830.82			

Customer 11	1,758,686.48	Company for over ten years, the client's qualification for business operation shall be canceled or the insolvency liquidation is finished without any production and operation activities.	procedures of Shandong Hongli Group Co., Ltd. had been implemented, and the repayment rate of the Company's outstanding payment was 0. On 29 January 2021, the Company held the 7th Meeting of the 9th Board of Directors and approved the Proposal on Verification of Accounts Receivable of Shandong Hongli Group Co., Ltd..				
Customer 12	1,662,052.98						
Customer 13	1,285,160.60						
Customer 14	1,236,225.30						
Customer 15	1,235,170.95						
Customer 16	1,200,000.00						
Customer 17	1,149,217.70						
Customer 18	848,158.92						
Customer 19	841,642.86						
Customer 20	830,000.00						
Customer 21	800,000.00						
Customer 22	797,786.72						
Customer 23	796,226.73						
Customer 24	760,197.20						
Customer 25	728,666.36						
Customer 26	677,250.00						
Customer 27	551,305.36						
Customer 28	549,800.00						
Customer 29	537,698.10						
Customer 30	12,343,782.28						
Customer 31	520,892.51						
Total	82,330,500.58				--	--	--

(4) Top 5 of the Ending Balance of Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Ending balance of accounts receivable	Proportion to total ending balance of accounts receivable	Ending balance of bad debt provision
Customer 1	140,334,103.03	30.52%	2,806,682.06
Customer 2	36,991,841.04	8.04%	856,733.55
Customer 3	33,407,519.00	7.26%	668,150.38
Customer 4	22,051,755.53	4.80%	441,035.11
Customer 5	18,721,197.34	4.07%	374,423.95
Total	251,506,415.94	54.69%	

2. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	24,327,355.36	22,741,542.22
Total	24,327,355.36	22,741,542.22

(1) Other Receivable**1) Other Receivables Classified by Account Nature**

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Cash deposit and Margin	4,200.00	4,200.00

Intercourse funds among units	39,857,085.87	37,618,642.29
Petty cash and borrowings by employees	673,198.96	624,083.07
Other	13,614,585.00	15,373,206.41
Total	54,149,069.83	53,620,131.77

2) Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020	30,878,589.55			30,878,589.55
Balance of 1 January 2020 in the Current Period	---	---	---	---
--Transfer to Second stage				
-- Transfer to Third stage				
-- Reverse to Second stage				
-- Reverse to First stage				
Withdrawal of the Current Period				
Reversal of the Current Period	1,056,875.08			1,056,875.08
Write-offs of the Current Period				
Verification of the Current Period				
Other changes				
Balance of 31 December 2020	29,821,714.47			29,821,714.47

Changes of carrying amount with significant amount changed of loss provision in the Current Period

 Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Carrying amount
Within 1 year (including 1 year)	14,386,648.65

1 to 2 years	8,533,236.84
2 to 3 years	1,450,140.04
Over 3 years	29,779,044.30
3 to 4 years	1,151,162.51
4 to 5 years	208,579.74
Over 5 years	28,419,302.05
Total	54,149,069.83

3) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

Information of bad debt provision withdrawn:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Bad debt provision withdrawn separately	5,042,448.58		3,080.17			5,039,368.41
Bad debt provision withdrawn by group	25,836,140.97		1,053,794.91			24,782,346.06
Total	30,878,589.55		1,056,875.08			29,821,714.47

4) Particulars of the Actual Verification of Other Receivables during the Reporting Period: No.

5) Top 5 of the Ending Balance of Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables	Ending balance of bad debt provision
Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	Intercompany funds	10,000,000.00	Within 1 year	18.47%	200,000.00
Changzhou Changchai Housheng Agricultural Equipment Co., Ltd.	Intercompany funds	10,522,177.72	Within 1 year with RMB 1,411,701.19, 1-2 years with RMB 8,088,841.90, 2-3 years with RMB 1,021,634.63	19.43%	585,921.31

Changzhou Compressors Factory	Interco urse funds	2,940,000.00	Over 5 years	5.43%	2,940,000.00
Changchai Group Imp. & Exp. Co., Ltd.	Interco urse funds	2,853,188.02	Over 5 years	5.27%	2,853,188.02
Changchai New District Accounting Center	Interco urse funds	1,626,483.25	Over 5 years	3.00%	1,626,483.25
Total	--	27,941,848.99		51.60%	8,205,592.58

3. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Investment to subsidiaries	382,752,730.03	7,000,000.00	375,752,730.03	252,752,730.03		252,752,730.03
Investment to joint ventures and associated enterprises	44,182.50	44,182.50		44,182.50	44,182.50	
Total	382,796,912.53	7,044,182.50	375,752,730.03	252,796,912.53	44,182.50	252,752,730.03

(1) Investment to Subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Withdrawal of depreciation reserve	Other		
Changchai Wanzhou Diesel Engine Co., Ltd.	51,000,000.00					51,000,000.00	
Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	96,466,500.00					96,466,500.00	

Changzhou Housheng Investment Co., Ltd.	40,000,000.00					40,000,000.00	
Changzhou Changchai Housheng Agricultural Equipment Co., Ltd.	7,000,000.00			7,000,000.00			7,000,000.00
Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.	47,286,230.03					47,286,230.03	
Jiangsu Changchai Machinery Co., Ltd.	10,000,000.00	130,000,000.00				140,000,000.00	
Changzhou Xingsheng Property Management Co., Ltd.	1,000,000.00					1,000,000.00	
Total	252,752,730.03	130,000,000.00		7,000,000.00		375,752,730.03	7,000,000.00

(2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
II. Associated enterprises											

Beijing Tsinghua Xingye Industrial Investment Management Co., Ltd.	0.00									0.00	44,182.50
Subtotal	0.00									0.00	44,182.50
Total	0.00									0.00	44,182.50

4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	2,086,035,553.15	1,794,202,913.98	1,829,511,302.64	1,547,250,831.33
Other operations	37,164,684.96	29,240,490.81	36,780,436.75	28,376,158.13
Total	2,123,200,238.11	1,823,443,404.79	1,866,291,739.39	1,575,626,989.46

Information related to performance obligations: performing according to the contract offer

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB0 at the period-end.

5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Dividend income from holding of other equity instrument investment	5,004,000.00	6,069,000.00
Income from transferring to accommodation business	433,925.05	137,814.50
Total	5,437,925.05	6,206,814.50

XVII. Supplementary Materials

1. Items and Amounts of Non-recurring Profit or Loss

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets	263,408.53	

Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	7,763,215.65	
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses	344,842.86	
Gain/loss from change of fair value of trading financial assets and liabilities, and derivative financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities, and derivative financial assets and liabilities, and investment in other debt obligations, other than valid hedging related to the Company's common businesses	27,526,935.85	
Other non-operating income and expenses other than the above	-1,571,453.49	
Less: Income tax effects	7,122,148.63	
Non-controlling interests effects	255,505.29	
Total	26,949,295.48	--

Explain the reasons if the Company classifies an item as a non-recurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item.

Applicable Not applicable

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE	EPS	
		EPS-basic (Yuan/share)	EPS-diluted(Yuan/share)
Net profit attributable to ordinary shareholders of the Company	2.45%	0.0934	0.0934
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	1.19%	0.0454	0.0454

Part XIII Documents Available for Reference

1. The financial statements signed and sealed by the Company's legal representative, General Manager and head of the financial department;
2. The original copy of the Independent Auditor's Report signed and sealed by the CPAs, as well as sealed by the CPA firm;
3. The originals of all the Company's documents and announcements which were disclosed on Securities Time and Ta Kung Pao (HK) (newspapers designated by the CSRC for information disclosure) during the Reporting Period;
4. The Annual Report disclosed on other stock markets.

The above-mentioned documents available for reference are all kept in the Secretariat of the Board of Directors of the Company and the Shenzhen Stock Exchange.

This Annual Report and its abstract have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

The Board of Directors

Changchai Company, Limited

15 April 2021