

Stock Code: 900956

Stock Abbreviation: Dongbei B

Huangshi Dongbei Electrical Appliance Co., Ltd.

2019 Annual Report

Important Notes

1. The Board of Directors, Supervisory Committee, directors, supervisors and Senior Executives of the Company hereby guarantees that there are no misstatement, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof.

2. All the directors attended the board meeting for reviewing the Annual Report.

3. Hubei Daxin Certified Public Accountants Co., Ltd. (Special General Partnership) issued standard unqualified auditors' report for the Company.

4. Mr. Zhu Jinming, Person in charge of the Company, Ms. Lu Lihua, Chief financial officer and the Ms. Chen Jia, the person in charge of the accounting department (the person in charge of the accounting) hereby confirm the authenticity and completeness of the financial report enclosed in this annual report.

5. The profit allocation plan or the capitalization from capital public reserve during the report period examined by the Board of Directors.

Audited by Hubei Daxin Certified Public Accountants Co., Ltd. (Special General Partnership), the company realized a net profit attributable to shareholders of the parent company of RMB 136,862,248.79 in 2019, plus an undistributed profit of RMB 764,490,465.17 at the beginning of the year, and a surplus reserve of RMB 9,884,076.91, the distribution of common stock dividends is RMB 58,750,000.00, which was not allocated at the end of 2019. The profit is RMB 832,718,637.05.

Taking into account the Company's development and project construction needs for funds, the company's 2019-profit distribution plan is proposed: and there are no bonus shares and no increasing shares by converting capital reserves in the current year. The afore-said profit distribution plan still needs to be reviewed and approved by the shareholders' general meeting of 2019.

6. And forward-looking statement

Applicable Not applicable

Such as those involving the future operational plans in this report shall not be considered as virtual promises of the Company to investors. And investors are kindly reminded to pay attention to possible risks.

7. Whether the controlling shareholder and its related parties did not occupy the funds of the Company for operation.

No.

8. Whether the Company did not provide guarantee in violation of specified decision-making procedure.

No

9. Reminder of Major Risks:

Applicable Not applicable

The Company has described the possible risks in this year's report in order to attract attention from the investors. For more refer to the "Report of the future development discussion by Board of Directors".

10. Other

Applicable Not applicable

Table of Contents

- I. Definitions
- II. Basic Information of the Company and Financial index
- III. Outline of Company Business
- IV. Management's Discussion and Analysis
- V. Important Events
- VI. Change of share capital and shareholding of Principal Shareholders
- VII. Situation of the Preferred Shares
- VIII. Information about Directors, Supervisors and Senior Executives
- IX. Administrative structure
- X. Corporate Bond
- XI. Financial Report
- XII. Documents available for inspection

I. Definition

1. Definition

In this report, medium, the following words and expressions shall have the following meaning unless otherwise defined:

Definition of frequently mentioned words and expressions		
Company, The Company, We	Refers to	Huangshi Dongbei Electrical Appliance Co., Ltd.
Dongbei Group, Controlling shareholder	Refers to	Huangshi Dongbei Electromechanical Group Co., Ltd
Refrigerator Industry	Refers to	Huangshi Dongbei Refrigerator Industry Co., Ltd
Xingbei Machinery & electric	Refers to	Huangshi Xingbei Machinery & electric Co., Ltd.
Huizhi Partnership	Refers to	Huangshi Huizhi Investment Partnership (Limited partnership)
Daxin, Daxin Certified Public Accountants	Refers to	Hubei Daxin Certified Public Accountants Co., Ltd. (Special General Partnership)
Report period	Refers to	Year 2019
SSE	Refers to	Shanghai Stock Exchange
CSRC	Refers to	China Securities Regulatory Commission
The Securities Law	Refers to	The Securities Law of the People's Republic of China
The Company Law	Refers to	The Company Law of the People's Republic of China
Articles, The Articles of association	Refers to	The Articles of association of Huangshi Dongbei Electrical Appliance Co., Ltd.
Yuan, Million Yuan, Billion Yuan	Refers to	RMB Yuan , RMB million Yuan,RMB Billion Yuan

II. Basic Information of the Company and Financial index

I. Information of the Company

Chinese name of the Company	黄石东贝电器股份有限公司
Abbr. of the Chinese name of the Company	东贝B股
English name of the Company	Huangshi Dongbei Electrical Appliance Co.,Ltd
English Abbreviation	DONGBEI
Legal representative of the Company	Zhu Jinming

II. Contact person and contact manner

	Board secretary	Securities affairs Representative
Name	Lu Lihua	Huang Jie
Contact address	No.6, Jinshan East Road, Economic & Technology Development Zone, Huangshi City, Hubei Province.	No.6, Jinshan East Road, Economic & Technology Development Zone, Huangshi City, Hubei Province.
Tel	0714-5415858	0714-5415858
Fax	0714-5415858	0714-5415858
E-mail	stock@donper.com	stock@donper.com

III. Basic Information about the Company

Registered Address:	No.6, Jinshan East Road, Economic & Technology Development Zone, Huangshi City, Hubei Province.
Postal code of Registered address	435000
Business Address	No.6, Jinshan East Road, Economic & Technology Development Zone, Huangshi City, Hubei Province.
Postal code of Business address	435000
Website:	http://www.donper.com

E-mail	stock@donper.com
--------	------------------

IV. The Place for Placing the Annual Report and the Information Disclosure

Newspapers for Information Disclosure	Shanghai Securities Daily and Hong Kong Commercial Daily
Internet Website for Publishing the Annual Report	www.sse.com.cn
The Place for Placing the Annual Report	Securities Dept. of the Company

V. Stock Profile

Stock Condition of the Company				
Type	Stock exchange for listing	Stock Abbreviation	Stock Code	Stock Abbreviation (Before change)
B share	Shanghai Stock Exchange	Dongbei B	900956	

VI. Other Relevant Information

Certified public accountants engaged by the Company (Domestic)	Name	Hubei Daxin Certified Public Accountants Co., Ltd. (Special General Partnership)
	Office address	16/F, Zhiyin Media Square, No.31, Zhongbei Road, Wuhan
	Names of the Certified Public Accountants as the signatories	Suo Baoguo, Zhang Ling
Certified public accountants engaged by the Company (Overseas)	Name	
	Office address	
	Names of the Certified Public Accountants as the signatories	
Sponsor engaged by the Company for performing continuous supervision duties in reporting period	Name	
	Office address	
	Sponsor representative	
	Duration of continuous supervision	
Financial adviser engaged by the Company for performing continuous supervision duties in reporting period	Name	
	Office address	
	Financial adviser	
	Duration of continuous supervision	

VII. Main accounting data and financial indicators of the Company in the last three years

1. Main accounting data

In RMB

Main accounting data	2019	2018	Changed over last year (%)	2017
Operation revenue	4,617,833,609.48	4,273,603,379.98	8.05	3,789,307,855.30
Net profit attributable to the shareholders of the listed company	136,862,248.79	110,098,064.74	24.31	83,402,663.88
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	98,761,906.85	87,904,343.22	12.35	56,228,437.99
Cash flow generated by business operation, net	405,364,963.05	215,815,799.00	87.83	207,952,436.34

	End of 2019	End of 2018	Changed over last year (%)	End of 2017
Net assets attributable to the shareholders of the listed company	1,332,691,814.28	1,256,897,581.84	6.03	1,147,1750.15%
Gross assets	5,056,674,282.87	4,861,188,873.24	4.02	4,701,589,019.10

2.Main Financial Index

Main Financial index	2018	2017	Changed over last year (%)	2016
Basic earning per share(RMB/Share)	0.582	0.469	24.09	0.355
Diluted gains per share(RMB/Share)	0.582	0.469	24.09	0.355
Basic earning per share after deducting of non-recurring gains/losses(RMB/Share)	0.420	0.374	12.30	0.239
Weighted average net asset earning ratio (%)	10.340	9.16	Increased by 1.18%	7.39
Net income on asset, weighted and deducted non-recurring gain/loss(%)	7.460	7.31	Increased 0.15%	4.98

Note

Applicable Not applicable

VIII.The differences between domestic and international accounting standards

1.Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

Applicable Not applicable

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

Applicable Not applicable

3.Notes of the differences between domestic and international accounting standards

Applicable Not applicable

IX.Main Financial Index by Quarters of 2019

In RMB

	First quarter (1-3 Month)	Second quarter (4-6 Month)	Third quarter (7-9 Month)	Fourth quarter (10-12 Month)
Operation revenue	1,150,098,242.54	1,317,416,258.95	965,123,623.22	1,185,195,484.77
Net profit attributable to the shareholders of the listed company	22,060,671.33	40,355,981.17	28,100,611.95	46,344,984.34
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	13,683,428.39	33,313,113.52	22,652,171.12	29,113,193.82
Net Cash flow generated by business operation	-93,545,372.56	160,213,068.15	63,568,510.69	275,128,756.77

Quarterly data and Disclosed periodic reports data discrepancies explained

Applicable Not applicable

X.Items and amount of non-operating gains and losses:

Applicable Not applicable

In RMB

Items of non-operating gains and losses	Amount (2019)	Notes (If any)	Amount (2018)	Amount(2017)
Gain/loss form disposal of non-current assets.	12,335,173.86		-5,618,149.48	-11,096,055.52
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of				

official approval documents				
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	35,184,562.16		29,807,370.80	34,318,163.70
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses				
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments				
Gain/loss on non-monetary asset swap				
Gain/loss on entrusting others with investments or asset management				
Asset impairment provisions due acts of God such as natural disasters				
Gains/losses of debt restructure				
Reorganization expenses, such as expenditure for allocation of employees and integration fee				
Gains/losses exceeding the fair value arising from transactions with obviously unfair prices				
Net gain and loss of the subsidiary under the common control and produced from enterprise consolidation from the beginning of the period to the consolidation date				
Gain and loss arising from contingent matters irrelevant with the Company's normal operation business				
Gain and loss from change of the fair value arising from transactional monetary assets, transactional financial liabilities as held as well as the investment income arising from disposal of the transactional monetary assets, transactional financial liabilities and financial assets available for sale excluding the effective hedging transaction in connection with the Company's normal business	/			
Profits and losses resulting from the changes in fair value for holding trading financial assets, derivative financial assets and trading financial liabilities, derivative financial liabilities and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and other obligatory right investment, excluding the effective hedging businesses related to the regular business operation of the Company				/
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually				
Gain/loss from external entrusted loan				
Gain and loss arising from change in the fair value of the investment based real estate measure afterwards by means of fair value model				
Influence upon the current gains and losses from the once-and-for-all adjustment over				

the current gains and losses according to the taxation and accounting laws and regulations				
Income from custodian charge obtained from entrusted operation				
Operating income and expenses other than the aforesaid items	5,479,599.12		4,626,004.71	10,872,405.78
Other gains/losses in compliance with the definition of non-recurring gain/loss				
Influenced amount of minor shareholders' equity	-5,443,356.77		-2,291,327.90	- 1,506,569.15
Influenced amount of income tax	-9,455,636.43		-4,330,176.61	- 5,413,718.92
Total	38,100,341.94		22,193,721.52	27,174,225.89

XI. Fair value measurement

Applicable Not applicable

XII. Other

Applicable Not applicable

III. Outline of Company Business**I. Main businesses , business mode and industry situation of the company in the reporting period**

1. The main business

During the reporting period, the Company's main business has not undergone major changes. As a China's major refrigeration compressor manufacturer, it mainly develops, produces, and sells high-efficiency, energy-saving and environmentally friendly refrigeration compressors. The products have the characteristics of many models, full specifications and large power span. Those products are mainly used in household refrigerators, freezers and other household appliances, as well as used in commercial areas such as supermarket freeze display cabinets, refrigeration island cabinets for supermarkets, fresh-keeping cabinets, and car refrigerators.

2. Business Mode:

During the reporting period, No major changes have taken place in the Company's main business model. The compressor, as a key component, is an intermediate product. The Company is a manufacture enterprise whose business includes the entire process of product development, manufacturing, and marketing. The Company provides customers with high-quality products and supporting services, it has established effective communication mechanisms with customers and set up strategic partnerships with key customers, and the Company conducts regular or irregular visits and exchanges with users, thereby establishing an overall and integrated service mechanism of quality, technology, service and marketing.

3. Industry Description

The development cycle and operating conditions of the refrigerator and freezer compressor industry are related to the development and operating conditions of the downstream refrigerator and freezer industry. In recent years, after the rapid growth of the refrigerator and freezer industry, the overall

development has slowed down and the growth rate has been stable. The overall growth rate in 2019 was 4%. The overall trend of the refrigerator and freezer industry is that the domestic refrigerator market grows slowly, the freezer market continues to grow, and the growth of the compressor market still mainly depends on exports and the refrigerator market. The ice refrigerator and freezer compressor industry grew steadily in 2019, with sales volume increased 8.3% YOY, and the increase flattened.

At present, the market development of the compressor industry is relatively stable. The market competition in 2019 was still fierce, and the industry concentration was still obvious. The product trend of the compressor industry is mainly based on the adjustment of the industrial structure, and the share of frequency conversion and large-capacity products is constantly increasing. The development trend of frequency conversion compressors is widely recognized by the industry. In 2019, the proportion of frequency conversion refrigerators in household refrigerators increased by 3 percentage points year-on-year. According to the energy-saving goal of the "Household Appliance Technology Roadmap", the energy efficiency level of refrigerators will be 25% higher than that of 2019 and the proportion of frequency conversion compressors shall reach 50%. In the future, the frequency conversion compressors will have more space for growth. In the commercial field, the freezer industry continues to grow. Driven by the rapid growth of small businesses such as boutique supermarkets and community supermarkets and the rapid development of new retail, the product field in light commercial segment has performed well.

II. Major Changes in Main Assets

Applicable Not applicable

Long-term equity investment decreased by 100% compared with the same period of last year, mainly due to the transfer of equity held by associates in the current period

The construction in progress decreased by 53.21% compared with the same period of last year, mainly due to the transfer to fixed assets for the completion of the construction in progress;

Long-term deferred expenses decreases by 43.99% compared with the same period of last year, mainly due to normal amortization.

Deferred income tax assets increased by 308.47% over the same period of last year, mainly due to the increase in the deductible temporary difference over the last period.

III. Analysis On core Competitiveness

Applicable Not applicable

The Company has been focusing on R & D, production, and sales of high-efficiency, energy-saving and environmentally friendly refrigeration compressors for 30 years. It is a major manufacturer of refrigeration compressors in China and is in leading position in the global refrigerator compressor industry. During the reporting period, the Company's core competitiveness continued to improve. The core competitiveness in the five aspects of "continuously innovative product research and development capabilities, diversified supporting production capabilities, human-oriented team cohesion, continuous

innovation capabilities and comprehensive market segmentation capabilities" have set up a solid foundation for the Company's sustainable development.

1. R & D capabilities and technology

The Company has high, medium and low back pressure compressor product technology that can meet the requirements of different working quality, and has 381 compressor-related patents. In recent years, the Company has iteratively developed a series of frequency conversion compressors, which has won unanimous praise from customers, and it has achieved mass sales in the market. On December 7, 2019, the company held a ministerial appraisal meeting of scientific and technological achievements. After the experts' evaluation, among the Company's independently developed 4 series of 7 kinds compressor products, there were 3 series-namely the small and lightweight VD series frequency conversion compressor, VC25EZ small vehicle DC frequency conversion compressor and the R290 energy efficient light commercial refrigeration compressor being at the international leading level, and the overall technology of the SR100CY1 high-efficiency, low-noise, all-aluminum wire motor-compressors was at the international advanced level.

2. The world's advanced compressor production line

The Company has successively established three manufacturing bases and introduced internationally advanced production equipment and production lines from Germany, Switzerland, Japan, Italy and other countries, being capable of producing more than 200 varieties of compressors in eight series. The products mainly use refrigerants including the R600a, R290, R134a and R404A, which have the characteristics of multiple models, full specifications and large power span, and the annual production capacity reaches 40 million units.

3. Frank two-way communication

The company's leaders understand that the effective communication and practice is an effective way to accelerate the staff and the related party to recognize and accept the culture of the company, and the company, through the worker's congress, special forum and so forth communication platforms, communicated with its employees. Each month, the company holds regular staff recognition conference of "People-oriented, glory in hard-working" for the purpose of motivating the team.

4. Encourage innovation mechanisms

The Company has established an innovation mechanism to incorporate innovation into its daily work system and evaluation system. It mainly includes three parts: management innovation, technological innovation and daily improvement, including the innovation management model from innovation idea-innovation mechanism-innovation system-innovation category-innovation level-innovation tool-innovation achievement. The Company's innovation work focuses on long-term planning, thus to ensure that all work is carried out in an orderly manner and to inspire a high-quality development.

5. Market expansion

According to the customer satisfaction, customer distribution, customer desire and change of market demand for refrigeration compressor in the world, the company carries out the whole-process service of

pre-sales, sales and after-sales. Combined with the global economic development and changes in the industry, the company greatly promoted the frequency-conversion matching products and the sales, thus to better adapt to the direction of the industry development; the overseas sales focus on the progress of the project of users in blank part of the market, thus to achieve full coverage of the entire area; the commercial products will par with the top-brand of the industry, with layout of the sales channels and setting up large customer management unit to centre on customers of Pearl River Delta and Yangtze River Delta, thus to realize the gradual increase both in sales and profits.

IV. Management's Discussion and Analysis

I. Management's Discussion and Analysis

In 2019, China's economy was generally stable, and China's economy was turning from a stage of rapid growth to a stage of high-quality development. In 2019, the capacity utilization rate of fully-sealed piston compressors increased to 71%, which was the highest capacity utilization rate in recent years, but there still would be a situation of excess capacity of fully-sealed piston compressors. From the perspective of product segmentation, the demand for frequency compressors and commercial compressors has not been truly released, and the production capacity will continue to expand in the future.

Facing the complex situation of global economic downturn and the obvious rise of domestic and foreign risk challenges, the Company insisted on focusing on economic benefits, closely followed the main line of high-quality development, and actively promoted industrial transformation and upgrading, enhancing scientific and technological strength and innovation by centering on the "Effectiveness Year" activities. It continued to expand the blank markets, obtained significant achievements in quality and efficiency throughout the year, and the various operating indicators continued to have stable growth.

In the reporting period, the Company earned operating income of RMB 4,617.8336 million, which increased by 8.05% year on year. Net profit attributable to the shareholders of the listed company was RMB 136.8622 million. which Increased by 24.31% year on year. The compressor output was 34.7387 million. which Increased by 15.34% year on year. The compressor sales was 33.72 million units , which Increased by 10.41% year on year. The Company focused on the following aspects throughout the year:

(1) Simultaneously enhancing quality and effectiveness, strengthening management and control, and significantly improving efficiency and effectiveness

In 2019, the Company continued to deepen the external market development, optimize product structure, improve product quality, increase production efficiency, strengthen internal management, and focus on improving quality and efficiency throughout the year with remarkable results. Focusing on the work points of "adjusting structure, developing blank market, enhancing customer experience, avoiding repetition, controlling costs, emphasizing clean management and increasing benefits", the Company set up special classes to address the pain points and difficulties in the Company's production and operation, and extensively carried out the "gold idea" activities to reduce costs, control waste and share achievements, with the rectify rate of proposed problems was 81%. In collaboration with a team of

foreign experts, the "Efficiency Improvement Promotion Plan for Demonstration Line of Compressor Assembly Workshop " was compiled to further improve the efficiency of the production line by further optimizing the process cycle.

(2) Adjusting the structure, positioning accurately, and making continuous breakthroughs in the market
The Company promoted the frequency conversion products and commercial products through "structure adjustment", expanding the blank domestic and overseas markets and accelerating the formation of profit growth points. In 2019, sales of frequency conversion compressors increased by 49.24% YOY. Based on the principle of "quantity and profit increase" and "self-switching", the blank market and the expansion of new fields such as dehumidifiers, on-board DC, water dispensers and ice machines were tracked and investigated. Meanwhile, it focused on implementing self-switching for A2 generation, S3 generation and other products to achieve mass production. Throughout the year, it not only won more market share, but also won the recognition in the industry and the recognition from main users. In the year, it respectively won many honors including "Whirlpool Excellent Supplier", "Haier Golden Cube", "Skyworth Excellent Supplier" and "Xueqi Excellent Supplier".

(3) Grasp the key points, break through the difficulties, and continuously improve the innovation capability

Over the past year, the Company had combined with the actual situation of the enterprise, paid attention to the effectiveness of R & D management and innovation, and provided new momentum for development in guiding enterprises to reduce costs and increase efficiency, develop the market, improve efficiency, and manage and control production and operating costs. Its technological innovation capability and level had been significantly improved, and the ability of science and technology to support transformation and development was enhanced.

The Company focused on the leading edge of frequency conversion and commercial technology to determine the direction of innovation. The new technology advance research department was set up to carry out special research on efficiency improvement, noise reduction, new technology and new models. It had completed the performance improvement of D65CY1, the development of a series of second-generation A products and third-generation S products, frequency conversion VDU and commercial R290, etc., and the small batch production of automotive DC frequency conversion products had also been achieved. In addition, the successful development of the ultra-efficient VFW frequency conversion, commercial NV series, commercial R290 frequency conversion VK, and new A series products had made a good technical reserve for 2020 to expand the blank market and adjust the structure.

In 2019, the Company's patent application increased by 46.4% year-on-year, and passed the IPR certification by China Certification Co., Ltd. The Company won the "China Patent Award Excellence Award", "National Intellectual Property Advantageous Enterprise", "Manufacturing Industry Champion by Ministry of Industry and Information Technology ", "National Light Industry Federation Key Laboratory" and other honors.

(4) Adhere to principles, improve quality and enhance the level, and effectively promote quality improvement

In terms of quality management, the Company always adhered to the four basic principles of customer-centricity, full staff participation, system management and continuous improvement, solidified the "quality year" results, laid a solid foundation for the Company's survival and development, and continuously improved the quality.

Firstly, it carried out 100-day storm quality improvement activities. Through the implementation of process quality improvement measures such as rigid early warning, video monitoring, product trial and error check and no check and no shift, it conscientiously reviewed the market feedback and process quality issues. Secondly, it focused on recurring problems such as frequency noise, mixed packing of compressors, internal plug shedding, fuel injection and shedding of balancing blocks. Third, it strictly organized the internal audit of the Company. The company took multiple measures to improve the quality and laid a solid foundation for the effectiveness of the "Effectiveness Year" activity.

II. Production and operation

In the reporting period, the Company earned operating income of RMB 4,617.8336 million, which increased by 8.05% year on year. Net profit attributable to the shareholders of the listed company was RMB 136.8622 million. which Increased by 24.31% year on year. The compressor output was 34.7387 million. which Increased by 15.34% year on year. The compressor sales was 33.72 million units , which Increased by 11.88% year on year.

(I) Analysis on principal Business

1. Sheet of change analysis of relevant items of profit statement and cash flow statement

In RMB

Subject	Amount in this period	Amount in last period	Proportion (%)
Operation revenue	4,617,833,609.48	4,273,603,379.98	8.05
Business cost	3,894,480,800.52	3,652,738,348.26	6.62
Sales expenses	150,027,579.11	140,094,628.36	7.09
Administrative expenses	111,340,628.62	120,672,455.13	-7.73
R& D expenses	238,871,689.75	176,947,608.06	35.00
Financial expenses	41,946,759.58	38,978,601.96	7.61
Cash flow generated by operation activities, net	405,364,963.05	215,815,799.00	87.83
Net cash flow generated by investment activities	-25,619,186.26	-60,311,927.90	57.52
Net cash flow generated by financing activities	-489,044,561.84	-81,003,875.42	-503.73

2. Analysis of revenue and cost

√ Applicable □ Not applicable

The Operating income increased by 8.05% over the previous year, Mainly due to the sales increase and optimize product structure.

The Operating cost increased by 6.62% over the previous year, Mainly due to the sales increase and optimize product structure.

(1).The Status of key business in terms of industry of business , production and area

In RMB

The Status of key business in terms of industry of business						
On industry	Income from key business	Cost of key business	Gross profit (%)	Increase/decrease of key business turnover (%)	Increase/decrease of key business cost (%)	Increase/decrease of gross profit (%)
Manufacturing	4,540,792,458.27	3,839,876,679.95	15.44	7.9	6.42	Increased by 1.18%
The Status of key business in terms of production of business						
On production	Income from key business	Cost of key business	Gross profit (%)	Increase/decrease of key business turnover (%)	Increase/decrease of key business cost (%)	Increase/decrease of gross profit (%)
Compressors	4,049,794,935.10	3,472,328,733.23	14.26	7.51	6.61	Increased by 0.72%
Auto casting and Compressors casting	442,259,968.98	342,371,109.19	22.59	12.13	5.57	Increased by 4.82%
Photovoltaic power generation	48,737,554.19	25,176,837.53	48.34	3.76	-6.19	Increased by 5.48%
The status of main operation in terms of Area						
On Area	Income from key business	Cost of key business	Gross profit (%)	Increase/decrease of key business turnover (%)	Increase/decrease of key business cost (%)	Increase/decrease of gross profit (%)
Domestic sales	3,387,354,969.92	2,802,013,627.93	17.28	11.08	9.75	Increased by 1.01%
Overseas sales	1,153,437,488.35	1,037,863,052.02	10.02	-0.47	-1.62	Increased by 1.05%

Explanation of the main business' branched industry: Gross profit rate of the current period increased than that of the same period of last year, mainly due to the decrease in material costs of the current period.

Description of main business by product: This phase of the Alashankou Project is becoming more mature, production and sales further increase, and income increase and cost decrease make the gross profit rate increase significantly.

Description of main business by region: The Increase of gross profit rate at home and abroad in the current period, Mainly due to product structure adjustment and product added value increase.

(2).Analytical Statement of Production and Sales Volume

√ Applicable □ Not applicable

Main product	Unit	Production	Marketing	Inventory	Production Gradient Year on Year (%)	Production Gradient Year on Year (%)	Production Gradient Year on Year (%)
Compressors	10,000 sets	3,473.38	3,372	187	15.32	10.4	28.08
Auto casting and Compressors casting	Tons	120,947.57	116,965.98	3,981.59	18.48	14.58	100
Photovoltaic power generation	10,000 D	6,559	6,559	0	6.48	7.24	0

(3).Cost analysis sheet

In RMB

The status of key business in terms of industry of business							
On industry	Items	Amount in this period	Proportion(%)	Amount in last period	Increase/decrease of key business cost(%)	Change of key business profit over the same period of last year(%)	Notes
Manufacturing	Cost of key	3,839,876,679.95	85.98	3,608,091,590.25	86.61	6.42	

business							
The status of key business in terms of production of business							
On product ion	Items	Amount in this period	Proportion(%)	Amount in last period	Increase/decrease of key business cost(%)	Change of key business profit over the same period of last year(%)	Notes
Compressors	Materials, labor costs, etc.	3,472,328,733.23	90.43	3,256,947,914.30	90.27	6.61	
Auto casting and Compressors casting	Materials, labor costs, etc.	342,371,109.19	8.92	324,304,313.24	8.99	5.57	
Photovoltaic power generation	Materials, labor costs, etc.	25,176,837.53	0.65	26,839,362.71	0.74	-6.19	

4. Information of sales to major customers, and information of key suppliers

√ Applicable □ Not applicable

The sales to the company's top five customers is RMB 1,112.7414 million, which accounts for 28.59% of the total annual sales; among them, the sales to the related parties of the top five customers is RMB 0, accounting for 0% of total annual sales.

The amount of procurement to the company's top five suppliers was RMB 1,415.7659 million, which accounts for 36.92% of the total annual amount of procurement; among them, the amount of procurement to the related parties of the top five suppliers was RMB1,138.5927 million, accounting for 29.70% of the total annual amount of procurement.

3. Cost

√ Applicable □ Not applicable

In RMB

Subject	Amount in this period	Amount in last period	Proportion(%)	Notes
Selling expense	150,027,579.11	140,094,628.36	7.09	Mainly due to the increase in transportation costs and "three guarantees" expenses
Administrative expenses	111,340,628.62	120,672,455.12	-7.73	Mainly due to company management efficiency improvement
Financial expenses	41,946,759.58	38,978,601.96	7.61	Mainly due to the increase in interest expenses

4. R & D Expenses

(1) R & D table

√ Applicable □ Not applicable

In RMB

Amount of Capitalization Research and Development Investment	238,871,689.75
Amount of Capitalization Research and Development Investment	0
Total of Capitalization Research and Development Investment	238,871,689.75
Proportion of total R&D expenditure to operating income (%)	5.17
Number of Research and Development persons (persons)	626
Proportion of total R&D expenditure to persons	12.99

(%)	
Proportion of Capitalization Research and Development Investment	0

(2)Note

 Applicable Not applicable

5.Cash Flow

 Applicable Not applicable

Subject	Amount in this period	Amount in last period	Increase/Decrease(%)
Cash flow generated by operation activities, net	405,364,963.05	215,815,799.00	87.83
Net cash flow generated by investment activities	-25,619,186.26	-60,311,927.90	57.52
Net cash flow generated by financing activities	-489,044,561.84	-81,003,875.42	-503.73

Description of major changes

1. Reasons for the change in net cash flows from operating activities: The net cash flows from operating activities in the current period increase compared with that in the same period of last year, Mainly due to the decrease in cash for purchasing goods and accepting payment for labor services;
2. Reasons for the change in net cash flows from investing activities: The net cash flows from investing activities in the current period increase compared with that in the same period of last year, mainly due to the increase in cash received from investment recovery;
3. Reasons for the change in net cash flows from financing activities: The net cash flows from financing activities in the current period decrease compared with that in the same period of last year, mainly due to the increase in cash disbursement for debt repayment.

(II)Explanation of the Profit's Significant Changes generated by the Non-core Business Applicable Not applicable**(III)Analysis on Assets and liabilities** Applicable Not applicable

1.Assets and liabilities statement

In RMB

Name	Year-end balance	Proportion (%)	Year-end balance in last period	Proportion (%)	Changed proportion (%)	Notes
Construction in process	34,632,329.16	0.68	74,010,397.82	1.52	53.21	Mainly due to completion of construction in progress and transfer to fixed assets
Long-term amortization expenses	2,977,655.13	0.06	5,316,339.50	0.11	43.99	Mainly due to normal amortization
Deferred income tax assets	4,566,348.18	0.09	1,117,914.50	0.02	308.47	Mainly due to the increase in the deductible temporary difference from the previous period
Long-term equity investment			12,047,863.51	0.25	-100	Mainly due to equity transfer in this period

Short-term borrowing	549,457,505.54	10.87	838,409,676.75	17.25	-34.46	Mainly due to loans repaid due in the current period
Advance receipt	40,073,720.35	0.79	13,725,272.30	0.28	191.97	Mainly due to the increase in advance receipts from customers in this period
Dividend payable	0.00		10,009,121.12	0.21	-100	Mainly due to the previous payment of dividends paid in the current period
Non-current liabilities due within one year	42,445,000.00	0.84	70,445,000.00	1.45	-39.75	Mainly due to repayment of non-current liabilities in the current period
Other Comprehensive Income	210,578.58	0.004	419,880.71	0.008	-49.85	Mainly due to the current exchange rate of the US dollar fluctuates greatly
Other current liabilities	180,448,893.24	3.57	0	0	100	Mainly due to the impact of this new financial standard

2. Information of restrictions of major assets as of the end of the reporting period

√ Applicable □ Not applicable

In RMB

Category	Book value at the end of the period	Reason for Restriction
Monetary Funds	210,187,591.21	Issued bank acceptance bills, letters of credit
Notes receivable	163,976,629.68	Issued bank acceptance bills, Discount
Real estate investment	2,886,614.96	Loans
Fixed asset	430,175,695.23	Loans
Total	807,226,531.08	—

3. Other notes

□ Applicable √ Not applicable

(IV) The analysis of business information of the industry

√ Applicable □ Not applicable

China is the world's largest producer of refrigerators and freezers and the largest producer of refrigerators and freezers. In 2019, the global refrigerator and freezer production volume was 193.25 million units—an increase of 4% YOY, and the Chinese-funded enterprises had the highest market share, close to 60%. In 2019, the domestic refrigerator market grew slowly, and the freezer market continued to grow. The growth of the compressor market was still mainly driven by exports and the freezer market. The sales volume of the refrigerator and freezer compressor industry increased by 8.3% YOY, and the increase rate was flattened. The concentration of industry brands has gradually increased, the current

market development of refrigerators and freezers is relatively stable and the market share of the top three companies is as high as 50.4% (Dongbei's market share is 18.4%).

The development trend of the refrigerator and freezer compressor industry is mainly based on the adjustment of industrial structure, and the share of frequency conversion and large-capacity products is continuously increasing. With the requirements of energy efficiency upgrades, the development trend of frequency conversion compressors is widely recognized by the industry. In 2019, the share of frequency conversion refrigerators in household refrigerators increased by 3 percentage points YOY. According to the energy saving target of "Household Electrical Appliance Technology Roadmap", the energy efficiency level of refrigerators will increase by 25% compared with 2019, and the use of frequency conversion compressors will account for 50%. In the future, the frequency conversion compressors will have more room for growth.

For the commercial field, in the past five years, China's light commercial refrigeration equipment had shown rapid growth, with an average annual growth rate of more than 10%. The sales of light commercial freezers in 2019 were close to 11 million units, an increase of 13.2% YOY. The light commercial freezers are mainly used for the display and storage of ice cream, frozen food, water, beverages, low-temperature dairy products, etc. With the continuous development of China's economy and the development of urbanization, the residents' consumption structure and requirements for food quality have been gradually changing. The fast consumption food and cold food have been increased, which has created a good market space for the light commercial cabinet industry. With a population base of nearly 1.4 billion in China, the new retail has stimulated a strong demand; in the overseas markets, the Europe and the United States and other economically developed regions have large and stable demand for light commercial refrigeration equipment replacement, and the light commercial refrigeration equipment in countries and regions such as Asia and India has the low holding quantity, thus the new demand driven by economic development and consumption upgrade is relatively large. We expect that the light commercial compressors will have a broad market space in the future.(Data source: Industry Online)

(V)The investment of the Company

1.Investments in external parties

Applicable Not applicable

(1) Significant equity investment

Applicable Not applicable

(2) Significant non-equity investment

Applicable Not applicable

(3)Financial Asset and Liabilities Measured by Fair Value

Applicable Not applicable

(VI)The sale of Significant assets and equity

Applicable Not applicable

On August 9, 2019, the Company convened the 11th meeting of the 7th board of directors, in which it reviewed and approved the "Proposal on the Transfer of Shares of Hubei Jinling Fine Agriculture and Forestry Co., Ltd held by the Holding Subsidiary of the Company" and the "Proposal on the Transfer of Shares of Huangshi Aibo Property Co., Ltd held by the Holding Subsidiary of the Company", agreed that the Company's holding subsidiary- Wuhu Abaur Mechanical & Electrical Co., Ltd.transfers the 30% equity of Hubei Jinling Fine Agriculture and Forestry Co., Ltd and transfers the 30% equity of Huangshi Aibo Property Co., Ltd.

(VII) Analysis on principal controlling company and Mutual shareholding companies

√ Applicable □ Not applicable

Name	Business Scope	Registered Capital (RMB10,000)	Shareholding Ratio (%)	Total assets (RMB10,000)	Net assets (RMB10,000)	Net Profit (RMB10,000)
Wuhu Abaur Mechanical & Electrical Co., Ltd	Production and sales of refrigeration compressors, compressor motor; Related to small and medium sized castings, machinery manufacturing and related technology development, consulting. Movable property and real estate leasing; general warehousing services (except dangerous chemicals).	3,000	75	158,412.46	72,989.66	4,517.34
Huangshi Dongbei Foundry Co., Ltd.	Casting of small and medium-sized cast products, house renting and parking service. Import and export of goods and technology (excluding national restrictions)	3,281.40	38.46	70,165.04	19,708.55	3,426.95
Dongbei (Wuhan) Technology Innovation Co., Ltd.	Refrigeration compressors, refrigeration equipment, motors, solar energy products, machinery and electrical technology products, electronic components, high-tech products, software products, refrigeration products and parts, auto parts, new energy products and components, optoelectronic products and parts, solar power generation systems and solar off-grid power system technology development, research, consulting and production.	800	100	708.45	701.09	-34.08
Dongbei Mechanical & Electrical (Jiangsu) Co., Ltd.	Production and sales of refrigeration compressors, compressor motor; high-tech product development, production and consulting.	20,000	100	72,930.12	16,608.52	-0.07
Huangshi Dongbei International Trade Co., Ltd.	Sales of Refrigeration Compressor, Refrigeration Equipment and Parts , Photoelectric products and	USD 1 million	100	2,332.21	-1,314.74	-369.39

	solar water heater ,etc.					
Alashankou Dongbei Clean Energy Co., Ltd.	Solar power generation systems and off-grid solar power system design, development, production, sales, installation and service.	16,500	60	54,922.32	15,189.63	224.57

(VIII)The structure of the subject of corporate control

Applicable Not applicable

III.Competition and development trends in the industry**1.Competition pattern of pesticide industry**

Applicable Not applicable

1. The frequency compressor is still the development trend of the industry in the future, and it still will have a large room for growth. According to the energy-saving goal of the "Home Appliance Technology Roadmap", the energy efficiency level of refrigerators will be increased by 25% by 2025 compared with 2019, and the use of frequency conversion compressors will account for 50%.

2. Driven by the rapid development of boutique supermarkets, community supermarkets and new retail, the output of light commercial refrigerators continued to grow. Affected by the new coronary virus epidemic, the medical refrigerators in the light commercial refrigerator products will show a significant increase.

3. The domestic products of refrigerators and freezers have become saturated, but there is great potential in foreign markets. In the short term, the epidemic will affect consumption, but in the long run, the demand will exist and the consumption will continue to increase.

2.Development Strategy

Applicable Not applicable

Adhering to the corporate mission of "Providing first-class compressors for global refrigerators and freezers", the Company's development strategy is: by introducing global outstanding talents, based on market-orientated, taking technological innovation as the starting point, with relying on quality leadership and adhering to the "automation, informationalization and lean management" synchronization, it'll comprehensively enhance the core competitiveness and become a global leader in the refrigeration solutions.

3.Operating plan

Applicable Not applicable

At the beginning of 2020, a new coronavirus has swept through widely, and the Company's headquarters is located in Hubei which is a heavily epidemic area. Responding to the epidemic, in order to win the epidemic prevention battle and the enterprise operation and development securing battle, the Company immediately established an epidemic prevention and control command team to formulate a number of measures to ensure the safe operation of the Company and the health and safety of employees. There was no confirmed diagnosis or suspected case of new coronary pneumonia in the Company. While doing well in its own epidemic prevention work and doing a good job in resuming production, upon full approval for the implementation of the Company's various epidemic prevention measures and the preparatory work for resumption of production, the local government approved the Company as the first

batch of production resumption enterprises, which furnished the precious opportunity for the Company resuming production and operation as early as the situation allowed. Meanwhile, the Company implemented the closed-end management for the Company's R & D personnel during the epidemic period and promoted the product development and quality improvement as planned, which earned understandings by domestic and foreign customers, and they placed orders to the Company as a support.

The Company's business goal in 2020 is to produce and sell 35 million compressors throughout the year. Due to the impact of the epidemic on the global economy, the risk challenges faced by the Company have become more severe. However, we must see that the long-term upward trend of the Chinese economy has not changed. The epidemic will affect consumption in the short term, but the long-term demand exists and the consumption will continue. We will turn pressure into motivation, and use reform and innovation and high-quality development to hedge external uncertainty. In 2020, we will mainly do the following:

(1) Promote smart manufacturing and expand the opening-up of market blank

The Company will closely focus on the "Vertical full eco-system interconnection and horizontal full-process interoperability" automation transformation plan to promote the rapid and effective development of the "Machine substitution labor" work. It'll carry out in-depth investigation for integrating the industrial robot manufacturing and automated production into the Company's production line, invite professional smart automation and manufacturing experts to come to exchange and offer guidance, accelerate the realization of stand-alone automation, on-line informatization, realize the smart entire production process and expand the smart process to the upstream and downstream related.

In the fierce competition in the market, when the opportunity is seized, which will be a good opportunity; and when the opportunity is missed, which will be a crisis-even leading to knockout. The Company must promote commercial and frequency conversion products and achieve self-switching to seize the market share through the advantageous new products. The Company shall continue to expand the channel distributors and commercial customers, improve product structure and profitability, thus to achieve growth in new products and new fields.

(2) Accelerate technological breakthroughs and speed-up precise technology research and development

It's necessary to aim at the world's cutting-edge technology, achieve major breakthroughs in predictive technology research and original technology, strengthen basic research and industry-leading technology research, and truly achieve the "world-leading" technology. It will implement precise product development and serialization development strategies, aim at market pain points, accurately formulate product planning goals, and well serve the market demand. By strengthening the reserves-research work of prospective new technology and further increasing the promotion and application of advanced technology, it'll accelerate the knockout of backward technology.

It's necessary to strengthen key core technology and key parts research, accelerate the transformation and application of scientific and technological achievements, and firmly grasp the development initiative. It'll accelerate the gathering of high-end innovative talents to further enhance the

independent innovation capabilities and strength. By accelerating the development of new areas, it also will constantly expand domestic and foreign blank markets and develop new products.

(3) Strengthen quality control and establish brand image

The Company shall clarify the test report standards for different product certifications to ensure that the quality of products supplied in batches can be controlled. Furthermore, it'll enhance the quality assurance capability of the core material supply process, thus to reduce the market quality loss caused by bad materials.

It's necessary to deepen the construction of excellent quality enterprise and promote the reform of quality management. Focused on ensuring the product quality, it'll improve the work and service quality, ameliorate the job evaluation standards, comprehensively promote the quality improvement activity by all employees and truly realize the quality inspection by all employees. By promoting the extension of quality management to the upstream and downstream and continuously ameliorating the quality of supply and service, it'll achieve a win-win situation for all parties. Upon strengthening the information construction of after-sales quality management, ameliorating the after-sales quality feedback information management mechanism and promoting the rectification of after-sales quality issues, it'll better improve customer satisfaction.

(4) Inspire employee vitality and optimize talent management

The Company always insists that talents are the core source of competitiveness of the Company's strategic development, and it'll strive to achieve the synchronous progress and common development of employees and the Company. We must increase the strength of externally engaging the foreign scientific research management experts and the engineering technology experts, focusing on the cultivation of highly skilled and comprehensively talented personnel in the fields of automation equipment, intelligent equipment, quality management, etc. Also, we'll culture new-type professional talents who can adapt to new industries and new fields and have comprehensive technical practical ability. To tap into the "Mentoring and apprenticeship" role, it'll emphasize the growth of young people, improve the talent echelon of enterprise development, and maximize the effectiveness of talents. Plus, the Company will further broaden the career development channels of employees and promote the construction of talent echelon.

4. Potential Risks

Applicable Not applicable

1. Market risk:: Affected by the global new coronavirus epidemic, the international exchange of personnel and logistics transportation have caused challenges to exports of foreign trade, and the industries in which the Company's products are mainly used are greatly affected by the macro economy, therefore if the macro economy fluctuates sharply, the downstream industries will reduce the demand of the Company's products, thereby it will have an impact on the Company's operating performance.
2. Risk of fluctuations in the prices of raw materials: for the company's product of refrigerator compressor, the raw material accounts for a big percentage, so in the future, the fluctuation in the prices

of raw materials will directly impact the company's production costs, thus to have an impact on the operating performance of the company.

3. Risk of labor costs: the company is a traditional manufacturing enterprise, so with the continuous rise of every production elements such as labor costs, the company's operating performance will be affected.

5. Other

Applicable Not applicable

IV. The explanation and the information about the disclosure not conformed to the Code as the provision of the Code does not applied to the company or because of special reasons

Applicable Not applicable

V. Important Events

I Specification of profit distribution of common shares and capitalizing of common reserves

1. Formulation, implementation and adjustment of profit distribution policy of common shares especially cash dividend policy during the reporting period

Applicable Not applicable

According to the Notice of Further Implementing the Matters Concerning Distribution of Cash Dividends by Listed Companies (Zheng Jia Fa (2012) No. 37 Document) issued by CSRC and the requirements of Hubei Securities Regulatory Bureau and Shanghai Stock Exchange, the sixth meeting of the fifth board of directors of the Company held examined and adopted the proposal for implementing the dividend distribution document of CSRC and revising the clauses of the Articles of Association of the Company in respect of profit distribution. The adoption of this proposal perfected the Company's profit distribution policy, improved the transparency of profit distribution, protected public investors' lawful rights and interests and enhanced the level of the Company's overall standardized operation.

The company has implemented the profit distribution for 2018: According to the resolution of the company's 2018 annualshareholders' meeting , the profit distribution for 2018 was as follows: based on the total share capital of 235,000,000 shares as of December 31, 2018, the company distributed the cash dividend of 1.00 yuan (including tax) to all shareholders for every 10 shares, The distributed profit was RMB 23,500,000. The cash dividend was paid on May 22, 2019.

The company has implemented the profit distribution for the first three quarters of 2019: according to the resolution of the company's first provisional shareholders' meeting in 2019, the profit distribution for the first three quarters of 2019 was as follows: based on the total share capital of 235,000,000 shares as of September 30, 2019, the company distributed the cash dividend of 1.50 yuan (including tax) to all

shareholders for every 10 shares, totaling 35,250,000 yuan. The cash dividend was paid on December 17, 2019.

2. The Company's plan for preplan for profit distribution or capitalization of capital surplus for the recent three years (including the report period)

In RMB

Year	Number of bonus shares for every 10 shares	Amount of dividends for every 10 shares	Number of shares for every 10 shares after capital surplus capitalization	Amount of cash bonus (Included tax)	Net profit attributable to shareholders of listed company in consolidated statement of bonus year	Ratio of net profit attributable to shareholders of listed company in consolidated statement
2019	0	1.5	0	35,250,000	136,842,245.57	25.76
2018	0	1	0	23,500,000	110,098,064.74	21.34
2017	0	0	0	0	83,402,663.88	0

3. Information about the repurchase of shares by cash offer that is included into the cash dividends

Applicable Not applicable

4. In the reporting period, both the Company's profit and the parent company's retained earnings were positive however not cash dividend distribution proposal has been put forward.

Applicable Not applicable

The reasons for not proposing cash dividend distribution plan for common stock for the reporting period having the positive profit and having the positive profit attributable to the common stock shareholders of the parent company	The use purpose and use plan of undistributed profits
<p>As audited by Daxin Certified Public Accountants Co., Ltd. (Special General Partnership), the net profit attributable to shareholders of the parent company in 2019 was RMB 136,862,248.79, plus the undistributed profit of RMB 764,490,465.17 at the beginning of the year, with drawing the surplus reserve amount of RMB 9,884,076.91 and with the dividend distributed for common stock was RMB 58,750,000.00, thus the undistributed profit at the end of 2019 was RMB 832,718,637.05.</p> <p>Considering taking into account the company's development and the project's demand for funds, the company's 2019 profit distribution plan is formulated as: The profit allocation and the capitalization from capital public reserve will not be conducted for the Company in the report period..</p>	<p>Competition in the compressor industry is increasingly fierce. In order to enhance the company's core competitiveness, more investment should be made in the research and development of variable frequency compressors and commercial compressors, and the project construction company needs to make continuous investment</p>

II. Performance of commitments

1. The fulfilled commitments in the reporting period and under-fulfillment commitments by the end of the reporting period made by the company, shareholder, actual controller, acquirer, director, supervisor, senior management personnel and other related parties.

√ Applicable □ Not applicable

Background of the Commitment	Commitment Type	Party who made the commitment	Commitment Content	Commitment time and duration	Whether there is a time limit for performance	Whether strictly performed in a timely manner	In the event of failure to perform in due time, specify the reasons	In the event of failure to perform in a timely manner, specify the next step of plan
The commitments made in the report of acquisition or in the statement of changes in equity	Other	Related party	Xing Bei Electromechanical committed: "in order to further ensure the independent operation of Dongbei B Share, the company and its controlled enterprises shall stay independent to Dongbei B Share in terms of aspects such as procurement, production, sales, staff, finance, asset, business and organization with in accordance with relevant laws and the regulations of regulatory documents.	From July 1, 2016 to the committed party opt out	No	Yes		
	Solving the related transaction	Related party	Huizhi International, Huizhi Partnership and Xing Bei Electromechanical respectively committed as follows: " our company will strictly abide by the relevant laws, regulations, regulatory documents, Articles of Association of the listed company and the provisions of decision-making system of the related transaction to exercise the rights of shareholders; when the shareholders' general	From July 1, 2016 to the committed party opt out	No	Yes		

			<p>meeting votes for a related transaction that involves our company or our company's controlled enterprises, our company will perform the fair decision-making procedures such as performing the decision of the related transaction and avoiding the voting. 2.our company and our company's controlled enterprises will avoid or reduce the related transaction with the listed company as far as possible; for the related transaction that cannot be avoided or having the reasonable cause, it shall abide by the market principle of impartiality, fairness and openness to carry out the transaction in a fair and reasonable market price and shall sign an agreement in accordance with laws, and shall perform the lawful procedures and the obligation of information disclosure and the applying for approval in accordance with Articles of Association of the listed Company, the relevant laws and regulations and the Listing Rules of Shanghai stock Exchange, thus to ensure that the legitimate rights and interests of the listed company and the other shareholders will not be damaged in the related transactions. 3. Not take advantage of the status and influence of our company in</p>					
--	--	--	--	--	--	--	--	--

			<p>the listed company to give a preference better than the condition offered by a third party or to seek a priority right to reach transaction in business transaction related to the listed company. 4. Our company shall not commit any illegal occupation of the funds or assets of the listed company. If the listed company provides guarantee to our company and our company's controlled enterprises, it shall be in strict accordance with the provisions of laws and regulations to implement the relevant decision-making and information disclosure procedures; 5. If the actual loss caused to the listed company or its controlled enterprise arising from the breach of the above commitments, our company shall bear the liability for compensation.6. The above commitments are effective in the duration that our company directly or indirectly controls the listed company and the company maintains the status of being a listed company."</p>					
	Solving the horizontal competition	Related party	<p>Huizhi International, Huizhi Partnership and Xing Bei Electromechanical respectively committed as follows:"1. After the completion of the tender offer, our company will impel our company or our company's controlled enterprises (if any, not contain the listed company</p>	<p>From July 1, 2016 to the committed party opt out</p>	No	Yes		

			<p>or its controlled enterprises, the same below) not to engage in the production or business activities that directly or indirectly compete with the listed company and its controlled enterprises. 2. After the completion of the tender offer, our company will supervise and restrain the production and business activities of our company or our company's controlled enterprises, and in the case that the products or services of our company or our company's controlled enterprises is same or familiar with the products or services of the listed company and its controlled enterprises, our company shall take the following measures to solve it: (1) if our company and our company's controlled enterprises found any new business opportunities that will constitute direct competition with the main business of the listed company or its controlled enterprises, it shall immediately notify the listed company and its controlled subsidiaries in written and spare no effort to promote the business opportunities first provided for the listed company or its controlled enterprises in reasonable and fair terms and conditions. The listed company and its controlled enterprises shall, within 30 days after receiving</p>					
--	--	--	--	--	--	--	--	--

			<p>the notice, have the right to notify our company or our company's controlled enterprises its intention to participate in the above-said opportunities in written, then our company or our company's controlled enterprises shall provide the new business opportunities to the listed company or its controlled enterprise for free. If the listed company and its controlled enterprises decided not to engage in such new business for some reasons, it shall promptly notify our company in writing, and our company or our company's controlled enterprises may operate the related new business on our own. (2) If the listed company and its controlled enterprises give up the afore-said competitive new business opportunities and our company or our company's controlled enterprises engage in such business opportunity that may constitute a new business which directly competes with the main business of the listed company or its controlled enterprises, our company shall give the rights of option to the listed company, that is, under the applicable laws and regulations of the listing rules of the stock exchange, the listed company and its controlled enterprises shall have the right to acquire, at any</p>					
--	--	--	---	--	--	--	--	--

			<p>time, by one time or more times, any equity, assets and other interests of our company or our company's controlled enterprises related to the above-said competitive business, or the listed company or its controlled enterprises may choose operation methods such as entrusted operation or lease or contract management to possess the assets or business in the competitive business belonging to enterprises controlled by our company or our company's controlled enterprises in accordance with the provisions of relevant laws and regulations. If, under the same conditions, a third party, under the relevant laws and the relevant articles of association or the organizational documents, possesses and is about to excises the preemptive rights, then the above commitment is not applicable, but under such situation, our company or our company's controlled enterprises will spare no effort to persuade that third party to give up the preemptive rights. (3) if the Listed Company deems necessary, our company or our company's controlled enterprises will reduce our holding equity, assets and business to the level losing control right (if applicable) or to the level of zero, and the</p>					
--	--	--	---	--	--	--	--	--

			<p>listed company may, in an appropriate manner, have the priority to acquire the equity, assets and business controlled by our company or our company's controlled enterprises. 4) Our company unconditionally accepts other measures that can eliminate the horizontal competition offered by the listed company. (5) Our company committed that it shall not use the status in the listed company or the actual controlling ability (if applicable) to damage the interests of the listed company and other shareholders of the listed company. (6) Since the date of the commitment letter issued, our company committed to make compensation for any actual losses, damages and expenses caused to the listed company incurred by any of the company's breach of the foregoing commitments. (7)The above commitments are effective in the duration that our company directly or indirectly controls the listed company and the company maintains the status of being a listed company."</p>					
	Other	Acquirer	<p>Regarding the repayment plan, the acquirer has made the following arrangements: 1. based on the earnings forecast for the next few years, the Refrigerator Industrial can</p>	<p>From June 9, 2017 to the completion of repayment</p>	Yes	Yes		

			<p>give the stable profit dividends to investment companies which invest Refrigerator Industrial.</p> <p>2. Through MBO, the executives of Dongbei B can indirectly hold Dongbei B shares via Dongbei Group, which will enable their interests to be consistent with the listed company, thus to improve the working enthusiasm of executives, reduce management costs and increase the performance of the listed company, so as to make a contribution to the profit of Refrigerator Industrial.</p> <p>3. If necessary, the shareholders will provide funds to Refrigerator Industrial according to their respective proportion of capital contribution.</p>					
--	--	--	--	--	--	--	--	--

2.The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained

Not applicable

3. Completion of performance commitments and their impact on goodwill impairment testing

Applicable Not applicable

III.Particulars of fund occupation and progress of debt repayment in the report period

Applicable Not applicable

IV.Explanation by the Board of Directors about the “ non-standard audit report ”.

Applicable Not applicable

V.Explanation change of the accounting policies, accounting estimates and measurement methods

1.Explain retrospective restatement due to correction of significant accounting errors

Applicable Not applicable

For details, please refer to "41. Changes in Important Accounting Policies and Accounting Estimates" in "V. Important Accounting Policies and Accounting Estimates" in "Section XI Financial Report" of this report

2.The company's analysis and explanation to the causes and influences of the correction of major accounting errors

Applicable Not applicable

3. Information about communication with the former accounting firm

Applicable Not applicable

4.Other notes

Applicable Not applicable

VI. Engagement or dismissal of certified public accountants' firm

In RMB 10,000

	Now appointing
Domestic certified public accountants engaged by the Company	Hubei Daxin Certified Public Accountants Co., Ltd.(Special General Partnership)
Remuneration for the domestic certified public accountants Recompense by the Company	45
Time for the domestic certified public accountants serves by the company	19 years
Outside accounting firm name	Hubei Daxin Certified Public Accountants Co., Ltd.(Special General Partnership)
Outside accounting firm rewards	
Outside accounting firm audit years	

	Name	Remuneration
CPAs firm for the internal control	Hubei Daxin Certified Public Accountants Co., Ltd.(Special General Partnership)	10
Financial Adviser		
Sponsor		

Dismissal of accounting firms note

Applicable Not applicable

Circumstances change during the accounting firm's audit explanation

Applicable Not applicable

VII. Risk of suspending or terminating stock listing

1. Reasons for suspending or terminating listing
 Applicable Not applicable
2. Measures planned to be adopted by the company
 Applicable Not applicable

VIII. Situation and reasons for the termination of listing it is facing

- Applicable Not applicable

IX. Risk of suspending or terminating stock listing

- Applicable Not applicable

X. Significant lawsuits and arbitrations of the Company

- Applicable Not applicable
- This year the company has major litigation arbitration matters The company has no major litigation arbitration this year

XI. Penalty to the Company and its directors, supervisors and senior executives, controlling shareholder, actual controller or buyer and particulars about rectification

- Applicable Not applicable

XII. Integrity of the company and its controlling shareholders and actual controllers

- Applicable Not applicable

XIII. Implementation of the company's stock incentive plan, employee stock ownership plan or other employee incentives

1. Related incentives matters that have been disclosed in the temporary announcement but with no subsequent implementation progress or change
 Applicable Not applicable
2. Information about incentives matters that have not been disclosed in the temporary announcement or having subsequent progress
 Stock incentive situation
 Applicable Not applicable
 Other notes
 Applicable Not applicable
 Employee stock ownership plan
 Applicable Not applicable

- Other incentive
 Applicable Not applicable

XIV. Significant related-party transactions**(I) Related transactions in connection with daily operation**

1. Matters that have been disclosed in provisional announcements and there has been no change or development of subsequent implementation.
 Applicable Not applicable

Summary of matters	Index
On October 25, 2019, the company held seventh Board Meeting and twelfth session, and deliberated and approved the plan on Increasing the Amount of Daily Connected Transactions between the Company and Daye Dongai Motor Co., Ltd. in 2019	Announcement No.:2019-017
On October 25, 2019, the company held seventh Board Meeting and twelfth session, and deliberated and approved the proposal on Purchase of Land Use Right and Real Estate and Related Party Transactions of Huangshi Dongbei Electronmechanical Group Co., Ltd	Announcement No.:2019-018

2. Matters that have been disclosed in provisional announcements and there has been no change or development of subsequent implementation.
 Applicable Not applicable

3.Information not disclosed in temporary announcement

Applicable Not applicable

(II) The acquisition of assets or equity, the sale of the occurrence of the associated transactions

1.Matters that have been disclosed in provisional announcements and there has been no change or develop of subsequent implementation.

ApplicableNot applicable

Summary of matters	Index
On August 9, 2019, the company held seventh Board Meeting and eleventh session, and deliberated and approved the Proposal on the Transfer of Ownership of Hubei Jinling Fine Agriculture and Forestry Co., Ltd. by the Company's Holding Subsidiary and Proposal on the Transfer of Ownership of Huangshi Aibo Property Co., Ltd. by the Company's Holding Subsidiary.	Announcement No.:2019-012

2..Matters that have been disclosed in provisional announcements and there has been no change or develop of subsequent implementation.

Applicable Not applicable

3.Information not disclosed in temporary announcement

Applicable Not applicable

4. If related to a commitment of business performance, it shall disclose the business performance realized in the reporting period

Applicable Not applicable

(III).Significant related party transactions of common foreign investment

1.Matters that have been disclosed in provisional announcements and there has been no change or develop of subsequent implementation.

Applicable Not applicable

2..Matters that have been disclosed in provisional announcements and there has been no change or develop of subsequent implementation.

Applicable Not applicable

3.Information not disclosed in temporary announcement

Applicable Not applicable

(IV).Related Liabilities

1.Matters that have been disclosed in provisional announcements and there has been no change or develop of subsequent implementation.

Applicable Not applicable

2..Matters that have been disclosed in provisional announcements and there has been no change or develop of subsequent implementation.

Applicable Not applicable

3.Information not disclosed in temporary announcement

Applicable Not applicable

(V)Other

Applicable Not applicable

XV.Particulars about significant contracts and their fulfillment

1. Particulars about trusteeship, contract and lease

(1) Trusteeship

Applicable Not applicable

(2) Contract

□ Applicable √ Not applicable

(3) Lease

□ Applicable √ Not applicable

2. Guarantees

√Applicable□Not applicable

In RMB 10,000

Particulars about the external guarantee of the Company(Barring the guarantee for the controlling subsidiaries)													
Name of guarantee target	Relation	warrantee	Amount of guarantee	Occurrence date (date of agreement signing)	Guarantee the starting date	Guarantee the expiration date	Type of guarantee	Whether terminated	Whether guarantee exceed the delinquency date	Guarantee demurrage	whether anti-guarantee exist or not	Whether provided to related parties	Relationship
Huangshi Dongbei Electrical Appliance Co., Ltd	The Company	Daye Dongai Motor Co., Ltd.	3,486.30		2019/7/16	2020/06/24	Guarantee with joint responsibility	No	No		Yes	Yes	
Huangshi Dongbei Electrical Appliance Co., Ltd	The Company	Huangshi Dongbei Refrigerating Co., Ltd.	8,723.29		2019/6/13	2020/7/17	Guarantee with joint responsibility	No	No		Yes	Yes	
Huangshi Dongbei Electrical Appliance Co., Ltd	The Company	Huangshi Dongbei Electromechanical Group Co., Ltd.	3,948.50		2019/5/28	2020/6/5	Guarantee with joint responsibility	No	No		Yes	Yes	
Total amount of guarantee in the report (Barring the guarantee for the controlling subsidiaries)												16,158.09	
Total balance of guarantee in the report(A)(Barring the guarantee for the controlling subsidiaries)												16,158.09	
Guarantees provided by the Company to its controlled subsidiaries													
Total amount of guarantees provided to subsidiaries in the report period												169,036.54	
Total balance of guarantees provided to subsidiaries at the end of the report period(B)												118,057.64	
Total amount of guarantees provided by the company (including the guarantees provided to controlled subsidiaries)													
Total amount of guarantee (A+B)												134,215.73	

Proportion of the total guarantee in the net assets of the Company(%)	100.71
Including:	
Guarantees provided to the shareholders, substantial controllers and the related parties (C)	16,158.09
Guarantees provided to objects with over70%in liability/capital rate, directly or indirectly (D)	85,579.97
Amount of guarantee over 50% of the net asset (E)	67,581.14
Total of the above (C+D+E)	134,215.73
Explanation of unexpired may commitment joint liability guarantee	
Guarantee explanation	

3.Situation of Entrusting Others for Managing Spot Asset

(1)Situation of Entrusted Finance

a. Overall information of entrusted wealth-management

Applicable Not applicable

Other

Applicable Not applicable

b. Information of single-item entrusted wealth-management

Applicable Not applicable

Other

Applicable Not applicable

c.Provision for impairment of entrusted loans

Applicable Not applicable

(2) Situation of Entrusted Loans

a.Overall information of entrusted loans

Applicable Not applicable

Other

Applicable Not applicable

b.Information of single-them entrusted loans

Applicable Not applicable

Other

Applicable Not applicable

c.Provision for impairment of entrusted loans

Applicable Not applicable

(3)Other

Applicable Not applicable

4. Other significant contract

Applicable Not applicable

XVI.Explanation about other significant matters

Applicable Not applicable

XVII. The information of actively fulfilling the social responsibility

1.Overview of the annual targeted poverty alleviation

Applicable Not applicable

1. Precision poverty alleviation planning

While creating values for shareholders and improving employees' benefits, the company has been earnestly implementing the spirit of poverty alleviation, actively doing a good job of helping and supporting work. Firstly, formulate poverty alleviation plans for villages and towns; Secondly, adhere to the concept of "people-oriented" and show solicitude and sympathy to the company's employees in difficulty. Each of the company's senior and middle-level cadres has a specific aid target to achieve targeted poverty alleviation.

2. Summary of Annual Precision Poverty Alleviation

Applicable Not applicable

In 2019, the company continued to actively perform in helping the poor. The main poverty alleviation measures that have been implemented include: Firstly, The company provided targeted poverty alleviation to the specially poor employees with a total of 423,600 yuan of relief funds; Secondly, priority was given to recruiting employees from poor areas for the company, with a total investment of 150,000 yuan from January to December 2019; Thirdly, the company offered aids to its poverty alleviation target Yangxin County Mugang Town, with a total of 550,000 yuan investment in poverty alleviation funds; Fourthly, cadres visited 294 targeted aid recipients in pairs, with an aid fund of 140,000 yuan; Fifthly, it completed 152 person-times of holiday relief and solicitude, and provided 286,600 yuan for love and relief.

3. Precision poverty alleviation effect

Applicable Not applicable

4. Follow-up Precision Poverty Alleviation Plan

Applicable Not applicable

In the future, the company will conscientiously sum up the poverty alleviation work experience, deeply understand the actual situation of the poor, provide them with necessary living conditions guarantee, and continue to create a good atmosphere for helping them.

2. Information about the work on social responsibility

Applicable Not applicable

The company has long insisted on fulfilling its social responsibility. During the reporting period, it donated 300,000 yuan to the Charity Federation for the protection of Yangtze River finless porpoise. The company has donated more than 3 million yuan since 2013 and has adopted various ways to call on the whole society to save the Yangtze finless porpoise, which is on the verge of functional extinction. Since the outbreak of the "new coronavirus epidemic" in China in January 2020, the company's headquarters area has been the hardest hit area of the epidemic. In the process of fighting the epidemic, the company has actively fulfilled its social responsibility, taking the lead in donating materials to the society, donating 1 million yuan in cash and 300,000 yuan in materials. It also provided free milk to hospital patients, medical staff and aid medical teams every day, which worth more than 200,000 yuan. At the beginning of the epidemic, the company learned from Huangshi epidemic prevention and control headquarters that there was a huge shortage in Huangshi's medical supplies. The company urgently set up a working group for overseas procurement of epidemic prevention supplies. Relying on the

advantages of global customer resources, the company purchased 38,800 sets of protective clothing, 52,300 masks and other urgently needed medical supplies for Huangshi overseas. With international shipping closed to China, every effort was made to bypass other countries and transfer the supplies back to China, which was promptly handed over to the municipal epidemic prevention headquarters to help Huangshi fight against the epidemic.

3.Environment information

1.If the listed company or its subsidiaries belong to the heavy polluting industry specified by the National Environmental Protection Department, please specify the information of environmental protection.

Applicable Not applicable

2. Environmental protection statement of companies other than key pollutant discharging units

Applicable Not applicable

As of the end of the reporting period, the Company has not been included in the list of serious polluting enterprises published by the State Environmental Protection Department, nor has there been any major environmental event or pollution accident.

3.Explanation of the subsequent progress or changes in the disclosure of environmental information content during the reporting period

Applicable Not applicable

4.Other notess

Applicable Not applicable

XVIII.Information about convertible corporate bonds

Applicable Not applicable

VI. Change of share capital and shareholding of Principal Shareholders

I .Changes in share capital

1. Changes in share capital

(1) Change in ordinary shares

The Company has not changed ordinary shares of the Report period .

(2)Description of changes in ordinary shares

Applicable Not applicable

(3)Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period(If any)

Applicable Not applicable

(4)Other information necessary to disclose for the company or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Change of shares with limited sales condition

Applicable Not applicable

II. Issuing and listing

1. Information about the issuance of securities during the reporting period

Applicable Not applicable

Description of the situation of issuance of securities during the reporting period (for bonds having different interest within the duration, please respectively specify)

Applicable Not applicable

2. Information about changes in the total number of ordinary shares of the company and shareholder structure and the company's assets and liabilities structure

Applicable Not applicable

3. Information about the existing internal staff shares

Applicable Not applicable

III. Shareholders and actual controlling shareholder

1. Total shareholders

Total number of common shareholders at the end of the reporting period	17,074
Total shareholders at the end of the month from the date of disclosing the annual report	16,887
The total number of preferred shareholders voting rights restored at period-end	
Total preferred shareholders at the end of the month from the date of disclosing the annual report	

2. Number of shareholders and shareholding

In shares

Particulars about the shareholding of the top ten shareholders							
Shareholder name	Increase/decrease	Number of shares held at period-end	Proportion(%)	Amount of restricted shares held	Pledged or frozen		Shareholder nature
					Status	Quantity	
Huangshi Dongbei Electromechanical Group Co., Ltd.	0	117,600,000	50.04	117,600,000	Pledge	94,094,000	Domestic Non-State-owned legal person
ISHARES CORE MSCI EMERGING MARKETS ETF	421,481	2,598,284	1.11		Unknown		Foreign Legal person
Zhou Xiaohai	0	896,200	0.38		Unknown		Domestic natural person
Sun Menglin	-150,000	850,000	0.36		Unknown		Domestic natural person
Jiangsu Luoke ElectricGroup Co., Ltd	0	800,000	0.34	117,600,000	No		Domestic Non-State-owned legal person

Lin Yongtian	0	658,600	0.28		Unknown		Domestic natural person
Wang Xiaoyan	573,014	573,014	0.24		Unknown		Domestic natural person
Hua Xili	-4,140	491,450	0.21		Unknown		Domestic natural person
KAISER FOUNDATION HOSPITALS(1WU3)	459,975	459,975	0.20		Unknown		Foreign Legal person
Yao Weifang	12,200	453,900	0.19		Unknown		Domestic natural person
Shareholding of top 10 shareholders of unrestricted shares							
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period	Share type		Quantity			
		Share type	Quantity				
ISHARES CORE MSCI EMERGING MARKETS ETF	2,598,284	Foreign shares placed in domestic exchange					
Zhou Xiaohai	896,200	Foreign shares placed in domestic exchange					
Sun Menglin	850,000	Foreign shares placed in domestic exchange					
Lin Yongtian	658,600	Foreign shares placed in domestic exchange					
Wang Xiaoyan	573,014	Foreign shares placed in domestic exchange					
Hua Xili	491,450	Foreign shares placed in domestic exchange					
KAISER FOUNDATION HOSPITALS(1WU3)	459,975	Foreign shares placed in domestic exchange					
Yao Weifang	453,900	Foreign shares placed in domestic exchange					
China MerchantsSecurities (HK) Co., Ltd.	431,864	Foreign shares placed in domestic exchange					
Shao Liping	406,200	Foreign shares placed in domestic exchange					
Explanation on associated relationship among the aforesaid shareholders							
Description of the preferred shareholders whose voting rights were restored and their numbers of holding shares							

Shareholding of top 10 shareholders of Conditional shares

√Applicable □Not applicable

In Shares

No	Name of the shareholder	Quantity of conditional shares held	Restricted shares can be traded on		Restricted conditions
			Time can be traded	New number of shares can be traded	
1	Huangshi Dongbei Electromechanical Group Co., Ltd.	117,600,000			
2	Jiangsu Luoke ElectricGroup Co., Ltd.	800,000			
3	Wuhan Xinhua Hardware Factory	400,000			
4	Changshu Tianyin Electromechanical Co., Ltd.	400,000			
5	Shaoxing Xingbei Pressing Co., Ltd	400,000			

6	Zhuji Liming Decoration Engineering Co., Ltd.	400,000			
7					
8					
9					
10					
Explanation on associated relationship among the aforesaid shareholders					

3. Strategic investors or general legal persons due to the placing of new shares to become the top 10 shareholders

Applicable Not applicable

IV. Brief introduction of the controlling shareholder and actual controller

(1) The controlling shareholder

1. Legal

Applicable Not applicable

Name	Huangshi Dongbei Electromechanical Group Co., Ltd
Legal representative	Yang Baichang
Date of incorporation	January 18, 2002
Principal business activities	Production and sales of refrigerating compressors and electrical motors of compressors, development and consultation of high-tech products. Housing rental, car rental, real estate development.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	
Other explanation	

2. Natural person

Applicable Not applicable

3. It does not exist a special explanation of the controlling shareholder by the company

Applicable Not applicable

4. Index and date of change information of the controlling shareholder during the reporting period

Applicable Not applicable

5. The block diagram of the property right and control relationship between the Company and controlling shareholders

Applicable Not applicable



2. Natural person

Applicable Not applicable

3. It does not exist a special explanation of the actual controller by the company

Applicable Not applicable

The company's controlling shareholder is Huangshi Dongbei Electromechanical Group Co., Ltd, whose controlling shareholder is Huangshi Huizhi Investment Partnership (limited partnership). A limited Partnership, its executive partner-Huangshi Xingbei Electromechanical Co., Ltd has no controlling shareholder and actual controller, thus the company has no actual controller. For details, please see "Huangshi Dongbei Electrical Appliance Co., Ltd's Suggestive Announcement about Changes in the equity structure of the controlling shareholder and the change of the actual controller". (Announcement No.2016-032)

4. Index and date of change information of the actual controller during the reporting period

Applicable Not applicable

5. The block diagram of the property right and control relationship between the Company and the actual controller

Applicable Not applicable

6. The actual controller controlled the company through trust or other asset management means

Applicable Not applicable

(3) Other information about the controlling shareholder and the actual controller

Applicable Not applicable

V. Other legal person shareholders holding more than ten percent shares

Applicable Not applicable

VI. Description of the situation of limit on reducing shares

Applicable Not applicable

VII. Situation of the Preferred Shares

Applicable Not applicable

VIII.Particulars about Directors, Supervisors, Senior Executives and Employees

I.Change of shareholding and particulars about remuneration

1. The change of shareholding of directors, supervisors and senior executives who currently hold their posts or left their posts in the report period and particulars about their remuneration

√Applicable Not applicable

Name	Position	Sex	Age	Beginning date of office term	Expiration date of office term	Shares held at the year-beginning	Shares held at the year-end	Increase or decrease in the amount of shares for the year	Reason of the change	In shares	
										The total amount of remuneration received from the Company in the report period (RMB10,000 (Before tax))	The total remuneration from shareholder or other related -parties in the report period (RMB10,000)
Zhu Jinming	Board Chairman	Male	56	2017.5.24	2020.5.24	0	0	0			
Fang Zeyun	Director , General Manager	Male	55	2018.5.8	2020.5.24	49,300	49,300	0		82.67	
Ruan Zhengya	Director	Male	49	2017.5.24	2020.5.24	0	0	0			
Yu Yumiao	Independent director	Male	54	2017.5.24	2020.5.24	0	0	0		5	
Xie Jincheng	Independent director	Male	58	2017.5.24	2020.5.24	0	0	0		5	
Lu Yanying	Independent director	Female	61	2018.5.8	2020.5.24	0	0	0		5	
Wang Shiwu	Chairman of the board of supervisors	Male	47	2017.5.24	2020.5.24	0	0	0			
Jiang Min	Supervisor	Male	51	2017.5.24	2020.5.24	0	0	0			
Cai Jiangxia	Supervisor	Female	49	2018.3.29	2020.5.24	0	0	0		23.12	
Lu Lihua	Deputy General Manager and Secretary to the Board	Female	49	2017.5.24	2020.5.24	0	0	0		47.06	

Dou Zuowei	Deputy General Manager	Male	38	2017.5.24	2020.5.24	0	0	0		50.15	
Total	/	/	/	/	/	49,300	49,300		/	218.00	/

Name	Work Experience
Zhu Jinming	He has served as director and Vice president Manager of Huangshi Dongbei Electromechanical Co., Ltd. From 2002 to May 2010, and he served as Director and President of Huangshi Dongbei Electromechanical Group Co., Ltd. and Director of the Company since May 2010. he served as board chairman of the Company since November 27, 2015.
Fang Zeyun	From May 2002 to May 2008, he served as Deputy General Manager of Huangshi Co., Ltd.; from May 2008 to May 2014, he served as Director and General Manager of Huangshi Dongbei Electrical Appliances Co., Ltd.; from May 2014 to December 2016, he served as Vice President and Assistant President of Huangshi Dongbei Group Co., Ltd.; from March 29, 2018 to present, he served as General Manager of the Company; and from May 8, 2018 so far, he served as Director and General Manager of the Company.
Ruan Zhengya	He served as general manager of Changzhou Luo Electric Co., Ltd. since 2004, He was served as director of the company since May 2008.
Yu Yumiao	Had been served as the teaching assistant, lecturer, associate professor in the accounting and auditing department of school of Economics of Wuhan University, professor of accounting department of business school of Wuhan University; currently, serves as professor and doctoral tutor in accounting department of school of economics and management of Wuhan University; since December 15, 2015, he served as Independent director of company.
Xie Jincheng	He once served as Dean and Secretary of the Party Committee of the School of Continuing Education of Zhongnan University of Economics and Law. He is currently a professor at the School of Finance of Zhongnan University of Economics and Law and deputy director of China Investment Research Center of Zhongnan University of Economics and Law.
Lu Yanying	She served as Teacher of School of Management, Huazhong University Of Science & Technology and School of Management, Wuhan University of Hydraulic and Electrical Engineering, and now acts as professor of Economics and Management School of Wuhan University .
Wang Shiwu	From November 2010 to January 2017, he took the posts of Deputy Director and Director of the Office of the Leading Group in Correcting Unhealthy Winds of the Huangshi City Government, Director of the Office of Optimization of the Economic Development Environment, Director of the Enforcement and Efficiency Supervision Office of the Huangshi City Commission for Discipline Inspection, and the Fourth Disciplinary Inspection of the Huangshi Commission for Discipline Inspection Director of the room, since January 2017 has served as Secretary of the Disciplinary Committee and Chairman of the Labor Union of Huangshi Dongbei Electromechanical Group Co., Ltd.
Jiang Min	He served as Director of Financial Department of Huangshi Dongbei Electromechanical Group Co., Ltd., and now acts as assistant president of Huangshi Dongbei Electromechanical Group Co., Ltd, He served as Supervisor of the Company since May 2011.
Lu Lihua	She served as Director of Financial Department and assistant of General Manager of Huangshi Dongbei Electrical Appliance Co., Ltd since 2005, She now served as Deputy General Manager ,and Secretary to the Board and Director of the Company.
Dou Zuowei	He used to be the project manager of LG Electronics Co., Ltd., the head of the new model of the LG Compressor Division, and the head of the development department of the LG Compressor Division. He now served as deputy general manager of the company.
Cai Jiangxia	Currently, she is the Director of the Management Office of the Company and has been serving as employees Supervisor of the Company since March 29, 2018.

Other notes

Applicable Not applicable

2.Directors, supervisors and senior management of equity during the reporting period was granted incentive

Applicable Not applicable

II.Particulars about duty performance of directors, supervisors and senior executives who currently hold their posts or left their posts in the report period

1. Posts held at corporate shareholders

√Applicable □Not applicable

Name	Name of corporate shareholder	Position	Starting date of term of office	Expiry date of term of office
Zhu Jinming	Dongbei Group	President		
Wang Shiwu	Dongbei Group	Secretary of the discipline Inspection Commission, Chairman of the Union		
Jiang Min	Dongbei Group	Vice president		
Posts held at corporate shareholders				

2. Posts held at other units

√Applicable □Not applicable

Name	Name of other units	Position	Starting date of term of office	Expiry date of term of office
Yu Yumiao	Wuhan University	Profersor		
	Oceanwide holdings	Independent Director		
	Semir	Independent Director		
	Jinyu medicine	Independent Director		
	Zhongan Technology Co., Ltd.	Independent Director		
Xie Jincheng	Zhongnan University of Economics and Law	Professor at the School of Finance, Deputy Director of China Investment Research Center		
Lu Yanying	Wuhan University	Accounting professor of economics and management		
Posts held at other units				

III. Remuneration of directors, supervisors and senior executives

√Applicable □Not applicable

The decision-making procedure for remuneration of directors, supervisors and senior executives:	The shareholders' general meeting decided the remuneration .
The determine of remuneration of the basis of directors, supervisors and senior executives	According to the early development of various economic indicators to determine the end of the completion of the total remuneration
Remuneration of directors, supervisors and senior executives	As of the date of this report, the remuneration of directors, supervisors and senior management personnel have been paid.
Total actual remuneration of all directors, supervisors and senior management in the end of the report period.	Refer to the chapter (1) The change of hold share and remuneration

IV. Change in directors, supervisors and senior executives

□Applicable √Not applicable

V. Information about the received punishments from the securities regulatory agencies in the most recent three years

Applicable Not applicable

VI. The structure of employees in the parent Company and the principal subsidiaries

(1)Particulars of Employees

The number of employees in the parent Company	2,050
The number of employees in the principal subsidiaries	2,769
Total	4,819
Parent Company and subsidiaries are required to bear the costs of retired employees.	
Divided by function	
Type	Person
Production personnel	3,664
Sales personnel	105
Technical personnel	626
Financial personnel	47
Administrative personnel	377
Total	4,819
Education status	
Type	Person
Junior college and above	940
Technical secondary school and Senior High School	3,879
Total	4,819

(2) Remuneration policy

Applicable Not applicable

According to business development of company status, developed a level of remuneration and benefits policies that adapted to the development stage, is committed to create a happy life for the employees.(3)

(3) Training plan

Applicable Not applicable

Staff training is divided into two blocks: 1. pre-job training: training new employees to achieve three level training. So that new employees are familiar with and agree with the corporate culture to adapt to work as soon as possible. 2. job training: to carry out a variety of training in accordance with the annual training plan .Enhance staff skills and qualities to ensure that employees complete tasks.

(4)Outsourcing situation

Applicable No Applicable

(5)Other

Applicable No Applicable

IX. Administrative structure

I.Basic state of corporate governance

Applicable Not applicable

Within the report period, the Company constantly shall improve and perfect the corporate governance structure, standardize the operation of the Company in practice, continuously strengthen the quality of information disclosure, actively carry out investor relations management and earnestly safeguard the rights and interests of all shareholders in strict accordance with the requirements of laws

and regulations including Company Law, Securities Law, Listing Rules of Shanghai Stock Exchange, as well as the provisions of the Articles of Association.

(1) Shareholders and the General Meeting of Shareholders

The Company shall, in strict accordance with the requirements of the regulations including Company Law, Rules of the General Meeting of Shareholders of Listed Companies, Articles of Association and Rules of Procedure of the General Meeting of Shareholders, organize the general meeting of shareholders in a conscientious manner and on time, and facilitate the participation of shareholders in the meeting so as to enable them to fully exercise their shareholders' rights. The Company treats all shareholders equally, makes explanations on their inquiries in a timely manner, and listens to their suggestions and opinions, thus ensuring the speaking right of small and medium-sized shareholders. When deliberating related party transactions, the shareholders' general meeting shall strictly follow the procedure of withdrawal of related party shareholders from voting.

(2) About the Company and Controlling Shareholders

The Company has independent and complete main business and independent management ability, thus it is independent from the controlling shareholders and actual controllers in personnel, assets, business, institutions and financial affairs and can operate and manage itself independently and bear responsibility and risk independently. The controlling shareholders and actual controllers of the Company shall be able to exercise their rights and undertake corresponding obligations according to law. Within the report period, the controlling shareholders shall not exceed the authorizations and privileges of the shareholders' general meeting and the board of directors to directly or indirectly interfere in the decision-making and business activities of the Company and use their controlling position to infringe on the interests of other shareholders, which does not have adverse effects on the corporate governance structure and independence.

(3) Directors and Board of Directors

The board of directors of the Company is composed of six directors, including three independent directors, with four special committees established, namely, Strategy Committee, Audit Committee, Remuneration and Examination Committee and Nomination Committee. All directors shall be rigorous, diligent and responsible in their work during their term of office. They shall be able to pay continuous attention to the operation of the Company, actively participate in relevant training, and improve the standard operation level; actively participate in board meeting, give full play to their professional expertise, make prudent decision and safeguard the interests of the Company and the majority of shareholders.

(4) About supervisors and Board of Supervisors

The board of supervisors of the Company shall be composed of three supervisors. The procedures for convening, holding and voting of the meeting shall conform to the Articles of Association and Rules of Procedure of the Board of Supervisors. The supervisors of the Company shall fully exercise the supervisory authority of the board of supervisors to safeguard the interests of the Company and the majority of shareholders.

(5) Information Disclosure and Transparency

Within the report period, the Company shall strengthen the management of information disclosure affairs in strict accordance with the requirements of the Listing Rules of Shanghai Stock Exchange and other provisions to disclose information truthfully, accurately, completely, promptly and fairly.

(6) About Insider Registration Management of Inside Information

The Company shall conscientiously do a good job in the registration and filing of inside information insiders in strict accordance with the Inside Information Insider Management System and other relevant systems, establish inside information insider archives for the Company's regular reports and major events, and timely submit and file it in accordance with the provisions; at the same time, it shall strictly regulate the behavior of submitting company information to external information users. Within the report period, the Company did not buy or sell company stocks by using the insider information.

Does there exist any difference in compliance with the corporate governance, the PRC Company Law and the relevant provisions of CSRC, Any discrepancies should explain why

Applicable Not applicable

II. Brief Introduction of Shareholders' General Meeting

Sessions	Meeting Date	Disclosure index	Disclosure date
Annual General Meeting of 2018	April 19, 2019	www.sse.com.cn	April 20, 2019
The First provisional shareholders' General meeting of 2019	November 15, 2019	www.sse.com.cn	November 16, 2019

The statement of Shareholders' General Meeting:

Applicable Not applicable

I. The 2018 Annual General Meeting of Shareholders examined and approved the following proposals:

1. The Work Report of the Board of Directors For 2018;
2. The work Report of the Supervisory Committee for 2018;
3. Annual report for 2018 and its summary;
4. Proposal for the Final Accounting Report for 2018;
5. The meeting examined the Proposal for the plan for Profit Distribution for 2018;
6. The meeting examined the Proposal for Renewing the Engagement of Certified Public Accountants and the Proposal for Internal Audit Institution;
7. The meeting examined the Proposal of the company and its subsidiaries' 2019-year applying for a comprehensive credit line and the authorization for providing guarantee to the financing within the comprehensive credit line;
8. The meeting examined the Proposal on Providing the Guarantee to the Company's Controlling Shareholder and its Subsidiaries in 2019;
9. The meeting examined the Proposal on Providing the Guarantee to Huangshi Aibo Technology Development Co., Ltd;
10. The meeting examined the Proposal on Confirming Occurrence of Daily Related Transactions of 2019 and the Estimated Amount of Related Transactions of the Company of 2020;
11. Listen to the performance of the audit committee of the board of directors in 2018;

12. Hear the 2018 independent director report;
The 2019 first provisional Annual General Meeting of Shareholders examined and approved the following proposals:

1. Proposal on Provision by the Company of Related Guarantee for Daye Dongai Motor Co., Ltd., a Subsidiary of the Controlling Shareholder;
2. Proposal on Increasing the Amount of Daily Connected Transactions between the Company and Daye Dongai Motor Co., Ltd. in 2019;
3. Proposal on Profit Distribution for the First Three Quarters of 2019.

III. Routine work of the board of directors

(1) Board meetings and resolutions

Name	Whether the independent directors	Attendance of board meetings						Attendance of the shareholders' general meeting
		The supposed times of attendance this year	The attendance record of shareholders' general meeting	Number of meetings attendance by means of communication	Attendance through agent (times)	Absence (times)	Whether on the reasons why not personally attend the meeting of the board of director for twice successively.	The attendance record of shareholders' general meeting
Zhu Jinming	No	4	4	3	0	0	No	2
Fang Zeyun	No	4	4	3	0	0	No	2
Ruan Zhengya	No	4	3	3	1	0	No	2
Yu Yumiao	Yes	4	4	3	0	0	No	2
Xie Jincheng	Yes	4	4	3	0	0	No	2
Lu Yanying	Yes	4	4	3	0	0	No	2

Explanation personally did not attend two consecutive meetings of the Board

Applicable Not applicable

The number of the meetings of the board of directors within the year	4
Of which: Number of field meetings	1
Number of meetings held by means of communication	3
Site and the number of meetings was held of communication	0

(2) Objection of independent directors on some relevant issues

Applicable Not applicable

(3) Other

Applicable Not applicable

IV. Important observations and recommendations in their duties during the reporting period raised under the Special Committee of the Board

Applicable Not applicable

During the reporting period, the Board of Directors under the special committee are in favor of the bill under consideration in the performance of their duties, have not made other comments and suggestions.

V.The Supervisory Committee found that the company's explanation risk

Applicable Not applicable

During the reporting period, the Supervisory Committee of the company regularly reports, according to the operation, financial condition, as well as related party transactions and other internal control self-assessment report and other work to perform supervisory duties. Supervisory Committee on oversight matters during the reporting period without objection.

VI. The company and its controlling shareholder in business, personnel, assets, organization, finance and other aspects of existence does not guarantee the independence, can not maintain the ability to operate independently of note

Applicable Not applicable

The company's countermeasures, work schedule and follow-up work plan to the existed horizontal competition

Applicable Not applicable

Where there is competition within the same industry, the company shall take corresponding measures, work schedule and follow-up work plan

Applicable Not applicable

VII.Particulars about mechanism of appraisal of senior executives and establishment and implementation of stimulation mechanism in the report period

Applicable Not applicable

During the reporting period, Dongbei B shares senior management compensation management approach "firm basis for consideration by the Board of Directors and the annual management objectives for senior managers to check and assessment.

VIII. Whether disclose the self-assessment report on internal control

Applicable Not applicable

The company will disclose the Company's 2019 Annual Self-assessment Report on Internal Control at the date of disclosing the annual report, for the full text, please see the company's announcements disclosed on Shanghai Stock Exchange website (www.sse.com.cn).

Description of material deficiencies in the internal control during the reporting period

Applicable Not applicable

IX. Statement on auditor's report on internal control

The Company prepared and disclosed Report on Self-evaluation of Internal Control for 2018. Hubei Daxin Certified Public Accountants Co., Ltd. audited the internal control of the Company and issued Auditor's Report on Internal Control.

Whether the disclosure of internal control audit report: Yes

X.Other

Applicable Not applicable

X. Corporation bonds

Applicable Not applicable

XI. Financial Report

I. Auditor's Report

√ Applicable □ Not applicable

Auditor's Report

Da Xin Shen Zi (2020)No.:2-00238

To all shareholders of Huangshi Dongbei Electrical Appliance Co., Ltd.

I. Opinion

We have audited the financial statements of Huangshi Dongbei Electrical Appliance Co., Ltd. (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2019, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2019 and its operating results and cash flows for the year then ended.

II. Basis for Our Opinion

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

(A) Recognition of domestic operating income

1. Description of the matter

Please refer to the related disclosures of Note 3-(21) and Note 5-(32) of the financial report. The Company's operating income mainly comes from the sales of refrigeration compressor products to refrigeration equipment manufacturers in domestic and overseas markets.

According to the company's accounting policy, there are two ways to recognize the income of the domestic business: the first one is recognizing the income upon the purchaser's confirmation of receipt

after its use; the second way is recognizing the income when sending out the goods. We focus on the cut-off of the recognition of operating income in the first approach, as there may be a time difference between the timing of the receipt of the product by the domestic refrigeration equipment manufacturer and the time of sales confirmation, leading to that there may be a risk that the sales income is not recognized within the appropriate period. Therefore, we deem the recognition of domestic operating income as a key audit matter.

2. Countermeasures in Audit

Our main audit procedures carried out for income recognition are as follows:

- (1) Understand the internal control loop of sales and payments collection, test and evaluate the effectiveness of the design and implementation of internal controls related to income recognition;
- (2) Through the interview with the management of the company (hereinafter referred to as “the management”) to understand the income recognition policy, check the relevant clauses of the major customers’ contracts, analyze whether the actual implementation of the income recognition policy is appropriate, and review whether the relevant accounting policies are consistently applied;
- (3) Carry out sampling tests on the operating income of domestic customers and check the risk and reward clauses in relevant sales contracts and supporting documents such as documents collected and confirmed by customers;
- (4) Implement the analysis procedure for the operating income, compare it with the historical gross profit margin, analyze the changes in the gross profit margin, and review the rationality of the income;
- (5) For the domestic sales business, the documents related to income recognition, such as contracts or orders, signed delivery receipts and billing statements, are checked through sampling;
- (6) Carry out sampling tests on the operating income recognized before and after the balance sheet date, and check the received documents to assess whether the sales income is recognized in the appropriate period;
- (7) Compare and analyze the income of the year and the period close to the end of the year and the same period of previous years, implement confirmation procedures for major customers and acquire the reasons for the differences.

(B) The relationship between related parties and the completeness of the transaction

1. Description of the matter

Please refer to the relevant disclosures in note 7 of the financial report. As of December 31, 2019, the Company had related party transactions involving different types of transactions with related parties, and we make our attention deeming the relationship between related parties and the completeness of the transaction as the key audit matter.

2. Countermeasures in Audit

Our main audit procedures for the related parties’ relationship and their related transactions are as follows:

(1) Get to know the controls related to the related transaction of related parties, test and evaluate the effectiveness of the design and implementation of internal controls related to related parties' transaction;

(2) Examine the relevant records or documents to determine whether there are related party relationships or related party transactions that the management has not previously identified or disclosed to certified public accountants;

(3) During the audit process, be vigilant about the following transactions and consider whether there are related parties that are not identified at the time of the planned audit;

1. Transactions with unusual conditions in price interest rates, guarantees, payments, etc.;
2. Transactions with clear illogic on business grounds;
3. Transactions with that the substance is inconsistent with the form;
4. Transactions handled in an abnormal manner;
5. Large or significant transactions with certain customers or suppliers.

(4) Obtain the transaction price of the same type of raw materials purchased from the related party and the non-related party, and make a comparative analysis to determine whether the transaction price is fair;

(5) Determine whether the related party transactions have reasonable commercial reasons by examining the contract, inquiring the management of the Company and other audit procedures.

IV. Other information

The management of the Company is responsible for the other information. The other information comprises information of the Company's annual report in 2018, but excludes the financial statements and our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 the Financial Statements

The Company's management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, management of the Company 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 management either intends to liquidate the Company or to cease operations, or has 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 the Audit of the Financial Statements

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Company.

(4) Conclude on the appropriateness of using the going concern assumption by the management of the Company, and conclude, 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 to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

(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 and bear all liability for the opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

Hubei Daxin Certified Public Accountants Co., Ltd. (Special General Partnership)

Beijing China

Chinese C.P.A.: Suo Baoguo(Project Partner)

Chinese C.P.A.:Zhang Ling

April 9,2020

II.Financial statements

Consolidated Balance Sheet

December 31,2019

Prepared by: Huangshi Dongbei Electrical Appliance Co., Ltd.

In RMB

Items	Notes	December 31,2019	December 31, 2018
Current asset:			
Monetary fund	VII(1)	603,525,581.62	704,521,838.46
Settlement provision			
Outgoing call loan			
Transactional Financial Assets			
Financial assets measured at fair value with variations accounted into current income account			
Derivative financial assets			
Notes receivable	VII(4)	994,827,448.05	799,264,334.89
Account receivable	VII(5)	1,263,900,073.77	1,149,029,532.12
Financing of receivables			
Prepayments	VII(7)	41,550,212.81	51,788,096.09
Insurance receivable			
Reinsurance receivable			

Provisions of Reinsurance contracts receivable			
Other account receivable	VII(8)	3,416,425.36	3,250,165.16
Including: Interest receivable			
Dividend receivable			
Repurchasing of financial assets			
Inventories	V(9))	599,935,064.59	528,995,368.83
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	V(12))	64,177,799.78	65,088,549.90
Total of current assets		3,571,332,605.98	3,301,937,885.45
Non-current assets:			
Loans and payment on other's behalf disbursed			
Debt investment			
Available for sale of financial assets			
Other investment on bonds			
Expired investment in possess			
Long-term receivable			
Long term share equity investment	VII(16)		12,047,863.51
Other equity instruments investment			
Other non-current financial assets			
Property investment	VII(19)	2,886,614.96	3,051,659.12
Fixed assets	VII(20)	1,305,601,255.17	1,327,237,063.55
Construction in progress	VII(21)	34,632,329.16	74,010,397.82
Production physical assets			
Oil & gas assets			
Use right assets			
Intangible assets	VII(25)	125,074,374.29	126,866,649.79
Development expenses			
Goodwill			
Long-germ expenses to be amortized	VII(28)	2,977,655.13	5,316,339.50
Deferred income tax asset	VII(29)	4,566,348.18	1,117,914.50
Other non-current asset	VII(31)	9,603,100.00	9,603,100.00
Total of non-current assets		1,485,341,676.89	1,559,250,987.79
Total of assets		5,056,674,282.87	4,861,188,873.24
Current liabilities			
Short-term loans	VII(31)	549,457,505.54	838,409,676.75
Loan from Central Bank			
Borrowing funds			
Transactional financial liabilities			
Financial liabilities measured at fair value with variations accounted into current income account			
Derivative financial liabilities			
Notes payable	VII(34)	1,156,389,098.69	1,014,351,712.43
Account payable	VII(35)	838,487,679.97	751,618,137.85
Advance receipts	VII(36)	40,073,720.35	13,725,272.30
Selling of repurchased financial assets			
Deposit taking and interbank deposit			
Entrusted trading of securities			
Entrusted selling of securities			
Employees' wage payable	VII(37)	32,050,826.32	31,709,120.00
Tax payable	VII(38)	32,036,081.44	26,951,152.65
Other account payable	VII(39)	189,376,604.73	159,179,874.09
Including: Interest payable			747,455.55
Dividend payable			10,009,121.12
Fees and commissions payable			
Reinsurance fee payable			
Liabilities held for sales			

Non-current liability due within 1 year	VII(41)	42,445,000.00	70,445,000.00
Other current liability	VII(42)	180,448,893.24	0.00
Total of current liability		3,060,765,410.28	2,906,389,946.07
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term loan	VII(43)	199,547,393.25	250,695,000.00
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable			
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	VII(49)	136,651,643.10	153,882,613.46
Deferred income tax liability			
Other non-current liabilities			
Total non-current liabilities		336,199,036.35	404,577,613.46
Total of liability		3,396,964,446.63	3,310,967,559.53
Owners' equity			
Share capital	VII(51)	235,000,000.00	235,000,000.00
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	VII(53)	190,111,836.26	190,111,836.26
Less: Shares in stock			
Other comprehensive income	VII(55)	210,578.58	419,880.71
Special reserve			
Surplus reserves	VII(57)	74,650,762.39	65,031,044.33
Common risk provision			
Retained profit	VII(58)	832,718,637.05	766,334,820.54
Total of owner's equity belong to the parent company		1,332,691,814.28	1,256,897,581.84
Minority shareholders' equity		327,018,021.96	293,323,731.87
Total of owners' equity		1,659,709,836.24	1,550,221,313.71
Total of liabilities and owners' equity		5,056,674,282.87	4,861,188,873.24

Legal Representative: Zhu Jinming

Person in charge of accounting: Lu Lihua

Accounting Dept Leader: Chen Jia

Balance sheet of Parent Company

December 31, 2019

Prepared by: Huangshi Dongbei Electrical Appliance Co., Ltd.

In RMB

Items	Notes	December 31, 2019	December 31, 2018
Current asset:			
Monetary fund		309,994,822.68	349,489,503.68
Transactional financial assets			
Financial assets measured at fair value with variations accounted into current income account			
Derivative financial assets			
Notes receivable		615,986,181.17	480,715,352.78
Account receivable	XVII(1)	831,797,263.41	848,256,923.83
Financing of receivables			

Prepayments		38,295,326.00	36,995,448.41
Other account receivable	XVII(2)	1,375,144.58	796,481.06
Including: Interest receivable			
Dividend receivable			
Inventories		356,278,169.51	321,040,465.16
Assets held for sales			
Non-current asset due within 1 year			
Other current asset		20,090,576.11	4,419,528.36
Total of current assets		2,173,817,483.46	2,041,713,703.28
Non-current assets:			
Debt investment			
Available for sale of financial assets			
Other investment on bonds			
Expired investment in possess			
Long-term receivable			
Long term share equity investment	XVII(3)	248,161,074.70	248,161,074.70
Other equity instruments investment			
Other non-current financial assets			
Property investment			
Fixed assets		381,853,982.57	439,343,177.30
Construction in progress		778,372.39	40,310.34
Production physical assets			
Oil & gas assets			
Use right assets			
Intangible assets		40,341,461.70	39,417,106.05
Development expenses			
Goodwill			
Long-germ expenses to be amortized		886,301.43	2,212,301.79
Deferred income tax asset		2,851,900.25	
Other non-current asset		9,603,100.00	9,603,100.00
Total of non-current assets		684,476,193.04	738,777,070.18
Total of assets		2,858,293,676.50	2,780,490,773.46
Current liabilities			
Short-term loans		120,000,000.00	388,632,000.00
Transactional financial liabilities			
Financial liabilities measured at fair value with variations accounted into current income account			
Derivative financial liabilities			
Notes payable		674,232,410.04	449,524,904.51
Account payable		938,631,227.47	964,003,042.62
Advance receipts		11,498,632.11	11,284,712.16
Employees' wage payable		15,212,644.63	14,096,761.29
Tax payable		10,526,965.23	14,424,453.83
Other account payable		88,778,363.56	63,746,314.95
Including: Interest payable			99,083.33
Dividend payable			
Liabilities held for sales			
Non-current liability due within 1 year			33,000,000.00
Other current liability		123,484,505.25	
Total of current liability		1,982,364,748.29	1,938,712,189.36
Non-current liabilities:			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable			
Long-term remuneration payable to staff			

Expected liabilities			
Deferred income		41,952,829.81	45,249,666.32
Deferred income tax liability			
Other non-current liabilities			
Total non-current liabilities		41,952,829.81	45,249,666.32
Total of liability		2,024,317,578.10	1,983,961,855.68
Owners' equity			
Share capital		235,000,000.00	235,000,000.00
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves		90,801,937.51	90,801,937.51
Less: Shares in stock			
Other comprehensive income			
Special reserve			
Surplus reserves		74,650,762.39	65,031,044.33
Retained profit		433,523,398.50	405,695,935.94
Total of owners' equity		833,976,098.40	796,528,917.78
Total of liabilities and owners' equity		2,858,293,676.50	2,780,490,773.46

Legal Representative: Zhu Jinming

Person in charge of accounting: Lu Lihua

Accounting Dept Leader: Chen Jia

Consolidated Income Statement

January –December 2019

In RMB

Items	Notes	Year 2019	Year 2018
I. Income from the key business		4,617,833,609.48	4,273,603,379.98
Incl: Business income	VII(59)	4,617,833,609.48	4,273,603,379.98
Interest income			
Insurance fee earned			
Fee and commission received			
II. Total business cost		4,465,945,132.73	4,154,422,417.05
Incl: Business cost	VII(59)	3,894,480,800.52	3,652,738,348.26
Interest expense			
Fee and commission paid			
Insurance discharge payment			
Net claim amount paid			
Net amount of withdrawal of insurance contract reserve			
Insurance policy dividend paid			
Reinsurance expenses			
Business tax and surcharge	VII(60)	29,277,675.15	24,990,775.28
Sales expense	VII(61)	150,027,579.11	140,094,628.36
Administrative expense	VII(62)	111,340,628.62	120,672,455.13
R & D costs	VII(63)	238,871,689.75	176,947,608.06
Financial expenses	VII(64)	41,946,759.58	38,978,601.96
Including: Interest expense		55,575,493.02	60,843,693.40

Interest income		3,843,501.3 5	3,924,580. 43
Add: Other income	VII(65)	35,184,562. 16	29,807,370 .80
Investment gain (“-”for loss)	VII(66)	10,10 4,462.48	4,146,009. 75
Incl: investment gains from affiliates		2,201,730.6 1	4,146,009. 75
Financial assets measured at amortized cost cease to be recognized as income		-5,785,974. 01	
Gains from currency exchange			
Net exposure hedging income			
Changing income of fair value			
Credit impairment loss	VII(69)	-1,952,722. 82	
Impairment loss of assets	VII(70)	-1,802,337. 51	-9,489,173 .42
Assets disposal income	VII(71)	67,716.58	-1,352,213 .50
III. Operational profit (“-”for loss)		193,490,157 .64	142,292,95 6.56
Add : Non-operational income	VII(72)	9,112,680.0 0	6,511,340. 43
Less: Non-operating expense	VII(73)	5,054,329.4 8	6,151,271. 70
IV. Total profit (“-”for loss)		197,548,508 .16	142,653,02 5.29
Less: Income tax expenses	VII(74)	27,405,187. 57	3,899,244. 43
V. Net profit		170,143,320 .59	138,753,78 0.86
(I) Classification by business continuity			
1.Net continuing operating profit		170,143,320 .59	138,753,78 0.86
2.Termination of operating net profit			
(II) Classification by ownership			
1.Net profit attributable to the owners of parent company		136,862,248 .79	110,098,06 4.74
2.Minority shareholders’ equity		33,281,071. 80	28,655,716 .12
VI. Net after-tax of other comprehensive income		-209,302.13	-376,266.2 9
Net of profit of other comprehensive income attributable to owners of the parent company.		-209,302.13	-376,266.2 9
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period			
1.Re-measurement of defined benefit plans of changes in net debt or net assets			
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.			
3. Changes in the fair value of investments in other equity instruments			
4. Changes in the fair value of the company’s credit risks			
(II) Other comprehensive income that will be reclassified into profit or loss.		-209,302.13	-376,266.2 9
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.			
2. Changes in the fair value of investments in other debt obligations			
3.Gains and losses from changes in fair value available for sale financial assets			
4. Other comprehensive income arising from the reclassification of financial assets			
5.Held-to-maturity investments reclassified to gains and losses of availab			

le for sale financial assets			
6. Allowance for credit impairments in investments in other debt obligations			
7. Reserve for cash flow hedges			
8. Translation differences in currency financial statements		-209,302.13	-376,266.29
9. Other			
Net of profit of other comprehensive income attributable to Minority shareholders' equity			
VII. Total comprehensive income		169,934,018.46	138,377,514.57
Total comprehensive income attributable to the owner of the parent company		136,652,946.66	109,721,798.45
Total comprehensive income attributable minority shareholders		33,281,071.80	28,655,716.12
VIII. Earnings per share			
(I) Basic earnings per share		0.582	0.469
(II) Diluted earnings per share		0.582	0.469

Legal Representative: Zhu Jinming

Person in charge of accounting: Lu Lihua

Accounting Dept Leader: Chen Jia

Income statement of the Parent Company

January -December 2019

In RMB

Items	Notes	Year 2019	Year 2018
I. Income from the key business	XVII(4)	3,564,801,263.33	3,393,801,749.74
Incl: Business cost	XVII(4)	3,200,345,118.46	3,049,621,195.17
Business tax and surcharge		13,180,689.51	10,744,875.75
Sales expense		83,178,180.71	76,793,643.09
Administrative expense		58,389,606.53	60,174,148.18
R & D expense		116,335,184.08	84,284,478.84
Financial expenses		7,390,777.07	4,027,411.73
Including: Interest expenses		20,314,986.71	25,693,376.00
Interest income		1,881,452.08	1,836,976.28
Add: Other income		14,959,518.31	7,865,224.11
Investment gain ("-"for loss)		-1,063,058.85	
Including: investment gains from affiliates			
Financial assets measured at amortized cost cease to be recognized as income		-350,777.78	
Net exposure hedging income			
Changing income of fair value			
Credit impairment loss		914,554.96	
Impairment loss of assets			-16,388.1

			96.61
Assets disposal income		7,616,243 .75	-1,416,45 8.63
II. Operational profit ("-"for loss)		108,408,9 65.14	98,216,56 5.85
Add : Non-operational income		5,305,006 .03	3,591,084 .72
Less: Non -operational expenses		4,739,708 .46	4,066,774 .41
III. Total profit("-"for loss)		108,974,2 62.71	97,740,87 6.16
Less: Income tax expenses		10,133,49 3.58	
IV. Net profit		98,840,76 9.13	97,740,87 6.16
1.Net continuing operating profit		98,840,76 9.13	97,740,87 6.16
2.Termination of operating net profit			
V. Net after-tax of other comprehensive income			
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period			
1.Re-measurement of defined benefit plans of changes in net debt or net as sets			
2.Other comprehensive income under the equity method investee can not b e reclassified into profit or loss.			
3. Changes in the fair value of investments in other equity instruments			
4. Changes in the fair value of the company's credit risks			
(II)Other comprehensive income that will be reclassified into profit or loss.			
1.Other comprehensive income under the equity method investee can be re classified into profit or loss.			
2. Changes in the fair value of investments in other debt obligations			
3.Gains and losses from changes in fair value available for sale financial as sets			
4. Other comprehensive income arising from the reclassification of financial assets			
5.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets			
6. Allowance for credit impairments in investments in other debt obligations			
7. Reserve for cash flow hedges			
8.Translation differences in currency financial statements			
9.Other			
VI. Total comprehensive income		98,840,76 9.13	97,740,87 6.16
VII. Earnings per share			
(I) Basic earnings per share			
(II)Diluted earnings per share			

Legal Representative: Zhu Jinming

Person in charge of accounting: Lu Lihua

Accounting Dept Leader: Chen Jia

Consolidated Cash flow statement

January-December 2019

In RMB

Items	Notes	Year 2019	Year 2018
I.Cash flows from operating activities			

Cash received from sales of goods or rendering of services		3,126,700,530.07	3,046,251,973.21
Net increase of customer deposits and capital kept for brother company			
Net increase of loans from central bank			
Net increase of inter-bank loans from other financial bodies			
Cash received against original insurance contract			
Net cash received from reinsurance business			
Net increase of client deposit and investment			
Cash received from interest, commission charge and commission			
Net increase of inter-bank fund received			
Net increase of repurchasing business			
Net cash received by agent in securities trading			
Tax returned		101,212,013.09	131,866,360.94
Other cash received from business operation		48,535,920.88	77,058,960.08
Sub-total of cash inflow		3,276,448,464.04	3,255,177,294.23
Cash paid for purchasing of merchandise and services		2,074,383,346.35	2,313,518,213.58
Net increase of client trade and advance			
Net increase of savings in central bank and brother company			
Cash paid for original contract claim			
Net increase in financial assets held for trading purposes			
Net increase for Outgoing call loan			
Cash paid for interest, processing fee and commission			
Cash paid to staffs or paid for staffs		417,649,888.60	386,264,295.85
Taxes paid		106,177,736.26	76,299,143.75
Other cash paid for business activities		272,872,529.78	263,279,842.05
Sub-total of cash outflow from business activities		2,871,083,500.99	3,039,361,495.23
Net cash generated from /used in operating activities		405,364,963.05	215,815,799.00
II. Cash flow generated by investing			
Cash received from investment retrieving		27,937,900.00	
Cash received as investment gains		400.00	
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		248,281.39	137,502.90
Net cash received from disposal of subsidiaries or other operational units		87,718.93	
Other investment-related cash received			
Sub-total of cash inflow due to investment activities		28,274,300.32	137,502.90
Cash paid for construction of fixed assets, intangible assets and other long-term assets		53,893,486.58	60,449,430.80
Cash paid as investment			
Net increase of loan against pledge			
Net cash received from subsidiaries and other operational units			
Other cash paid for investment activities			
Sub-total of cash outflow due to investment activities		53,893,486.58	60,449,430.80
Net cash flow generated by investment		-25,619,186.26	-60,311,927.90

III. Cash flow generated by financing			
Cash received as investment			
Including: Cash received as investment from minor shareholders			
Cash received as loans		904,446,259.95	1,167,464,697.37
Other financing –related cash received			
Sub-total of cash inflow from financing activities		904,446,259.95	1,167,464,697.37
Cash to repay debts		1,277,932,181.16	1,181,883,680.62
Cash paid as dividend, profit, or interests		115,558,640.63	66,584,892.17
Including: Dividend and profit paid by subsidiaries to minor shareholders			
Other cash paid for financing activities			
Sub-total of cash outflow due to financing activities		1,393,490,821.79	1,248,468,572.79
Net cash flow generated by financing		-489,044,561.84	-81,003,875.42
IV. Influence of exchange rate alternation on cash and cash equivalents		-2,366,597.08	3,067,854.71
V. Net increase of cash and cash equivalents		-111,665,382.13	77,567,850.39
Add: balance of cash and cash equivalents at the beginning of term		618,949,912.09	541,382,061.70
VI. Balance of cash and cash equivalents at the end of term		507,284,529.96	618,949,912.09

Legal Representative: Zhu Jinming

Person in charge of accounting: Lu Lihua

Accounting Dept Leader: Chen Jia

Cash flow statement of the parent Company
January –December 2019

In RMB

Items	Notes	Year 2019	Year 2018
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		2,611,927,644.76	2,479,730,646.03
Tax returned		99,213,813.09	125,791,760.94
Other cash received from business operation		19,229,705.18	41,394,430.83
Sub-total of cash inflow		2,730,371,163.03	2,646,916,837.80
Cash paid for purchasing of merchandise and services		2,043,282,243.13	2,142,746,723.75
Cash paid to staffs or paid for staffs		174,247,703.95	155,305,369.50
Taxes paid		30,736,289.99	17,135,283.03
Other cash paid for business activities		161,088,606.67	155,524,201.59
Sub-total of cash outflow from business activities		2,409,354,843.74	2,470,711,577.87
Net cash generated from /used in operating activities		321,016,319.29	176,205,259.93
II. Cash flow generated by investing			
Cash received from investment retrieving			
Cash received as investment gains			
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		197,681.39	135,632.90
Net cash received from disposal of subsidiaries or other operational units		87,718.93	
Other investment-related cash received			
Sub-total of cash inflow due to investment activities		285,400.32	135,632.90

Cash paid for construction of fixed assets, intangible assets and other long-term assets		13,450,770.06	598,140.62
Cash paid as investment		800,000.00	60,000,000.00
Net cash received from subsidiaries and other operational units			
Other cash paid for investment activities			
Sub-total of cash outflow due to investment activities		14,250,770.06	60,598,140.62
Net cash flow generated by investment		-13,965,369.74	-60,462,507.72
III. Cash flow generated by financing			
Cash received as investment			
Cash received as loans		326,843,000.00	624,618,600.00
Other financing –related cash received			
Sub-total of cash inflow from financing activities		326,843,000.00	624,618,600.00
Cash to repay debts		628,607,500.00	694,370,260.00
Cash paid as dividend, profit, or interests		79,164,070.04	26,201,263.50
Other cash paid for financing activities			
Sub-total of cash outflow due to financing activities		707,771,570.04	720,571,523.50
Net cash flow generated by financing		-380,928,570.04	-95,952,923.50
IV. Influence of exchange rate alternation on cash and cash equivalents		-2,160,736.20	3,444,121.00
V. Net increase of cash and cash equivalents		-76,038,356.69	23,233,949.71
Add: balance of cash and cash equivalents at the beginning of term		334,531,503.68	311,297,553.97
VI. Balance of cash and cash equivalents at the end of term		258,493,146.99	334,531,503.68

Legal Representative: Zhu Jinming

Person in charge of accounting: Lu Lihua

Accounting Dept Leader: Chen Jia

Consolidated Statement on Change in Owners' Equity

January-December 2019

In RMB

Items	Year 2019													Minor shareholders' equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company											Subtotal			
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit		Other		
	Preferred stock	Sustainable debt	Other												
I. Balance at the end of last year	235,000,000.00				190,111,836.26		419,880.71		65,031,044.33		766,334,820.54		1,256,897,581.84	293,323,731.87	1,550,221,313.71
Add: Change of accounting policy									-264,358.85		-1,844,355.37		-2,108,714.22	413,218.29	-1,695,495.93
Correcting of previous errors															
Merger of entities under common control															
Other															
II. Balance at the beginning of current year	235,000,000.00				190,111,836.26		419,880.71		64,766,685.48		764,490,465.17		1,254,788,867.62	293,736,950.16	1,548,525,817.78
III. Changed in the current year							-209,302.13		9,884,076.91		68,228,171.88		77,902,946.66	33,281,071.80	111,184,018.46
(1) Total comprehensive income							-209,302.13				136,862,248.79		136,652,946.66	33,281,071.80	169,934,018.46

2019 Annual Report

(II) Investment or decreasing of capital by owners																		
1. Ordinary Shares investe d by sharehold ers																		
2. Holders of other equity i nstruments in vested capital																		
3. Amount of shares paid and accounted as owners' equity																		
4. Other																		
(III) Profit allotment									9,884, 076.9 1		-68,634,0 76.91		-58,750,000 .00					-58,750,000.00
1.Providing of surplus reserves									9,884, 076.9 1		-9,884,07 6.91							
2.Providing of common risk provisions																		
3. Allotment to the owners (or shareholders)																		
4. Other																		
(IV) Internal transferring of owners' equity																		
1. Capitalizing of capital reserves (or to																		

2019 Annual Report

capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by surplus reserves.															
4. Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings															
6. Other															
(V). Special reserves															
1. Provided this year															
2. Used this term															
(VI) Other															
IV. Balance at the end of this term	235,000,000.00				190,111,836.26		210,578.58		74,650,762.39		832,718,637.05		1,332,691,814.28	327,018,021.96	1,659,709,836.24

Items	Year 2018													
	Owner's equity Attributable to the Parent Company												Minor shareholders	Total of owners' equity

2019 Annual Report

	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Comm on risk provision	Retained profit	Other	Subtotal	' equity	
		Preferr ed stock	Sustainable debt	Other											
I.Balance at the end of last year	235,000.00.00				190,111.836.26		796,147.00		55,256,956.71		666,010,843.42		1,147,175,783.39	264,668,015.75	1,411,843,799.14
Add:															
Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II.Balance at the beginning of current year	235,000.00.00				190,111.836.26		796,147.00		55,256,956.71		666,010,843.42		1,147,175,783.39	264,668,015.75	1,411,843,799.14
III.Changed in the current year							-376,266.29		9,774,087.62		100,323,977.12		109,721,798.45	28,655,716.12	138,377,514.57
(I) Total comprehensive income							-376,266.29				110,098,064.74		109,721,798.45	28,655,716.12	138,377,514.57
(II) Investment or decreasing of capital by owners															

1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity															
4. Other															
(III) Profit allotment									9,774,087.62		-9,774,087.62				
1. Providing of surplus reserves									9,774,087.62		-9,774,087.62				
2. Providing of common risk provisions															
3. Allotment to the owners (or shareholders)															
4. Other															
(IV) Internal transferring of owners' equity															
1. Capitalizing of capital reserves (or															

to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by surplus reserves.															
4. Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings															
6. Other															
(V). Special reserves															
1. Provided this year															
2. Used this term															
(VI) Other															
IV. Balance at the end of this term	235,000,000.00				190,111.836.26		419,880.71		65,031,044.33		766,334,820.54		1,256,897,581.84	293,323,731.87	1,550,221,313.71

Legal Representative: Zhu Jinming

Person in charge of accounting: Lu Lihua

Accounting Dept Leader: Chen Jia

Statement of change in owner's Equity of the Parent Company

January-December 2019

In RMB

Items	Year 2019										
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Total of owners' equity
		Preferred stock	Sustainable debt	Other							
I. Balance at the end of last year	235,000,000.00				90,801,937.51				65,031,044.33	405,695,935.94	796,528,917.78
Add: Change of accounting policy									-264,358.85	-2,379,229.66	-2,643,588.51
Correcting of previous errors											
Other											
II. Balance at the beginning of current year	235,000,000.00				90,801,937.51				64,766,685.48	403,316,706.28	793,885,329.27
III. Changed in the current year									9,884,076.91	30,206,692.22	40,090,769.13
(I) Total comprehensive income										98,840,769.13	98,840,769.13
(II) Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											

2019 Annual Report

3.Amount of shares paid and accounted as owners' equity											
4. Other											
(III) Profit allotment									9,884,076.91	-68,634,076.91	-58,750,000.00
1.Providing of surplus reserves									9,884,076.91	-9,884,076.91	
2. Allotment to the owners (or shareholders)										-58,750,000.00	-58,750,000.00
3. Other											
(IV) Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4.Change amount of defined benefit plans that carry forward Retained earnings											
5. Other comprehensive income carry-over retained earnings											
6. Other											
(V) Special reserves											
1. Provided this year											
2. Used this term											
(VI) Other											
IV. Balance at the end of this term	235,000,000.00				90,801,937.51				74,650,762.39	433,523,398.50	833,976,098.40

Items	Year 2018										
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Total of owners' equity
		Preferred stock	Sustainable debt	Other							
I.Balance at the end of last year	235,000,000				90,801,937.51				55,256,956.	317,729,147.4	698,788,041.6

2019 Annual Report

	.00								71	0	2
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II. Balance at the beginning of current year	235,000,000.00				90,801,937.51				55,256,956.71	317,729,147.40	698,788,041.62
III. Changed in the current year									9,774,087.62	87,966,788.54	97,740,876.16
(I) Total comprehensive income										97,740,876.16	97,740,876.16
(II) Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3. Amount of shares paid and accounted as owners' equity											
4. Other											
(III) Profit allotment									9,774,087.62	-9,774,087.62	
1. Providing of surplus reserves									9,774,087.62	-9,774,087.62	
2. Allotment to the owners (or shareholders)											
3. Other											
(IV) Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4. Change amount of defined benefit plans that carry forward Retained earnings											

2019 Annual Report

5. Other comprehensive income carry-over retained earnings											
6. Other											
(V) Special reserves											
1. Provided this year											
2. Used this term											
(VI) Other											
IV. Balance at the end of this term	235,000,000.00				90,801,937.51				65,031,044.33	405,695,935.94	796,528,917.78

Legal Representative: Zhu Jinming

Person in charge of accounting: Lu Lihua

Accounting Dept Leader: Chen Jia

III. Basic Information of the Company

1. Company profile

Applicable Not applicable

1. Enterprise registration address, organization mode and headquarter address.

Huangshi Dongbei Electrical Appliance Co., Ltd. (hereinafter referred to as the "Company" or the "Company") March 10, 1999 registered in Hubei Province Administration for Industry and Commerce, on July 15, 1999 are traded on the Shanghai Stock Exchange. As of December 31, 2018, Companies registered capital of RMB 235 million, equity amounted to 235 million shares, par value of 1 yuan. by Huangshi Dongbei Electromechanical Group Co., Ltd., Changzhou Zhongke Electrical Manufacturing Co., Ltd., Changshu Tianyin Electromechanical Co., Ltd., Zhejiang Lisheng Electromechanical Manufacturing Co., Ltd., Shaoxing Xingbei Pressing Co., Ltd., Wuhan Xinhua Pressing Co., Ltd. six promoters hold.

Registered Address: No.6, Jinshan East Road, Economic & Technology Development Zone, Huangshi City, Hubei Province.

Unified social credit code : 91420000710920880L

Registered Capital : RMB 235 million

Legal Representative: Zhu Jinming

II. The nature of the company's business and main business activities.

The company's main business for refrigeration compressors, compressor motor production and sales. Major customers for refrigerators, freezers and other refrigeration products manufacturer.

Business scope: Production and sales of refrigeration compressors and compressor motors; development, production and consultation of high-tech products; sales of compressor parts and components; leasing of personal property and real estate; providing of high-tech product inspection and test & inspection services; warehousing services. (Projects that are subject to approval according to the law can only be carried out after approval by the relevant department)

2. Consolidated financial statements

Applicable Not applicable

The company will be fully owned subsidiary included in the consolidated financial statements, including Wuhu Abaur Mechanical & Electrical Co., Ltd., Huangshi Dongbei Foundry Co., Ltd., Dongbei Electromechanical (Jiangsu) Co., Ltd., Dongbei(Wuhan) Technology Innovation Co., Ltd., Alashankou Dongbei Clean Energy Co., Ltd. and ,Dongbei International Trade Co., Ltd.

IV. Basis for the preparation of financial statements

1. Basis for the preparation

The preparation of financial statements of the company based on continuous operation. Base on actual transactions and events occurring, according to the ministry of finance issued "Accounting Standards for Enterprises - Basic Standards" specific accounting standards, application guidelines of accounting

standards which was promulgated after, accounting standards interpretation and other requirements (hereafter named “Enterprise Accounting Standard”), based on the significant accounting policies described below, and will have the preparation to the accounting estimation.

2. Continuous operation.

Applicable Not applicable

The Company since 12 months after the reporting period does not exist on the company's continued viability of significant concern events or circumstances.

V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates tips:

Applicable Not applicable

1. Statement for complying with the accounting standard

The financial statements prepared by the Company comply with the requirements of corporate accounting standards. They truly and completely reflect the financial situations, operating results and other relevant information of the company.

2. Fiscal Year

The Company adopts the Gregorian calendar year commencing on January 1 and ending on December 31 as the fiscal year.

3. Operating cycle

Applicable Not applicable

The company has a 12 -month operating cycle, and its assets and liabilities as liquidity criteria for the classification.

4. Standard currency for bookkeeping

The Company takes RMB as the standard currency for bookkeeping.

5. Accounting treatment for corporate merger under the same control or different control

Applicable Not applicable

1. corporate merger under the same control

For the merger of enterprises under the same control, if the consideration of the merging is that it makes payment in cash, transfers non-cash assets or bears its liabilities, we will, on the date of merger, regard the share of the book value of the merged party's net assets in its owner's consolidated financial statement as the initial cost of the long-term equity investment. If the consideration of the merging party is that it issues equity instruments, the total face value of stocks issued will be regarded as the capital stock. The difference between the initial cost of the long-term equity investment and book value of consideration (or the face value of stocks issued) shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

2. corporate merger under different control

For the merger under different control, the merger cost is the total fair value of the assets paid, liability incurred or bore, and equity securities issued by the merging party to acquire the control right of the merged party on the date of merger. Acquired identifiable asset, liability or contingent assets that

conform to conditions will be calculated by fair value on the date of merger. The balance of the merger cost over the merged party's fair value of identifiable net asset usually accounts for the value of goodwill. If the merger cost is lower than the merged party's fair value of identifiable net asset, and remains so after review, the balance accounts for the non-operating revenue.

6. Preparation of consolidated financial statement

Applicable Not applicable

1. Scope of consolidated financial statement

We include all subsidiaries (including independent entity under our control) into the scope of consolidated statement, including enterprises under our control, separable parts of investment recipients and structure entity.

2. Unify the accounting policies, balance sheet and accounting period of parent company and subsidiaries.

Subsidiaries and the company adopted accounting policies or be inconsistent in the accounting period, in preparing Consolidation financial statements, in accordance with the company accounting policies or has the necessary adjustments to financial statements of the subsidiary during the accounting period.

3. Offset items in consolidated financial statement

Based on the balance sheet of parent company and subsidiaries, the consolidated financial statement already offsets internal transaction between the parent company and subsidiaries or between subsidiaries. The owners' equity of subsidiaries that does not belong to the share of the parent company, as the equity of minority shareholders, will be listed as the "Minority Shareholder Equity" under the item "owners' equity" in the consolidated balance sheet. Long-term equity investment of the parent company held by the subsidiary will be regarded as the treasury stock of the business group, and as the deduction item of owners' equity, will be listed as "deduction: treasury stock" under the item "owners' equity" in the consolidated balance sheet.

4. Accounting treatment of merged subsidiaries

For subsidiary obtained by merger under the same control, it is regarded that the merger already happens when the final controller begin the real-time control, its asset, liability, record of performance and cash flow will be included in the consolidated financial statement since the beginning of merger period; for the subsidiary obtained by merger under different control, when preparing the consolidated financial statement, individual financial sheets need to be adjusted on the basis of the fair value of identifiable net asset on the day of merger.

5. Accounting treatment for disposal of subsidiaries

In case of partial disposal of long-term equity investment in subsidiaries without loss of control rights, in the consolidated financial statements, the difference between the disposal price and the share of net assets of the subsidiaries calculated continuously from the date of purchase or the date of consolidation shall be enjoyed, and the capital reserve (capital premium or equity premium) shall be adjusted. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

If the control right of the investee is lost due to the disposal of some equity investments and other reasons, the remaining equity shall be re-measured according to its fair value on the date of loss of control right when the consolidated financial statements are prepared. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the share of the net assets of the original subsidiary that should be continuously calculated from the purchase date or the merger date according to the original shareholding ratio, is included in the investment income of the current period when the control right is lost, and the goodwill is offset. Other comprehensive income related to the original subsidiary's equity investment will be converted into the current investment income when the control right is lost.

7. Classification of joint arrangements and accounting treatment for joint operation

Applicable Not applicable

8. The determination standard in cash and cash equivalents

Cash and cash equivalents of the Company include cash on hand, ready usable deposits and investments having short holding term (normally will be due within three months from the day of purchase), with strong liquidity and easy to be exchanged into certain amount of cash that can be measured reliably and have low risks of change.

9. The foreign currency business and the translation of foreign currency financial statement

Applicable Not applicable

(1) The foreign currency translation services

The company with the foreign occurring currency transactions, which used the standard money by the spot exchange rate on the transaction date to enter an item in an account. The balance sheet date, For monetary items of foreign currency, the spot exchange rate at the date of balance sheet shall be used in conversion. The exchange balance due to the difference between the spot exchange rate at the date of balance sheet and the spot exchange rate at initial confirmation or at the date of previous balance sheet shall be attributed to the profit and loss of current period, except the exchange balance due to the special loans of foreign currency meeting the conditions of capitalization shall be attributed to the cost of related assets based on capitalization during the capitalization. For the non-monetary items of foreign currency measured with historical cost, still the spot exchange rate at the date of transaction shall be used, and the amount of recording currency shall not be changed. For the non-monetary items of foreign currency measured with fair value, the spot exchange rate at the date of the fair value confirmation shall be used in conversion, the difference between the amount of recording currency after conversion and that of initial recording currency is made as the change of fair value, which shall be attributed to the profit and loss of current period or confirmed as other composite income and attributed.

(2) The foreign currency financial statements

The company with the subsidiaries, joint ventures and integrated enterprises and so on, will use the different functional currency account after the conversion by the foreign currency financial statements, and will have an accounting practice and an editing to the combined financial statements.

The assets in the balance sheet and liabilities items, by using the spot exchange rate on the balance sheet date, all equity projects except the item of “Undistributed Profits”, other items were calculated by the spot exchange rate. With the income and expense items, it was determined by a systematic and rational approach, and calculated by the approximate exchange rate of the spot exchange rate to convert on the transaction date. The converting differences generated by the foreign currency financial statements, and all equity items in the balance sheet are listed separately. The foreign currency cash flows are determined in accordance with systematical and reasonable way, and calculated by the spot exchange rate on the approximate exchange rate. The impact of the changing exchange rate to the cash amount, is shown separately in the cash flow statement. In disposal of overseas operation, the conversion difference of the foreign currency statements related the overseas operation shall be transferred into the profit and loss of current period in whole or as per the ratio in disposal of the overseas operation.

10. Financial instruments

Applicable Not applicable

1. Classification and reclassification of financial instruments

Financial instruments refer to contracts that form financial assets of one party and financial liabilities or equity instruments of other parties.

(1) Financial assets

The Company classifies financial assets meet the following conditions at the same time as financial assets measured in amortized cost: ① The business mode for managing the financial assets is aimed at collecting the contract cash flow; ② The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal.

The Company classifies financial assets that meet the following conditions at the same time as financial assets that are measured at fair value and whose changes are included in other comprehensive income: ① The Company's business mode of managing financial assets aims at both receiving contractual cash flow and selling the financial assets; ② The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of unpaid principal.

For non-trading equity instrument investments, the Company can irrevocably designate them as financial assets measured at fair value and whose changes are included in other comprehensive income upon initial recognition. The designation is made on the basis of a single investment, and the relevant investment conforms to the definition of equity instruments from the perspective of the issuer.

Except for financial assets classified as financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income, the Company classifies them as financial assets measured at fair value and whose changes are included in current profits and losses. At the time of initial recognition, if accounting mismatch can be eliminated or reduced, the Company can irrevocably designate financial assets as financial assets measured at fair value and whose changes are included in current profits and losses

When the Company changes its business mode of managing financial assets, all affected related financial assets will be reclassified on the first day of the first reporting period after the change of business mode, and relevant accounting treatment will be carried out using the future applicable method from the date of self-weight classification, without retrospective adjustment of previously recognized profits, losses (including impairment losses or profits) or interests.

(2) Financial liabilities measured

Financial liabilities are classified at initial recognition as: financial liabilities measured at fair value and whose changes are included in current profits and losses; Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets; Financial guarantee contracts that do not belong to the first two situations, and loan commitments that do not belong to the first situation and lend at a lower than market interest rate; Financial liabilities measured in amortized cost. All financial liabilities are not reclassified.

2. Financial instrument

The initial recognition of the Company's financial instruments is measured at fair value. For financial assets and financial liabilities measured at fair value and whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses; For other types of financial assets or financial liabilities, relevant transaction costs are included in the initial recognition amount. Accounts receivable or notes receivable arising from the sale of products or the provision of labor services that do not include or take into account significant financing components are initially recognized by the Company in accordance with the amount of consideration that the Company is expected to be entitled to receive. Subsequent measurement of financial instruments depends on their classification.

(1) Financial assets

① Financial assets measured at amortized cost. After initial confirmation, such financial assets are measured in amortized cost by the effective interest rate method. Gains or losses arising from financial assets measured in amortized cost that are any hedging relationship are included in current profits and losses when derecognition, reclassification, amortization according to the effective interest rate method, or impairment recognition.

② Financial assets measured at fair value and changes included in current profits and losses. After initial recognition, such financial assets (except for some financial assets belonging to hedging relationship) are subsequently measured at fair value, and the resulting gains or losses (including interest and dividend income) are included in the current profits and losses.

③ Investment in debt instruments measured at fair value, whose changes are included in other comprehensive income After initial recognition, the fair value of such financial assets is subsequently measured. Interest, impairment losses or gains and exchange gains and losses calculated by the effective interest rate method are included in the current profits and losses, while other gains or losses are included in other comprehensive income. Upon termination of recognition, the accumulated gains or

losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in current profits and losses.

(2) Financial liabilities

① Financial liabilities measured at fair value, whose changes are included in current profits and losses. Such financial liabilities include trading financial liabilities (including derivatives of financial liabilities) and financial liabilities designated to be measured at fair value, whose changes are included in current profits and losses. After initial recognition, such financial liabilities are subsequently measured at fair value. Except for hedging accounting, gains or losses (including interest expenses) resulting from changes in fair value of trading financial liabilities are included in current profits and losses. For financial liabilities designated to be measured at fair value and whose changes are included in the profits and losses of the current period, the amount of changes in fair value of the financial liabilities caused by changes in the enterprise's own credit risk shall be included in other comprehensive income, and other changes in fair value shall be included in the profits and losses of the current period. If accounting mismatch in profit or loss is caused or expanded when the influence on the change of the financial liability's own credit risk is included in other comprehensive income, the Company will include all profits or losses of the financial liability in the current profit or loss.

② Financial liabilities measured in amortized cost. After initial recognition, such financial liabilities are measured by amortized cost using the effective interest rate method.

3. The Company's confirmation method for fair value of financial instruments

If there are financial instruments in active markets, their fair values shall be determined by quotations in active markets; If there are no active market financial instruments, the fair value shall be determined by valuation technology. Valuation techniques mainly include market method, income method and cost method. Under limited circumstances, if the recent information used to determine the fair value is insufficient, or the possible estimated amount of the fair value is widely distributed, and the cost represents the best estimate of the fair value within the range, the cost may represent the appropriate estimate of the fair value within the distribution range. The Company uses all information available after initial confirmation on the performance and operation of the investee to determine whether the cost represents fair value.

4. Confirmation basis and measurement method for transfer of financial assets and financial liabilities

(1) Financial assets

The Company's financial assets shall be terminated if they meet one of the following conditions: ① The contractual right to receive cash flow from the financial assets is terminated; ② The financial asset has been transferred, and the Company has transferred almost all risks and rewards on the ownership of the financial asset; ③ The financial asset has been transferred. Although the Company has neither transferred nor retained almost all remuneration for the ownership of the financial asset, it has not retained control over the financial asset.

If the Company has neither transferred nor retained almost all remuneration on the ownership of the financial asset, and has retained control over the financial asset, the relevant financial asset shall be recognized according to the extent of continuing involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

If the transfer of financial assets as a whole meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses: ① The book value of the transferred financial assets on the derecognition date; ② The sum of the consideration received due to the transfer of financial assets and the amount of the corresponding derecognized portion of the cumulative amount of changes in fair value originally directly included in other comprehensive income (the financial assets involved in the transfer are classified as financial assets measured at fair value and their changes are included in other comprehensive income).

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the overall transferred financial assets shall be apportioned between the derecognition part and the non-derecognition part according to their respective relative fair values on the transfer date, and then the difference between the following two amounts shall be included in the current profits and losses: ① The book value of the derecognition part on the derecognition date; ② The sum of the consideration received by the derecognized portion and the corresponding derecognized portion of the accumulated amount of changes in fair value originally included in other comprehensive income (financial assets involved in transfer are classified as financial assets measured at fair value and their changes are included in other comprehensive income).

(2) Financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of the financial liability (or part thereof).

If the financial liabilities (or part thereof) are terminated, the difference between their book value and the consideration paid (including the transferred non-cash assets or liabilities assumed) shall be included in the profits and losses of the current period.

11. Notes receivable

Determination Method and Accounting Method of Expected Credit Loss of Bills Receivable

Applicable Not applicable

For details, please refer to 12. Determination Method and Accounting Method of Accounts Receivable

12. Account receivable

Determination Method and Accounting Method of Expected Credit Loss of Accounts Receivable

Applicable Not applicable

① Receivables that do not contain significant financing components. For receivables that do not contain significant financing components and are formed by transactions regulated by the Accounting Standards for Business Enterprises No.14-Income, the Company adopts a simplified method, that is, the loss provision is always measured according to the expected credit loss throughout the life.

According to the nature of financial instruments, the Company assesses whether credit risks have increased significantly on the basis of individual financial assets or financial asset portfolios. The Company divides bills receivable and accounts receivable into several combinations according to the credit risk characteristics, and calculates the expected credit loss based on the combinations. The basis for determining the combinations is as follows:

1) Receivables with provision for bad debts according to individual assessment

Judgment basis according to individual assessment	Accounts receivable for recovery risks according to individual assessment are accounts receivable according to individual assessment;
Accrual method of bad debt provision based on individual assessment	If there is objective evidence that impairment loss has occurred, impairment loss shall be recognized and provision for impairment shall be made according to the difference between the present value of future cash flow and its book value.

2) Receivables with provision for bad debts by combination

Basis for determining combination	Nature and risk characteristics of funds
Notes receivable combination 1: Bank acceptance	Bills accepted by banks and other financial institutions
Notes receivable combination 2: commercial acceptance bill	Bills accepted by non-financial institutions
Account receivable combination1: related parties within the scope of group consolidation	Receivables from companies within the scope of Dongbei group consolidation
Account receivable 2: Aging	
Accrual method of bad debt provision by combination	
Notes receivable combination 1: Bank acceptance	Excluding provision for bad debts
Notes receivable combination 2: commercial acceptance bill	Expected credit loss method
Account receivable combination1: Related parties in the context of group consolidation	Excluding provision for bad debts
Account receivable 2: Aging	Expected credit loss method

For the accounts receivable divided into combinations, the Company refers to the historical credit loss experience, combines the current situation and the forecast of the future economic situation, compiles a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculates the expected credit loss.

In the combination, the expected credit loss method is adopted to accrue bad debt reserves:

Account Age	Appropriation Ratio of Receivables (%)	Appropriation Ratio of Other Receivables (%)
Within 1 year (Including 1 year)	2	2
1—2 years	5	5
2—3 years	30	30
3—4 years	60	60
Over 4 years	100	100

13. Financing receivable

Applicable Not applicable

For receivables containing significant financing components and lease receivables regulated by the Accounting Standards for Business Enterprises No.21-Leasing, the Company measures the loss reserve according to the general method, namely the "three-stage" model.

14. Other account receivable

Determination Method and Accounting Method of Expected Credit Loss of Other Receivables

Applicable Not applicable

For financial assets other than the above, such as creditor's rights investment, other creditor's rights investment, other receivables, long-term receivables other than lease receivables, etc., the Company measures the loss reserve according to the general method, namely the "three-stage" model.

The Company considered the following factors in assessing whether the credit risk increased significantly when the credit impairment of quantitative finance instruments occurred:

The Company divides other receivables into several combinations according to the nature of the funds, and calculates the expected credit loss based on the combinations. The basis for determining the combinations is as follows:

Basis for determining combination	Nature and risk characteristics of funds
Other receivables combination 1: related parties within the scope of group consolidation	Other receivables of companies within the scope of group consolidation
Other receivables combination 2: margin and deposit	The risk of recovery is relatively low for the margin and deposit paid
Other receivables combination 3: current payments	Temporary payment
Accrual method of bad debt provision by combination	
Other receivables combination 1: related parties within the scope of group consolidation	Excluding provision for bad debts
Other receivables combination 2: margin and deposit	Expected credit loss method
Other receivables combination 3: current payments	Expected credit loss method

In the combination, the expected credit loss method is adopted to accrue bad debt reserves:

Aging	Accrual proportion of other receivables (%)
Within 1 year (Including 1 year)	2
1-2 years	5
2-3 years	30
3-4 years	60
Over 4 years	100

2. Accounting method of expected credit loss

In order to reflect the changes in the credit risk of financial instruments since the initial confirmation, the Company re-measures the expected credit loss on each balance sheet date. The increase or reversal amount of the loss reserve thus formed shall be included in the current profits and losses as impairment loss or profit. According to the types of financial instruments, the book value of the financial assets listed in the balance sheet shall be offset or included in the expected liabilities (loan

commitment or financial guarantee contract) or other comprehensive income (creditor's rights investment measured at fair value and its changes included in other comprehensive income).

15. Inventories

Applicable Not applicable

(1) Category of inventories

Inventories refers to finished goods or merchandise the company holds for sale during its daily operation, work in process, materials consumed during the process of production or services etc. It mainly include raw materials, materials for cyclic use, materials for consigned processing, packaging materials, low-value consumables, work in process, self-made unfinished goods, finished goods (merchandise inventories) etc.

(2) Accounting for outgoing inventories

When the inventory is delivered, the weighted average method is adopted to determine the actual cost.

(3) Inventory and method of appropriating provisions for inventories write-down

In the date of balance sheet of assets and liabilities, the provision for depreciation of inventories shall be valued and appropriated as per the lower between the cost and net realizable value of individual inventory; but for the inventories big quantity and varieties and lower unit price, appropriated as per the type of the inventory.

(4) Inventories system

The company implements the perpetual inventories system.

(5) Amortization of low cost and short lived articles and packing

Packaging materials, low-value consumables and other materials for cyclic use are amortized by use of the one-off amortization method.

16. Asset held for sale

Applicable Not applicable

17. Creditor's Rights investment

(1) Determination Method and accounting Method of Expected Credit Loss of Creditor's Rights Investment

Applicable Not applicable

18. Other Creditor's Rights Investment

(1) Determination Method and accounting Method of Expected Credit Loss of other Creditor's Rights Investment

Applicable Not applicable

19. Long-term account receivable

(1) Determination Method and accounting Method of Expected Credit Loss of long-term receivable

Applicable Not applicable

20. Long-term equity investments

Applicable Not applicable

1. Determining initial investment cost

The initial investment cost of a long-term equity investment acquired through business combination under common control is determined at the book value of the acquired equity while in the case of business combination not under common control the combination costs is taken as the initial investment cost; The initial investment cost of a long-term equity investment acquired by cash is the paid purchasing price; For long-term equity investments acquired by issuing equity securities, the initial investment cost is the fair value of the issued equity securities; Long-term equity investment obtained through debt restructuring, the initial investment cost shall be in accordance with "Accounting Standards for Enterprises No. 12 - Debt restructuring" of the relevant provisions;

For investments acquired through exchange of non-monetary assets or debt restructuring, the initial investment cost is determined in accordance with relevant rules and regulations.

2. Subsequent measurement and recognition of profit and loss

A long-term equity investment of an investing enterprise that is able to control the invested enterprise should be calculated by the cost approach. The long-term equity investment of associated enterprise and joint venture enterprises should be calculated by the equity approach. For investing enterprise's equity investment to the associated enterprise, if part of it is held indirectly by venture capital institution, mutual foundation, trust company, investment linked insurance foundation or similar entities, no matter those entities have significant influence on this part of investment or not, the investing enterprise should calculate this part of investment by fair value and include its change in the profits and losses according to Accounting Standards for Enterprises No. 22 Recognition and Measurement of Financial Instruments, and calculate the rest part of investment by equity approach.

3. Basis for determining common control or significant influence over invested business

Having joint control over invested enterprise indicates that any activity that has significant influence on the return of a certain arrangement shall not be decided until agreed by parties sharing the control right, including the selling and buying of goods or labor service, management of financial assets, purchase and disposal of assets, R&D and financing activities. Significant influence on invested enterprise refers to holding a voting equity of 20% to 50% of invested enterprise. Or, though the voting equity accounts less than 20% but one of following conditions is met: have representative in the board of directors of similar authority of the invested enterprise; participate in the policy formulation of invested enterprise; assign management personnel for invested enterprise; invested enterprise relies on the technology or technical material of the investing enterprise; important transaction has been made with the invested enterprise.

21. Investing real estate

(1) If using the cost of metering mode:

Depreciation or amortization method

There are several types of the company's investing real estate: land use rights for lease, buildings for lease and land use rights held for transfer after value being added. The investing real estate of the company is measured at cost initially and then by use of the cost model subsequently.

The lease-out buildings among the investing real estate of the company is depreciated by use of the life averaging method. The detailed accounting policy is the same as that for fixed assets. Depreciation period follows:

Classification	Lifetime (years)	Residual value rate (%)	Annual depreciation rate (%)
House and Building	40	5	2.375

The investing real estate of the company is measured at cost initially and then by use of the cost model subsequently.

22. Fixed assets

(1) Recognition conditions

Applicable Not applicable

Fixed assets refer to as the tangible assets possessed for producing goods, providing labor, lease or management with more than one fiscal year of service life. Fixed assets are recognized when satisfying the following conditions. The economic benefits related to such fixed assets can flow into the enterprise.

The cost of such fixed assets can be measured reliably.

(2) Depreciation method

Applicable Not applicable

Classification	Depreciation method	Lifetime (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	straight-line method	10-20	5	9.5-4.75
Machinery equipments	straight-line method	5-10	5	19-9.5
Transportation equipments	straight-line method	4-8	5	23.75-11.88
Other equipments	straight-line method	3-5	5	31.67-19.00

(3) The financing leased fixed assets recognized basis, pricing and depreciation method

Applicable Not applicable

The basis for determining a fixed asset under a financing lease is that all the risks and rewards related to the ownership of the fixed asset have been transferred substantively in the lease. A fixed asset under a financing lease is valued initially at the asset's fair value or the present value of the minimum lease

payment as of the lease commencement date, whichever is lower. It is also the book entry value of the asset. For subsequent valuation of a fixed asset under a financing lease, depreciation and impairment provisions are appropriated in accordance with the depreciation policy the same as that for self-owned fixed assets.

23. Construction in progress

Applicable Not applicable

There are two categories of construction in progress in the company: self-operated construction and subcontracted-out construction. The company converts its construction in progress into fixed assets when the construction is completed for the intended use. To be eligible for the intended use, the construction in progress must satisfy one of the following conditions: The physical construction (including installation) of the fixed asset has been completed or completed substantially; Trial production or operation has been run and proved that the asset can normally operate or steadily produce qualified products, or the trial operation results show that the asset can normally work or be open for business; Expenses on the constructed fixed asset seldom or almost no longer arise; The purchased or constructed fixed asset has met or substantially matched the design or contract requirements.

24. Borrowing costs

Applicable Not applicable

(1) Recognition criteria for borrowing costs capitalization

The borrowing costs of the company, which can be directly attributed to acquisition, construction or production of capitalization eligible assets, are capitalized and counted in the cost of the relevant asset while other borrowing costs are recognized as expenses when incurred and counted in the profit and loss of a current accounting period. Capitalization eligible assets refer to fixed assets, investing real estate, inventory etc., which need to attain the intended use or sale through acquisition, construction or production activities over a long period.

(2) Calculation of capitalized amount

A capitalization period refers to the period from the commencement to the termination of the capitalization of borrowing costs, which excludes the suspension period of the borrowing costs capitalization. A capitalization suspension period means that the acquisition, construction or production is abnormally interrupted for consecutive three months so the capitalization of the borrowing costs should be suspended.

Calculation of a capitalized amount: for a special borrowing, it is determined at the interest expenses of the special borrowing arising in a current period less the interest income from the credit line balance being deposited in a bank or the income from temporary investment of the balance; for the assets using general borrowings, the capitalized amount is determined by the weighted average excess of the assets' accumulated expenses over their special borrowings multiplying the capitalization rate of the used general borrowings while the capitalization rate is determined by calculating the weighted average interest rate of general borrowings; for a borrowing at a discount or premium, the actual interest rate

method is used to determine amortization for each accounting period and adjust interest amount of each period.

The actual interest rate method is a method of calculating unextinguished discounts or premiums or interest expenses at the actual interest rate. The actual interest rate is the rate used to derive the present book value of the borrowing from discounting of the prospective cash flows arising throughout the expected duration of the borrowing.

25. Biological assets

Applicable Not applicable

26. Oil-gas assets

Applicable Not applicable

27. Right of use asset

Applicable Not applicable

28. Intangible assets

1. Valuation method, service life, impairment test

Applicable Not applicable

(1) Measurement of intangible assets

The company measures its intangible assets initially at cost. A purchased intangible asset has the actual paid price and relevant expenses as its actual cost. For the intangible assets contributed by the investors, the actual cost is the value set by the investment contract or agreement but if the contract or agreement value is not fair, the actual cost is determined at fair value. The cost of the intangible assets developed in house is the total expenses incurred to attain the intended use.

Subsequent measurements are performed on intangible assets in the following ways: for an intangible asset with a finite useful life, the company adopts the straight-line method for its amortization, and the useful life and the amortization method are reviewed at the end of each fiscal year and will be adjusted accordingly if they are different from the original estimates. Intangible assets with an indefinite useful life are not amortized but a review will be conducted so if there are concrete evidences indicating that the useful life is finite, such assets will have an estimated useful life and be amortized by use of the straight-line method.

(2) Recognition of an indefinite useful life

The company is unable to foresee the period that an intangible asset can bring the company economic benefits, or the useful life of the asset is uncertain. Such an asset can be recognized as an intangible asset with an indefinite useful life. Recognition of an indefinite useful life is based on: contractual rights or other legal rights but there are no contractual or legal provisions limiting the service life; the fact that it is impossible to determine the economic life of the intangible asset even when the conditions of the same industry or relevant experts' opinions are taken into account.

At the end of each year, the indefinite useful life of an intangible asset is reviewed upward from the level of the department that uses the asset, which conducts a basic review, to assess whether there are changes in the basis for recognizing an indefinite useful life.

2. Internal research and development

Applicable Not applicable

The expenses of an in-house R & D project during the research phase are counted in the profit and loss of a current accounting period when incurred, Those being confirmed in meeting the conditions of the intangible assets shall be transferred to the accounting of intangible assets. Specific standards for dividing the research stage and the development stage of internal research&development projects: Any ongoing planned survey stages for acquiring new technology and knowledge should be identified as the research stage, whose characteristic is planned and exploratory. Any stages where research achievement or other knowledge are applied to certain plans or designs to produce new or materially improved materials, devices and products when the commercial production is ongoing or before utilizing should be identified as the development stage, whose characteristic is pertinent and more possible to form an achievement.

29. Impairment of long-term assets

Applicable Not applicable

Long-term assets like long-term equity investment, investment real estate calculated by cost approach, fixed assets, project under construction and intangible assets who have impairment on the day of balance sheet should go through impairment test. If the impairment test result shows that the recoverable amount of the asset is lower than its book value, impairment provision shall be made according to the difference and recorded into the impairment losses.

Recoverable amount is the higher one of the net amount of fair value after deducting disposal fee and the prospective cash flow of asset. Asset impairment provision is calculated and recognized on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group which this asset belongs can be calculated. Asset group is the smallest asset mix that can produce cash inflow independently.

Goodwill separately listed in the financial statement shall be tested for impairment at least annually, regardless of whether there is any indication of impairment. During the impairment test, the book value of the goodwill is apportioned to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination. If the test result shows that the recoverable amount of the asset group or combination of asset groups that includes the allocated goodwill is lower than its book value, it shall recognize the corresponding impairment loss. The amount of impairment loss is first set off against the book value of the goodwill allocated to the asset group or group of asset groups, and then is proportionately set off against the book value of other assets other than the goodwill in the asset group or group of asset groups.

Once the above asset impairment loss is confirmed, the value restored part will not be reversed thereafter.

30. Amortization method of long-term deferred expenses

Applicable Not applicable

The long-term expenses to be amortized of the company refer to all the expenses paid but the benefiting period of which is over one year (not including one year). They are mainly parking fee, housing decoration expenses etc. The long-term expenses to be amortized are amortized over the benefiting period of expense items. For the long-term expenses to be amortized that cannot be benefiting in future accounting periods, the amortized value of the expense items are all counted in the profit and loss of a current accounting period.

31. Payroll

(1) Accounting treatment of short-term compensation

Applicable Not applicable

During the accounting period of an employee providing services to the company, the short-term compensation is recognized as liabilities, and included in the profits and losses of the current period, except that it is required or allowed by the accounting standards to be included in the asset cost. Welfare expenses for the employees will be included in the profits and losses or related asset cost according to the actual amount. If the welfare expense is nonmonetary, it will be calculated according to the fair value. For social insurances like medical insurance, work injury insurance, maternity insurance and housing accumulation fund paid by the company for employees, as well as labor union expenditure and employee education expenses drawn according to stipulation, during the accounting period of an employee providing services to the company, the corresponding employee compensation will be recognized according to stipulated base and proportion, and corresponding liabilities will be recognized and included into the profits and losses of current period or related asset cost.

(2) Accounting treatment of the welfare after demission

Applicable Not applicable

During the accounting period of an employee providing services to the company, the payable amount calculated according to Defined Contribution Plan is recognized as the liabilities, and will be included in the profits and losses of the current period or related asset cost. The formula defined through prospective accumulated unit-of-welfare approach will regard the welfare obligation produced by Defined Benefit Plan as the period of employee providing services, and include it into the profits and losses of the current period or related asset cost.

(3) Accounting treatment of the demission welfare

Applicable Not applicable

When the Company provides dismiss welfare for the employee, it should recognize the employee compensation liabilities produced by dismiss welfare on the earlier of the following two dates: when the enterprise cannot withdraw the dismiss welfare provided by labor relationship plan or redundancy proposal; when the enterprise recognizes the cost or fee related to reorganization involving paying dismiss welfare.

(4) Accounting treatment of the welfare of other long-term staffs

Applicable Not applicable

Other long-term employee welfare provided by the Company to employees, if meeting Defined Contribution Plan conditions, should be treated according to related stipulations of Defined Contribution Plan. Besides, the net liability or net asset of the other long-term employee welfare should be recognized and calculated according to related stipulations of Defined Benefit Plan.

32. Lease liabilities

Applicable Not applicable

33. Estimated liabilities

Applicable Not applicable

34. Share-based payment

Applicable Not applicable

35. Other financial instruments such as preferred shares and perpetual capital securities

Applicable Not applicable

36. Revenue

Applicable Not applicable

(1) Sales of Goods

Goods sales revenues are recognized according to the contractual or agreement price received or receivable from the purchasing party when the Goods the company sells satisfy the following conditions:

- ① the main risks and rewards of the ownership of Goods have been transferred to the purchasing party;
- ② the company neither reserves the continuing control right related to the ownership nor exert effective control over the sold merchandise;
- ③ the received amount can be measured reliably;
- ④ the relevant economic benefits are probable to flow into the company;
- ⑤ and the relevant costs incurred or to be incurred can be measured reliably.

The detailed principles for the recognition of revenue from selling goods are: ① the goods have been delivered by the Company, installed and verified by the purchaser, the amount of revenue is already confirmed, the payment for goods has been received or is anticipated to be recoverable, and the cost can be measured reliably; ② the goods have been delivered by the Company, verified, signed and received by the purchaser, the amount of revenue is already confirmed, the payment for goods has been or is anticipated to be recoverable, and the cost can be measured reliably; ③ for revenue from exporting goods, the Company have gone through declaration procedures according to requirements in the contract signed with client and the order, the amount of revenue is already confirmed, the payment for goods has been received or is anticipated to be recoverable, and the cost can be measured reliably.

(2) Alienation of asset use rights

The company recognizes the revenues from alienation of asset use rights when the economic benefits related to the alienation can flow in and the received amount can be measured reliably.

37. Government subsidies

Applicable Not applicable

1. Types of government subsidies and accounting treatment

Government subsidies refer to the monetary assets or non-monetary assets acquired by the Company free of charge from the government (but excluding the capital invested by the government as the owner). Where government subsidies are monetary assets, they are measured at the amount receivable or received. If a government subsidy is a non-monetary asset, it shall be measured at its fair value. If its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount.

Government subsidies related to routine activities are included in other income by nature of economic business. Government subsidies irrelevant to routine activities shall be included into the non-operating receipt and disbursement.

Government subsidies for the procurement and construction or formation of long-term assets in other manners specified in government documents are recognized as asset-related government subsidies. Where the government documents do not specify the object of the subsidy, and the subsidy can form long-term assets, the part of the government subsidy corresponding to the value of the assets shall be regarded as the government subsidy related to the assets, and the rest shall be regarded as the government subsidy related to the income; where it is difficult to be distinguished, government subsidies as a whole are treated as income-related government subsidies. Asset-related government subsidies are recognized as deferred income. The amount recognized as deferred income shall be recorded in the current profits or losses in a reasonable and systematic way within the service life of the relevant assets.

Except the government subsidies pertinent to assets, other government subsidies shall be determined as government subsidies pertinent to gains. Where government subsidies related to income are used to compensate for relevant expenses or losses of the enterprise in subsequent periods, such subsidies shall be recognized as deferred income and shall be included in the profits and losses of the current period during the period in which relevant expenses are recognized; where it is used to compensate the relevant expenses or losses incurred by the enterprise, it shall be directly included in the current profits and losses.

Where the Company obtains policy-oriented preferential loan with discounted interest, and the finance allocates interest subsidy funds to a lending banks that serves a loan to the Company at a policy-based preferential rate, the actual debit amount received shall be seen as the entry value of loan and relevant loan costs shall be worked out pursuant to the loan principal and the policy-based preferential rate; where the finance directly allocates interest subsidy funds to the Company, corresponding interest subsidies shall offset relevant loan costs.

2. Recognition time of government subsidies

Governmental subsidy is recognized when the attached conditions for governmental subsidy are met and it can be received. The government subsidies measured at amounts receivable will be recognized at the end of a period when there is conclusive evidence indicating that the government subsidies can meet the relevant conditions stipulated by the financial support policy and be expected to receive the financial support funds. Other government subsidies except the government subsidies measured at amounts receivable will be recognized when subsidies are actually received.

38. Deferred income tax assets/deferred income tax liabilities

Applicable Not applicable

(1) Based on the difference between the book value of assets and liabilities and the taxable base (for items not recognized as assets or liabilities while their taxable base can be determined in accordance with the provisions of the tax law, the taxable base is the difference), the company calculates and recognizes deferred income tax assets or liabilities at the tax rate applicable when it is time to recover the assets or liquidate the liabilities.

(2) Deferred income tax assets are recognized to the limit of taxable income, which can be achieved probably and be utilized to offset deductible temporary differences. If there are concrete evidences indicating that sufficient taxable income can be achieved probably in a future period to offset deductible temporary differences as of the balance sheet date, then the company will recognize the deferred income tax asset that were not recognized in a previous period. If not, the company will write down the book value of deferred income tax assets.

(3) For the deductible temporary differences related to the investments on the subsidiaries and associate enterprises, deferred income tax liabilities are recognized unless the company can control the reversal time of the temporary differences and such differences probably will not be reversed in the foreseeable future. Deferred income tax assets will be recognized for the deductible temporary differences related to the investments on the subsidiaries and associate enterprises when such differences can be reversed probably in the foreseeable future and it is probable to achieve taxable income in the future, which can be utilized to offset the deductible temporary differences.

39. Lease

1.Accounting treatment of operating lease

Applicable Not applicable

Payments made under operating leases straight-line basis over the lease term costs related assets or profit or loss.

2.Accounting treatments of financial lease

Applicable Not applicable

The lower of the fair value of leased asset and the current value of lowest lease payment will be regarded as the entry value of leased assets. The difference between the entry value of the leased assets and the lowest lease payment will be regarded as the unsettled financing expense and be amortized by real interest method. The balance of the lowest lease payment deducting unsettled financing expense will be listed as long-term payables.

3.Determination Method and Accounting Method of Leasing under New Leasing Standards

ApplicableNot applicable

40. Other significant accounting policies and estimates

ApplicableNot applicable

41. Significant change of accounting policies and estimates

(1) Change of accounting policies

√ Applicable □ Not applicable

Changes in Accounting Policies and Causes	Approval procedure	Remarks (name and amount of significantly affected report item)
In 2017, the Ministry of Finance issued revised Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets, Accounting Standards for Business Enterprises No.24-Hedge Accounting and Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (the above four standards are collectively referred to as "New Financial Instrument Standards").		See other instructions for details
In April 2019, the Ministry of Finance issued the Notice on Revising and Issuing the Format of General Enterprise Financial Statements for 2019 (CK [2019] No.6) (hereinafter referred to as "Financial Statement Format"), and enterprises implementing the Accounting Standards for Enterprises shall prepare financial statements in accordance with the Accounting Standards for Enterprises and the requirements of the Notice.		See other instructions for details

Other notes

1. Impact of implementing new financial instrument standards

Consolidated statement items	December 31,2018	Amount	January 1,2019
Assets:	1,949,411,781.51	383,634,478.45	2,333,046,259.96
Notes receivable	799,264,334.89	383,501,656.65	1,182,765,991.54
Account receivable	1,149,029,532.12	117,616.97	1,149,147,149.09
Deferred income tax asset	1,117,914.50	15,204.83	1,133,119.33
Liabilities:	1,089,852,132.30	385,329,974.38	1,475,182,106.68
Short-term loans	838,409,676.75	104,966,249.74	943,375,926.49
Interest payable	747,455.55	-747,455.55	
Other current liability		280,706,256.45	280,706,256.45
Long-term loan	250,695,000.00	404,923.74	251,099,923.74
Owners' equity	1,124,689,596.74	-1,695,495.93	1,122,994,100.81
Surplus reserves	65,031,044.33	-264,358.85	64,766,685.48
Retained profit	766,334,820.54	-1,844,355.37	764,490,465.17
Minority shareholders' equity	293,323,731.87	413,218.29	293,736,950.16

Statement ites of Parent Company	December 31,2018	Amount	January 1,2019
Assets:	1,328,972,276.61	237,161,633.67	1,566,133,910.28
Notes receivable	480,715,352.78	237,044,016.70	717,759,369.48
Account receivable	848,256,923.83	117,616.97	848,374,540.80
Liabilities:	388,731,083.33	239,805,222.18	628,536,305.51
Short-term loan	388,632,000.00	19,748,305.55	408,380,305.55
Interest payable	99,083.33	-99,083.33	
Other current liabilities		220,155,999.96	220,155,999.96
Owners' equity	470,726,980.27	-2,643,588.51	468,083,391.76

Surplus reserves	65,031,044.33	-264,358.85	64,766,685.48
Retained profit	405,695,935.94	-2,379,229.66	403,316,706.28

The Company retroactively adjusts the classification and measurement (including impairment) of financial instruments according to the provisions of the new financial instrument standard, and includes the difference between the original book value of financial instruments and the new book value on the implementation date of the new financial instrument standard (i.e. January 1, 2019) into retained earnings or other comprehensive income at the beginning of 2019.

(2) Impact of implementation of revised financial statement format

According to the requirements of the format of financial statements, except for the presentation changes arising from the implementation of the above new financial instrument standards, the Company will split "notes receivable and accounts receivable" into "notes receivable" and "accounts receivable" and split "notes payable and accounts payable" into "notes payable" and "accounts payable". The Company adjusted the comparative period statement retroactively accordingly, and the change of accounting policy has no impact on the consolidation, net profit of the Company and shareholders' equity.

(2) Change of main accounting estimates

Applicable Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Financial Instruments, Revenue or Leases from year 2019

Applicable Not applicable

(4) Retrospective Restatement of Previous Comparative Data due to the First Execution of any New Standards Governing Financial Instruments or Leases from year 2019

Applicable Not applicable

42. Other

Applicable Not applicable

VI. Taxation

1. Main taxes and tax rate

Applicable Not applicable

Category of taxes	Tax basis	Tax rate
VAT	By the difference between the output tax less deductible VAT input provision and pay	6%、9%、10%、13%、16%
Consumption tax		
Business tax		
Tax for city maintenance and construction:	Should be accounted and paid according to 7% of the payable current taxes.	7%
Enterprise income tax	Should be accounted and paid according of payable	15%、25%

	income tax.	
--	-------------	--

Note 1: According to the provisions of the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Deepening the Relevant Policies of Value-added Tax Reform (Announcement No.39 of 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs), if the company has taxable sales of value-added tax or imported goods since April 1, 2019, the tax rates shall be adjusted to 13% and 9% respectively for those with the original tax rate of 16% and 10%

Note 2: Wholly owned subsidiary of Dongbei International Trade Co., Ltd. registered in the British Virgin Islands, no tax liability.

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

Applicable Not applicable

2. Tax preference

Applicable Not applicable

(1)VAT

The company exports products to implement value-added tax "exemption, credit, refund" policy, our products export tax rebate rate of 16%, 13%.

(2) Enterprise income tax

The company and its subsidiaries Wuhu Abaur Mechanical & Electrical Co.,Ltd.and Huangshi Dongbei Foundry Co., Ltd. reviewed by the relevant departments, have been identified as high-tech enterprises, the current corporate income tax rate is 15%.

3.Other

ApplicableNot applicable

VII. Notes on major items in consolidated financial statements

1. Monetary funds

Applicable Not applicable

In RMB

Items	Closing balance	Opening balance
Cash on hand	185.59	2,338.00
Bank deposit	393,337,804.82	534,614,504.12
Other monetary funds	210,187,591.21	169,904,996.34
Total	603,525,581.62	704,521,838.46
Including: The total amount of deposit abroad	10,621,170.94	20,893,487.60

2. Transactional financial assets

ApplicableNot applicable

3. Derivative financial assets

Applicable Not applicable

4.Notes receivable

(1)Notes receivable listed by category

ApplicableNot applicable

In RMB

Items	Closing balance	Opening balance
Bank acceptance;	866,411,051.80	999,078,519.05
Trade acceptance receivable	131,037,139.03	187,436,196.42

Less: Bad debt reserves	-2,620,742.78	-3,748,723.93
Total	994,827,448.05	1,182,765,991.54

(2) Notes receivable pledged by the Company at the period-end

Applicable Not applicable

In RMB 10,000

Items	Amount
Bank acceptance bill	16,397.66
Trade acceptance bill	
Total	16,397.66

(3) Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end

Applicable Not applicable

In RMB 10,000

Items	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	36,643.88	20,491.89
Trade acceptance bill		
Total	36,643.88	20,491.89

(4) Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement

Applicable Not applicable

(5) Disclosure by classification according to the bad debt accrual method

Applicable Not applicable

Accrual of bad debt provision by single item:

Applicable Not applicable

Accrual of bad debt provision by portfolio:

Applicable Not applicable

If bad debt reserves are accrued according to the general model of expected credit losses, please refer to other receivables for disclosure:

Applicable Not applicable

(6) Status of bad debt provision

Applicable Not applicable

(7) Actual write-off of bills receivable in current period

Applicable Not applicable

Other notes

Applicable Not applicable

5. Accounts receivable

(1) Ageing disclosure

Applicable Not applicable

In RMB

Aging	Closing balance
Within 1 year	
Including : Subitem within 1 year	

Subtotal within 1 year	1,238,640,662.51
1-2 years	38,486,407.47
2-3 years	2,227,918.08
Over 3 years	
3-4 years	2,482,981.11
4-5 years	
Over 5 years	
Over 4 years	1,081,236.29
Total	1,282,919,205.46

(2) Disclosure by classification according to bad debt accrual method:

√ Applicable □ Not applicable

In RMB

Category	Amount in year-end					Balance Year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Accrual of bad debt provision by single item						24,645,478.06	2.05	12,744,400.27	51.71	11,901,077.79
Including:										
Accrual of bad debt provision by portfolio	1,293,836,607.79	100	29,936,534.02	2.31	1,263,900.073.77	1,176,216,433.38	97.95	38,970,362.08	3.31	1,137,246,071.30
Including:										
(1). Portfolio 1: related parties within the scope of group consolidation	10,917,402.33	0.84			10,917,402.33	5,697,824.01	0.47	5,697,824.01	0.47	0
Portfolio 2: Aging	1,282,919,205.46	99.16	29,936,534.02	2.33	1,252,982.671.44	1,170,518,609.37	97.48	38,970,362.08	3.33	1,131,548,247.29
Total	1,293,836,607.79	/	29,936,534.02	/	1,263,900.073.77	1,200,861,911.44	/	51,714,762.35	/	1,149,147,149.09

Accrual of bad debt provision by single item:

□ Applicable √ Not applicable

Accrual of bad debt provision by portfolio

√ Applicable □ Not applicable

Portfolio project: Portfolio2: Aging

In RMB

Name	Closing balance		
	Account receivable	Bad debt provision	Withdrawal proportion
Within 1 year	1,238,640,662.51	24,772,813.26	2.00
1-2 years	38,486,407.47	1,924,320.38	5.00
2-3 years	2,227,918.08	668,375.43	30.00
3-4 years	2,482,981.11	1,489,788.66	60.00
Over 4 years	1,081,236.29	1,081,236.29	100.00

Total	1,282,919,205.46	29,936,534.02
-------	------------------	---------------

Confirmation criteria and description of bad debts by combination

Applicable Not applicable

If bad debt reserves are accrued according to the general model of expected credit losses, please refer to other receivables for disclosure:

Applicable Not applicable

(3) Status of bad debt provision

Applicable Not applicable

Including, the amount of bad debts prepared for reversal or recovery in this period is important

Applicable Not applicable

(4) Actual write-off of account receivable in current period

Applicable Not applicable

In RMB

Items	Amount
Actual write-off of account receivable	23,422,695.33

The important accounts receivable write-off situation

Applicable Not applicable

In RMB

Unit name	Nature of accounts receivable	Write-off amount	Write-off reason	Write-off procedures performed	Whether the payment is generated by related party transactions
Shaanxi Baoji Changling Refrigerator Co., Ltd	Goods	10,678,295.06	Recovery is expected to be difficult	Review by the manager's office meeting	No
Henan Xinfei Refrigeration Equipment Co., Ltd.	Goods	9,527,486.17	Recovery is expected to be difficult	Review by the manager's office meeting	No
Henan Xinfei Household Appliance Co., Ltd.	Goods	3,216,914.10	Recovery is expected to be difficult	Review by the manager's office meeting	No
Total	/	23,422,695.33	/	/	/

Note:

Applicable Not applicable

(5) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

Applicable Not applicable

In RMB

Name	December 31, 2019	Proportion(%)	Bad debt provision
Client 1	204,552,329.95	15.81	4,091,046.60
Client 2	134,542,236.48	10.40	2,690,844.73
Client 3	105,480,168.31	8.15	2,109,603.37
Client 4	104,106,677.63	8.05	2,082,133.55
Client 5	92,255,916.98	7.13	1,845,118.34
Total	640,937,329.35	49.54	12,818,746.59

(6) Account receivable which terminate the recognition owing to the transfer of the financial assets:

Applicable Not applicable

(7) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Applicable Not applicable

Other notess:

Applicable Not applicable

6. Financing receivable

Applicable Not applicable

7. Prepayment

(1) List by aging analysis:

Applicable Not applicable

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	39,492,040.48	95.05	46,338,467.77	89.48
1-2 years	1,378,025.30	3.32	4,687,503.32	9.05
2-3 years			423,600.00	0.82
Over 3 years	680,147.03	1.63	338,525.00	0.65
Total	41,550,212.81	100.00	51,788,096.09	100.00

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time:

Creditor unit	Debt unit	Closing balance	Aging	Reason for not settle
Huangshi Dongbei Electrical Appliance Co., Ltd.	Huangshi Zhonghao International Trade Co., Ltd.	3,419,582.15	Within 1 year, 1-2 years	Contract not executed
Total	—	3,419,582.15	—	—

(2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

Applicable Not applicable

Name	Closing balance	Proportion(%)
CSIC Pengli(Nanjing) Intelligent Equipment System Co., Ltd.	8,871,180.00	21.35
Baosteel Huangshi Coated plate Co., Ltd.	6,647,365.70	16.00
Huangshi Zhonghao International Trade Co., Ltd.	3,419,582.15	8.23
Yangzhou Metalforming Machine Tool Co., Ltd.	1,871,480.00	4.50
Wuxi Mingxin Machine Tool Co., Ltd.	990,000.00	2.38
Total	21,799,607.85	52.46

Other notess:

Applicable Not applicable

8. Other accounts receivable

Summary situation

Applicable Not applicable

In RMB

Items	Closing balance	Opening balance
Interest receivable		

Dividend receivable		
Other receivable	3,416,425.36	3,250,165.16
Total	3,416,425.36	3,250,165.16

Other notes:

Applicable Not applicable

Interest receivable

(1) Classification of interest receivable

Applicable Not applicable

(2) Important overdue interest

Applicable Not applicable

(3) The withdrawal amount of the bad debt provision:

Applicable Not applicable

Other notes:

Applicable Not applicable

Dividend receivable

(1) Dividend receivable

Applicable Not applicable

(2) Significant dividend receivable aged over 1 year

Applicable Not applicable

(3) The withdrawal amount of the bad debt provision:

Applicable Not applicable

Other notes:

Applicable Not applicable

Other accounts receivable

(1) Aging disclosed

Applicable Not applicable

In RMB

Aging	Closing balance
Within 1 year	
Including: Subitem within 1 year	
Subtotal within 1 year	2,637,693.81
1-2 years	54,195.18
2-3 years	1,000,000.00
Over 3 years	
3-4 years	200,000.00
4-5 years	
Over 5 years	
Over 4 years	488,650.00
Total	4,380,538.99

(2) Classified by the nature of accounts

Applicable Not applicable

In RMB

Nature	Closing book balance	Opening book balance
Current account	1,475,743.67	1,449,396.28
Petty cash	192,370.78	333,483.64
Deposit	2,712,424.54	2,172,098.83
Total	4,380,538.99	3,954,978.75

(3) Bad-debt provision

√Applicable □Not applicable

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019	704,813.59			704,813.59
Balance as at January 1, 2019 in current	704,813.59			704,813.59
—Transfer to stage II				
—Transfer to stage III				
—Transfer to stage II				
—Transfer to stage I				
Provision in the current period	259,300.04			259,300.04
Turn back in the current period				
Reseller in the current period				
Write - off in the current period				
Other				
Balance as at December 31, 2019	964,113.63			964,113.63

Explanation of significant changes in the book balance of other receivables with changes in loss reserves in the current period:

□ Applicable √ Not applicable

The accrual amount of bad debt reserves for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

□ Applicable √ Not applicable

(4) Bad-debt provision

□ Applicable √ Not applicable

(5) The actual write-off other accounts receivable

□ Applicable √ Not applicable

(6) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

√Applicable □Not applicable

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable(%)	Closing balance of bad debts provision
State Grid Hubei Electric Power Co. Ltd. Huangshi Power Supply Company	Current account	1,030,730.76	Within 1 year	23.53	20,614.62
Ningbo Korea Electric Co., Ltd.	Deposit	1,000,000.00	2-3 years	22.83	300,000.00
Wuhu Zhongran City Development Co., Ltd.	Deposit	488,650.00	Over 4 years	11.16	488,650.00
Jiangsu Korea Electric Co., Ltd.	Deposit	400,000.00	Within 1 year	9.13	8,000.00
Huhan Haier Energy Power Co., Ltd.	Current account	278,043.50	Within 1 year	6.34	5,560.87
Total	/	3,197,424.26	/	72.99	822,825.49

(7) Accounts receivable involved with government subsidies

□ Applicable √ Not applicable

(8) Other account receivable which terminate the recognition owing to the transfer of the financial assets

□ Applicable √ Not applicable

(9) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Other notes

Applicable Not applicable

9. Inventories

(1) Inventories types

Applicable Not applicable

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Raw materials	66,058,174.99	1,802,337.51	64,255,837.48	55,139,912.42		55,139,912.42
Processing products	258,541,978.72		258,541,978.72	212,803,047.85		212,803,047.85
Stock goods	277,137,248.39		277,137,248.39	261,052,408.56		261,052,408.56
Turnover materials						
Consumptive biological assets						
Construction contract has been completed unsettled assets						
Total	601,737,402.10	1,802,337.51	599,935,064.59	528,995,368.83		528,995,368.83

(2) Inventory depreciation reserve

(3) Inventory depreciation reserve and provision for impairment of contract performance costs

Applicable Not applicable

In RMB

Items	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Provision	Other	Transferred back	Other	
Raw materials		1,802,337.51				1,802,337.51
Processing products						
Stock goods						
Turnover materials						
Consumptive biological assets						
Construction contract has been completed unsettled assets						
Total		1,802,337.51				1,802,337.51

(4) Explanation on inventories with capitalization of borrowing costs included at ending balance

Applicable Not applicable

(5) Assets unsettled formed by construction contract which has completed at period-end

Applicable Not applicable

Other notes

Applicable Not applicable

10. Holding assets for sale

Applicable Not applicable

11. Non-current assets due within 1 year

Applicable Not applicable

Investments in important Debt and other debt at the end of the period

Applicable Not applicable

12. Other current assets

Applicable Not applicable

In RMB

Items	Closing balance	Opening balance
VAT input tax	64,177,799.78	65,088,549.90
Total	64,177,799.78	65,088,549.90

13. Creditor's Rights investment

(1) Creditor's Rights investment

Applicable Not applicable

(2) Important Creditor's Rights investment at the end of the period

Applicable Not applicable

(3) Provision for impairment

Applicable Not applicable

The accrual amount of Impairment provisions for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

Applicable Not applicable

Other notes

Applicable Not applicable

14. Other Creditor's Rights investment

(1) Other Creditor's Rights investment

Applicable Not applicable

(2) Important Other Creditor's Rights investment at the end of the period

Applicable Not applicable

(3) Provision for impairment

Applicable Not applicable

The accrual amount of Impairment provisions for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

Applicable Not applicable

Other notes

Applicable Not applicable

15. Long-term account receivables

(1) Long-term account receivables

Applicable Not applicable

(2) Provision for impairment

Applicable Not applicable

The accrual amount of bad debt reserves for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

Applicable Not applicable

(3) Long-term account receivables recognition terminated due to transfer of financial assets

Applicable Not applicable

(4) Long-term account receivables transferred and assets & liability formed by its continuous involvement

Applicable Not applicable

Other notes

Applicable Not applicable

16. Long-term equity investment

Applicable Not applicable

In RMB

Investee	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Additi onal invest ment	Negat ive invest ment	Invest ment profit and loss recogni zed under the equity method	Adjust ment of other compr ehensi ve incom e	Chang es of other equity	Cash bonus or profits announ ced to issue	Withdr awal of impair ment provisi on	Other		
I. Joint ventures											
Subtotal											
II. Associated enterprises											
Huangshi Aibo Property Co.,Ltd.	9,337,873.62		-3,000,000.00	2,105,127.41						-8,443,001.03	
Hubei Jinling	2,709,989.89		-3,000,000.00	96,603.20						193,406.91	

Fine Agriculture and Forestry Co., Ltd.										
Subtotal	12,047,863.51		-6,000,000.00	2,201,730.61					-8,249,594.12	
Total	12,047,863.51		-6,000,000.00	2,201,730.61					-8,249,594.12	

Other notes

Note: In the current period, the 30% equity of Huangshi Aibo Property Co., Ltd. and the 30% equity of Hubei Jinling Fine Agriculture and Forestry Co., Ltd. are transferred to Huangshi Dongbei Refrigerating Co., Ltd. The total sale price is 27.937 million yuan, the total investment cost is 6 million yuan, and the other reduction amount is the investment income calculated by the cumulative confirmed equity method.

17. Other equity instruments investment

(1) Other equity instruments investment

Applicable Not applicable

(2) Itemized disclosure of the current non-trading equity instrument investment

Applicable Not applicable

Other notes

Applicable Not applicable

18. Other non-current financial assets

Applicable Not applicable

Other notes

Applicable Not applicable

19. Investment Real estate

Measurement model of investment real estate

(1) Investment real estate adopted the cost measurement mode

In RMB

Items	Houses and building	Land use right	Construction in progress	Total
I. Original book Value				
1. Year-beginning balance	6,934,630.00			6,934,630.00
2. Increased at this period				
(1) Outsourcing				
(2) Inventory / Fixed assets / project under construction				
(3) The merger of enterprises increase				
3. Decrease at this period				
(1) Disposition				
(2) Other Out				
4. Closing balance	6,934,630.00			6,934,630.00
II. Total accumulated depreciation accumulated amortization				
1. Year-beginning balance	3,882,970.88			3,882,970.88
2. Increased at this period	165,044.16			165,044.16
(1) Withdrawal	165,044.16			165,044.16
3. Decrease at this period				

(1)Disposition				
(2)Other Out				
4. Year-end balance	4,048,015.04			4,048,015.04
III. Provision for impairment				
1. Year-beginning balance				
2. Increased at this period				
(1) Withdrawal				
3. Decrease at this period				
(1)Disposition				
(2)Outsourcing				
4. Year-end balance				
IV.Book value				
1. Closing book value	2,886,614.96			2,886,614.96
2. Book value at year beginning	3,051,659.12			3,051,659.12

(2) Details of investment property failed to accomplish certification of property

Applicable Not applicable

Other notes

Applicable Not applicable

20. Fixed assets

(1) List of fixed assets

Applicable Not applicable

In RMB

Items	Closing balance	Opening balance
Fixed assets	1,305,601,255.17	1,327,237,063.55
liquidation of fixed assets		
Total	1,305,601,255.17	1,327,237,063.55

Other notes

Applicable Not applicable

Fixed assets

(1) List of fixed assets

Applicable Not applicable

In RMB

Items	House and building	Machinery equipment	Transporation equipumnt	Other equipment	Total
I.Original book value					
1. Year-beginning balance	705,602,827.75	1,581,981,710.24	27,209,743.57	37,780,630.34	2,352,574,911.90
2. Increased at this period	26,940,182.73	95,888,079.30	1,475,341.07	3,803,150.98	128,106,754.08
(1) Purchase	2,118,754.84	17,804,419.52	1,475,341.07	3,803,150.98	25,201,666.41
(2) Transferred from construction in -progress	24,821,427.89	78,083,659.78			102,905,087.67
The merger of enterprises increase					
3. Decreased at this period		9,986,759.46	1,509,864.74	1,694,513.20	13,191,137.40
(1) Disposal or scrap		9,986,759.46	1,509,864.74	1,694,513.20	13,191,137.40
4 Year-end balance	732,543,010.48	1,667,883,030.08	27,175,219.90	39,889,268.12	2,467,490,528.58
II. Accumulated depreciation					

1. Year-beginning balance	247,158,900.23	722,799,346.26	20,389,280.20	34,990,321.66	1,025,337,848.35
2. Increased at this period	35,252,554.67	109,381,239.51	1,866,029.60	1,105,184.60	147,605,008.38
1) Withdrawal	35,252,554.67	109,381,239.51	1,866,029.60	1,105,184.60	147,605,008.38
3. Decreased at this period		8,120,848.06	1,356,920.58	1,575,814.68	11,053,583.32
(1) Disposal or scrap		8,120,848.06	1,356,920.58	1,575,814.68	11,053,583.32
4. Year-end balance	282,411,454.90	824,059,737.71	20,898,389.22	34,519,691.58	1,161,889,273.41
III. Provision for impairment					
1. Year-beginning balance					
2. Increased at this period					
(1) Withdrawal					
3. Decreased at this period					
(1) Disposal or scrap					
4. Year-end balance					
IV. Book value					
1. Closing book value	450,131,555.58	843,823,292.37	6,276,830.68	5,369,576.54	1,305,601,255.17
2. Book value at year beginning	458,443,927.52	859,182,363.98	6,820,463.37	2,790,308.68	1,327,237,063.55

(2) List of temporarily idle fixed assets

Applicable Not applicable

(3) Fixed assets leased in from financing lease

Applicable Not applicable

(4) Fixed assets leased out from operation lease

Applicable Not applicable

(5) Details of fixed assets failed to accomplish certification of property

Applicable Not applicable

Other notes:

Applicable Not applicable

Liquidation of fixed assets

Applicable Not applicable

21. Construction in progress

List of construction in progress

Applicable Not applicable

In RMB

Items	Closing balance	Opening balance
Construction in progress	34,632,329.16	74,010,397.82
Engineering Material		
Total	34,632,329.16	74,010,397.82

Other notes:

Applicable Not applicable

Construction in progress

(1) List of construction in progress

Applicable Not applicable

In RMB

Items	Balance in year-end	Balance in year-begin

	Book balance	Bad debt provision	Book Value	Book balance	Bad debt provision	Book Value
Equipment installation	32,215,562.07		32,215,562.07	13,612,486.41		13,612,486.41
Software installation engineering	318,831.31		318,831.31			
Foundry Luoqiao Phase IV Construction Project	2,097,935.78		2,097,935.78	54,921,517.80		54,921,517.80
Shell workshop stamping engineering				5,476,393.61		5,476,393.61
Total	34,632,329.16		34,632,329.16	74,010,397.82		74,010,397.82

(2) Changes of significant construction in progress

√Applicable □Not applicable

In RMB

Name	Budget	Amount at year beginning	Increase at this period	Transferred to fixed assets	Other decrease	Balance in year-end	Proportion(%)	Progress of work	Capitalisation of interest accumulated balance	Including: Current amount of capitalization of interest	Capitalization rate of interest(%)	Sources of funds
Equipment installation		13,612,486.41	29,329,172.04	10,726,096.38		32,215,562.07						
Foundry Luoqiao Phase IV Construction Project		54,921,517.80	26,411,114.66	79,234,696.68		2,097,935.78						
Shell workshop stamping engineering		5,476,393.61		5,476,393.61								
Suqian Finished Goods Warehouse			7,467,901.00	7,467,901.00								
Total		74,010,397.82	63,208,187.70	102,905,087.67		34,313,497.85	/	/			/	/

(3) List of the withdrawal of the impairment provision of the construction in progress

□ Applicable √ Not applicable

Other notes

□ Applicable √ Not applicable

Engineering material

□ Applicable √ Not applicable

22. Productive biological assets

(1) Measured by cost

□ Applicable √ Not applicable

(2) Measured by fair value

□ Applicable √ Not applicable

Other notes

Applicable Not applicable

23. Oil-and-gas assets

Applicable Not applicable

24. Right to use asset

Applicable Not applicable

25. Intangible assets

(1) List of intangible assets

Applicable Not applicable

In RMB

Items	Land use right	Patent	Non-patent Technology	Software	Total
I. Original price					
1. Opening balance	150,324,583.75			7,086,165.92	157,410,749.67
2. Increased amount of the period	2,363,991.35			816,959.31	3,180,950.66
(1) Purchase	2,363,991.35			636,965.81	3,000,957.16
(2) Internal Development				179,993.50	179,993.50
(3) Increased of Enterprise Combination					
3. Decreased amount of the period					
(1) Disposition					
4. Closing balance	152,688,575.10			7,903,125.23	160,591,700.33
II. Accumulated amortization					
1. Balance in year-begin	25,040,757.07			5,503,342.81	30,544,099.88
2. Increased amount of the period	3,707,357.83			1,265,868.33	4,973,226.16
(1) Withdrawal	3,707,357.83			1,265,868.33	4,973,226.16
3. Decreased amount of the period					
(1) Disposition					
4. Closing balance	28,748,114.90			6,769,211.14	35,517,326.04
III. Provision for impairment					

1. Balance in year-begin					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposition					
4. Closing balance					
IV. Book value					
1. Book value of the period-end	123,940,460.20			1,133,914.09	125,074,374.29
2. Book value of the period-begin	125,283,826.68			1,582,823.11	126,866,649.79

(2) Details of fixed assets failed to accomplish certification of land use right

Applicable Not applicable

Other notes

Applicable Not applicable

26. R&D expenses

Applicable Not applicable

27. Goodwill

(1) Original book value of goodwill

Applicable Not applicable

(2) Goodwill impairment preparation

Applicable Not applicable

(3) Information about the asset group or portfolio of assets where goodwill resides

Applicable Not applicable

(4) Describe the goodwill impairment test process, key parameters (e.g. forecast period growth rate, stable period growth rate, profit margin, discount rate and forecast period when forecasting the present value future cash flow, if applicable) and the recognition method of goodwill impairment loss

Applicable Not applicable

(5) The impact of goodwill impairment test

Applicable Not applicable

Other notes

Applicable Not applicable

28. Long-term amortization expenses

Applicable Not applicable

In RMB

Items	Opening balance	Increase	Amortization amount	Decrease	Closing balance
Afforestation fees	1,565,817.46		1,412,124.26		153,693.20
Decoration fees	2,253,654.18		556,279.44		1,697,374.74
Mold usage fee	902,693.10		230,474.84		672,218.26
Fire engineering	594,174.76		139,805.83		454,368.93
Total	5,316,339.50		2,338,684.37		2,977,655.13

29. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets had not been off-set

√Applicable □Not applicable

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	30,442,321.17	4,566,348.18	7,554,128.85	1,133,119.33
Insider trading unrealized profit				
Deductible loss				
Total	30,442,321.17	4,566,348.18	7,554,128.85	1,133,119.33

(2) Deferred income tax liabilities had not been off-set

□Applicable √Not applicable

(3) Deferred income tax assets or liabilities listed by net amount after off-set

□Applicable √Not applicable

(4) List of unrecognized deferred income tax assets

√Applicable □Not applicable

In RMB

Items	Year-end balance	Year-beginning balance
Deductible temporary difference	4,881,406.77	45,083,284.04
Deductible losses	44,114,634.30	55,612,952.78
Total	48,996,041.07	100,696,236.82

(5) Deductible losses of unrecognized deferred income tax assets will due the following years

√Applicable □Not applicable

In RMB

Year	Year-end balance	Year-beginning balance	Notes
2020	702,816.87	2,471,044.81	
2021	326,211.07	326,211.07	
2022	15,338,179.86	18,112,875.47	
2023	27,405,911.02	34,702,821.43	
2024	341,515.48		
Total	44,114,634.30	55,612,952.78	/

Other notes

□ Applicable √ Not applicable

30. Other non-current assets

√Applicable □ Not applicable

In RMB

Items	Closing balance	Opening balance
Advance acquisition of long-term assets	9,603,100.00	9,603,100.00
Total	9,603,100.00	9,603,100.00

31. Short-term loans

(1) Category of short-term loans

√Applicable □ Not applicable

In RMB

Items	Closing balance	Opening balance
Impawn loan	24,207,505.54	119,901,394.68
Mortgage loan		
Guaranteed loan	525,250,000.00	823,474,531.81
Credit loan		
Total	549,457,505.54	943,375,926.49

Note1: The final pledged loan of 24.2075 million yuan is the discounted amount obtained from the discounted bank acceptance bill that has not been derecognized. 2. At the end of the guarantee period, Dongbei Group provided guarantee for the company to obtain 120 million yuan of loans, while the company provided guarantee for the subsidiary to obtain 405 million yuan of loans.

(2) Overdue short-term loans

□ Applicable √ Not applicable

Situation of Overdue Outstanding Short-Term Borrowing

□ Applicable √ Not applicable

Other notes

□ Applicable √ Not applicable

32. Transactional Financial Liabilities

□ Applicable √ Not applicable

33. Derivative financial liabilities

□ Applicable √ Not applicable

34. Notes payable

(1) List of Notes payable

√ Applicable □ Not applicable

In RMB

Items	Closing balance	Opening balance
Trade acceptance	284,201,728.45	203,068,065.25
Bank acceptance	872,187,370.24	811,283,647.18
Total	1,156,389,098.69	1,014,351,712.43

Note: The bills payable due and unpaid are the commercial acceptance bills of 4,320.00 yuan that the holder has not yet presented for acceptance.

35. Account payable

(1) List of accounts payable

√ Applicable □ Not applicable

In RMB

Items	Closing balance	Opening balance
Within 1 year (Including 1 year)	812,548,554.32	711,490,826.36
Over 1 year	25,939,125.65	40,127,311.49
Total	838,487,679.97	751,618,137.85

(2) Notes of the accounts payable aging over one year

√ Applicable □ Not applicable

In RMB

Items	Closing balance	Reasons for outstanding or carry-over
Supplier 1	3,271,287.08	Contract not executed
Supplier 2	2,171,167.87	Contract not executed
Supplier 3	1,545,582.67	Contract not executed
Total	6,988,037.62	/

Other notes

Applicable Not applicable

36. Advance from customers

(1) List of advance from customers

Applicable Not applicable

In RMB

Items	Closing balance	Opening balance
Within 1 year (Including 1 year)	40,028,363.29	13,680,477.51
Over 1 year	45,357.06	44,794.79
Total	40,073,720.35	13,725,272.30

(2) Significant advance from customers aging over one year

Applicable Not applicable

(3) Particulars of settled but unfinished projects formed by construction contract at period-end.

Applicable Not applicable

Other notes

Applicable Not applicable

37. Payroll payable

(1) List of Payroll payable

Applicable Not applicable

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
I. Short-term salary	31,709,120.00	384,367,218.39	384,025,512.07	32,050,826.32
II. Post-employment benefits		32,385,015.52	32,385,015.52	
III. Termination benefits		1,213,022.81	1,213,022.81	
IV. Other welfare within 1 year				
Total	31,709,120.00	417,965,256.72	417,623,550.40	32,050,826.32

(2) List of Short-term salary

Applicable Not applicable

In RMB

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
1. Wages, bonuses, allowances and subsidies	30,337,238.09	328,573,154.35	327,995,981.20	30,914,411.24
2. Employee welfare		24,015,457.32	24,015,457.32	
3. Social insurance premiums		16,651,296.92	16,651,296.92	
Including: Medical insurance		13,855,729.66	13,855,729.66	
Work injury insurance		1,866,016.58	1,866,016.58	
Maternity insurance		929,550.68	929,550.68	
4. Public reserves for housing		13,158,921.38	13,158,921.38	
5. Union funds and staff education fee	1,371,881.91	1,968,388.42	2,203,855.25	1,136,415.08
6. Short-term paid absences				
7. Short-term profit-sharing plan				
Total	31,709,120.00	384,367,218.39	384,025,512.07	32,050,826.32

(3) List of drawing scheme

Applicable Not

In RMB

Items	Year-beginning	Increase in the	Decrease in the	Year-end balance
-------	----------------	-----------------	-----------------	------------------

	balance	current period	current period	
1. Basic old-age insurance premiums		31,210,845.14	31,210,845.14	
2. Unemployment insurance		1,174,170.38	1,174,170.38	
3. Annuity payment				
Total		32,385,015.52	32,385,015.52	

Other notes

Applicable Not applicable

38. Taxes payable

Applicable Not applicable

In RMB

Items	Year-end balance	Year-beginning balance
VAT	8,302,805.77	2,209,418.67
Consumption tax		
Business tax		
Enterprises income tax	17,890,309.46	20,155,507.87
Personal income tax	51,165.83	205,070.49
Urban maintenance and construction tax	1,587,668.82	1,217,386.33
Property tax	1,884,991.99	1,160,112.60
Property tax	582,922.72	593,006.73
Land use tax	543,936.28	385,235.27
Education surcharge	326,532.26	224,286.27
Vehicle and vessel usage tax	6,804.00	7,591.50
Environmental protection tax		606.03
Stamps	765,591.57	748,924.94
Local Water Conservancy Construction Fund	93,352.74	44,005.95
Total	32,036,081.44	26,951,152.65

39. Other payable

(3) List of other payable

Applicable Not applicable

In RMB

Items	Closing balance	Opening balance
Interest payable		
Dividend payable		10,009,121.12
Other payable	189,376,604.73	148,423,297.42
Total	189,376,604.73	158,432,418.54

Other notes

Applicable Not applicable

Interest payable

(1) List of Interest payable

Dividends payable

(1) List of Dividends payable

Applicable Not applicable

Other accounts payable

(1) Other accounts payable listed by nature of the account

Applicable Not applicable

In RMB

Items	Closing balance	Opening balance
Current account	96,220,814.44	97,533,158.39
Deposit	2,233,735.15	2,179,003.67

Customer rebate payable	90,922,055.14	48,621,572.86
Petty cash		89,562.50
Total	189,376,604.73	148,423,297.42

(2) Other significant accounts payable with aging over one year

√Applicable □ Not applicable

In RMB

Items	Closing balance	Reason
Customer rebate payable	40,858,093.63	Agreement not expired
Changshu Tianyin Electromechanical Co., Ltd.	1,000,000.00	Deposit
Total	41,858,093.63	/

Other notes

□Applicable √Not applicable

40. Holding unsold liabilities

□Applicable √Not applicable

41. Non-current liabilities due within 1 year

√ Applicable □ Not applicable

In RMB

Items	Closing balance	Opening balance
Long-term loans due within 1 year	42,445,000.00	37,445,000.00
Long-term bond payable due within 1 year		
Long-term payable due within 1 year		33,000,000.00
Lease liabilities due within 1 year		
Total	42,445,000.00	70,445,000.00

42. Other current liabilities

Other current liabilities

√ Applicable □ Not applicable

In RMB

Items	Closing balance	Opening balance
Short-term payable bonds		
Notes receivable not terminated	180,448,893.24	280,706,256.45
Total	180,448,893.24	280,706,256.45

Changes on short term bonds payable:

□Applicable √Not applicable

Other notes

□Applicable √Not applicable

43. Long-term loan

(1) Category of long-term loan

√Applicable □ Not applicable

In RMB

Items	Closing balance	Opening balance
Pledge loan		
Mortgage loan	198,107,393.25	239,034,923.74
Guarantee loan		10,625,000.00
Credit loan	1,440,000.00	1,440,000.00
Total	199,547,393.25	251,099,923.74

Notes:

Note: The mortgage loan of 167 million yuan was obtained by the subsidiary Dongbei Clean Energy Co., Ltd. from the Import and Export Bank of China with Alashankou Photovoltaic Power Station as collateral. The mortgage loan of 31 million yuan was obtained by the subsidiary Huangshi Foundry Co., Ltd. with investment real estate as collateral and the company provided guarantee to obtain the loan from the Bank of China.

Other notes, Including interest rate range:

Applicable√Not applicable

44. Bonds payable

(1) Bonds payable

Applicable√Not applicable

(2) Changes on bonds payable (not including other financial instrument classified as preferred stock and perpetual capital securities of financial liabilities)

Applicable√Not applicable

(3) Note to conditions and time of share transfer of convertible bonds

Applicable√Not applicable

(4) Other financial instruments that are classified as financial liabilities

The issuance of preferred stock and other financial instruments such as perpetual debt

Applicable√Not applicable

Table of changes in financial instruments such as preferred stock and perpetual debt

Applicable√Not applicable

Other financial instruments are classified as financial liabilities

Applicable√Not applicable

Other notess

Applicable√Not applicable

45. Lease liabilities

Applicable√Not applicable

46. Long-term payable

Long-term payable listed

Applicable√Not applicable

Other notess

Applicable√Not applicable

Long-term payable

(1) Long-term payable listed by nature of the account

√ Applicable Not applicable

Special payable

(1) List of special payable

Applicable√Not applicable

47. Long-term payroll payable

Applicable√Not applicable

(1) long-term payment of employee remuneration

Applicable√Not applicable

(2) Set changes in the defined benefit plan

Set the present value of the benefit plan obligations:

Applicable√Not applicable

Planned assets:

Applicable√Not applicable

Define benefit plan net liabilities (net assets)

Applicable√Not applicable

Description of the content of the defined benefit plan and its associated risks, and the impact on the Company's future cash flow, time and uncertainty:

Applicable√Not applicable

Set the major actuarial assumptions of the defined benefit plan and explanation of results of sensitivity analysis

Applicable√Not applicable

Other notess

Applicable√Not applicable

48. Estimated liabilities

Applicable Not applicable

49. Deferred income

Deferred income

Applicable Not applicable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Formation reasons
Government subsidy	153,882,613.46		17,230,970.36	136,651,643.10	Asset-related
Total	153,882,613.46		17,230,970.36	136,651,643.10	/

Details of government subsidies

Applicable Not applicable

In RMB

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Amount transferred to other income	Other changes	End of term	Asset-related or income-related
Compressor industrial projects	14,761,775.37			1,255,547.59		13,506,227.78	Asset-related
Land compensation fee	23,996,615.69			697,704.39		23,298,911.30	Asset-related
Subsidy fund for capital construction project	87,313,558.28			12,543,444.89		74,770,113.39	Asset-related
Funds for technical transformation projects	18,093,164.12			1,720,273.49		16,372,890.63	Asset-related
Energy conservation and environmental protection innovation capacity construction project	6,842,500.00			714,000.00		6,128,500.00	Asset-related
Provincial science and technology research and development special, application technology research and development	2,875,000.00			300,000.00		2,575,000.00	Asset-related

Other notes

Applicable Not applicable

50. Other non-current liabilities

Applicable Not applicable

51. Share capital

√ Applicable □ Not applicable

In RMB

	Balance in year-beginning	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
Total of capital shares	235,000,000.00						235,000,000.00

52. Other equity instruments

(1) Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

□ Applicable √ Not applicable

(2) Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

□ Applicable √ Not applicable

Changes, reason of change and basis of relevant accounting treatment of other equity instruments in reporting period:

□ Applicable √ Not applicable

Other notes

□ Applicable √ Not applicable

53. Capital reserves

√ Applicable □ Not applicable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium	180,001,555.45			180,001,555.45
Other capital reserves	10,110,280.81			10,110,280.81
Total	190,111,836.26			190,111,836.26

54. Treasury stock

□ Applicable √ Not applicable

55. Other comprehensive income

√ Applicable □ Not applicable

In RMB

Items	Beginning of term	Occurred current term						End of term
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Prior period included in other composite income transfer to retained income in the current period	Less: Income tax expenses	Attributable to the parent Company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income that will not be								

reclassified subsequently to profit or loss								
Including : Change as a result of remeasurement of the net defined benefit plan liability or asset								
Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss								
Changes in fair value of investments in other equity instruments								
Change in Fair Value of Enterprise's own Credit Risk								
II. Other Comprehensive income that will be reclassified subsequently to profit or loss	419,880.71	-209,302.13				-209,302.13		210,578.58
Including: Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss								
Changes in fair value of investments in other debt								
Financial assets reclassified to other consolidated income								
Other Creditor's								

Rights Investment Credit Impairment								
Effective portion of gains or losses on cash flow hedges								
Translation differences of financial statements denominated in foreign currencies	419,880.71	-209,302.13				-209,302.13		210,578.3
Total of other comprehensive income	419,880.71	-209,302.13				-209,302.13		210,578.3

56. Special reserves

Applicable Not applicable

57. Surplus reserves

Applicable Not applicable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	64,766,685.48	9,884,076.91		74,650,762.39
Discretionary surplus reserves				
Reserve funds				
Enterprise development funds				
Other				
Total	64,766,685.48	9,884,076.91		74,650,762.39

58. Retained profits

Applicable Not applicable

In RMB

Items	Amount of this period	Amount of last period
Before adjustment: Retained profits at the end of period year	766,334,820.54	666,010,843.42
Adjustment: Total retained profits at the beginning of year	-1,844,355.37	
After adjustment: Retained profits at the beginning of year	764,490,465.17	666,010,843.42

Add: Net profit attributable to shareholders of the parent Company for the period	136,862,248.79	110,098,064.74
Less: Appropriation to statutory surplus reserve	9,884,076.91	9,774,087.62
Appropriation to discretionary surplus reserve		
Appropriation to general risk reserve		
Ordinary shares' dividends payable	58,750,000.00	
Ordinary shares' dividends converted into share capital		
Retained profits at the end of the period	832,718,637.05	766,334,820.54

As regards the details of adjusted the beginning undistributed profits

(1) As the retroactive adjustment on Enterprise Accounting Standards and its related new regulations, the affected beginning undistributed profits are RMB 0.00.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB-1,844,355.37.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.00.

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.00.

(5) Other adjustment of the total affected beginning undistributed profits are RMB 0.00.

59. Business income, Business cost

(1) Business income, Business cost

Applicable Not applicable

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Income from Main Business	4,540,792,458.27	3,839,876,679.95	4,208,262,076.22	3,608,091,590.25
Other Business income	77,041,151.21	54,604,120.57	65,341,303.76	44,646,758.01
Total	4,617,833,609.48	3,894,480,800.52	4,273,603,379.98	3,652,738,348.26

60. Business tax and subjoin

Applicable Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Consumption tax		

Business tax		
City maintenance and construction tax	8,347,659.97	6,607,156.67
Education surtax	3,577,577.06	2,831,638.62
Resource tax		
House tax	6,582,523.08	5,933,845.52
Land use tax	5,462,880.61	4,623,700.60
Vehicle and vessel usage tax	55,813.26	62,117.72
Stamp tax	2,272,622.27	2,330,644.94
Local education surcharges	1,949,884.46	1,560,940.75
Environmental protection tax	37,205.59	15,939.44
Water Construction Fund	991,508.85	1,024,791.02
Total	29,277,675.15	24,990,775.28

61. Sales expenses

√ Applicable Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Wage	26,588,750.66	26,836,408.97
Transport costs	6,805,727.71	4,216,349.49
Travel expenses	69,708,668.88	66,837,786.44
Warranty expenses	32,634,039.67	29,408,175.29
Other	14,290,392.19	12,795,908.17
Total	150,027,579.11	140,094,628.36

62. Administrative expenses

√ Applicable Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Wage	74,989,129.20	80,548,277.49
Travel expenses	14,330,183.01	12,005,576.10
Depreciation	6,609,252.61	9,025,973.67
Repair fees	3,118,335.50	2,839,361.83
Other	12,293,728.30	16,253,266.04
Total	111,340,628.62	120,672,455.13

63. R & Development expenses

√ Applicable Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Wage	48,377,789.24	39,437,519.75
Depreciation	10,115,248.39	10,682,633.74
Material cost	148,545,423.12	100,391,845.10
Water and electricity	7,236,993.72	8,551,584.18
Tool	7,089,815.51	4,581,612.79
Other	17,506,419.77	13,302,412.50
Total	238,871,689.75	176,947,608.06

64. Financial expenses

√ Applicable Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Interest expense	55,575,493.02	60,843,693.40
Less: Incoming interests	-3,843,501.35	-3,924,580.43

Exchange gains/losses		
Less : exchange gains	-5,965,336.52	-7,870,888.23
	2,693,870.37	3,385,621.08
Handling charges		
Cash discount	-6,513,765.94	-13,455,243.86
Total	41,946,759.58	38,978,601.96

65. Other income

Applicable Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Transfer of deferred income	17,230,970.36	16,499,580.20
Government subsidies related to daily operations	17,953,591.80	13,307,790.60
Total	35,184,562.16	29,807,370.80

66. Investment income

Applicable Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Long-term equity investment income under equity method	2,201,730.61	4,146,009.75
Investment loss through disposal of long-term equity investment	13,688,305.88	
Income from financial assets measured by fair value with changes in fair value recognised in profit or loss		
Investment income from disposal of financial assets measured by fair value with changes in fair value recognised in profit or loss		
Investment income received from holding of held-to-maturity investments during holding period		
Disposal of investment proceeds from hold-to-maturity investments		
Investment income received from available for sale financial assets during holding period		
Investment income from disposal of available for sale financial assets		
Return on investment of transactional financial assets during the period of holding		
Dividend income from investments in other equity instruments during the holding period		
Interest income from debt investment during the holding period		
Interest income from other debt investments during the holding period		
Investment income from disposal of transactional financial assets	400.00	
Investment income from the disposal of other equity instruments		
Income from the disposal of debt investment		
Investment income from the disposal of other debt investments		
Termination recognition of financial assets at amortized cost	-5,785,974.01	
Total	10,104,462.48	4,146,009.75

67. Net exposure hedging income

Applicable Not applicable

68. Gains on the changes in the fair value

Applicable Not applicable

69. Credit impairment losses

Applicable Not applicable

In RMB

Items	Amount of this period	Amount of last period
-------	-----------------------	-----------------------

Other receivables bad debt loss	-259,300.04	
Impairment losses on debt investments		
Other debt investment impairment losses		
Long-term receivables bad debt loss		
Note receivable credit impairment loss	1,127,981.15	
Account receivable credit impairment loss	-2,821,403.93	
Total	-1,952,722.82	

70. Asset impairment loss

√Applicable □Not applicable

In RMB

Items	Amount of current period	Amount of previous period
		-9,489,173.42
I.Losses for bad debts		
II.Losses for falling price of inventory	-1,802,337.51	
III.Losses of available for sale financial assets impairment		
IV.Impairment on held-to-maturity investments		
V.Impairment on long-term equity investment		
VI.Impairment on investment properties		
VII.Impairment on fixed assets		
VIII. Impairment on construction materials		
IX. Impairment on construction in progress		
X. Impairment on bearer biological assets		
XI. Impairment on oil and gas assets		
XII. Impairment on intangible assets		
XIII. Impairment on goodwill		
XIV.Other		
Total	-1,802,337.51	-9,489,173.42

71. Income from asset disposal

√Applicable □Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Gains or losses from disposal are generated by disposing those not classified as holding fixed assets for sale, construction in progress, productive biological assets and intangible assets.	67,716.58	-1,352,213.50
Total	67,716.58	-1,352,213.50

72. Non-operating income

Non-operating Income

√ Applicable □ Not applicable

In RMB

Items	Amount of current period	Amount of previous period	Recorded in the amount of the non-recurring gains and losses
Total gains from disposal of non-current assets			
Including: Gains from disposal of fixed assets			
Gains from disposal of intangible assets			
Gains from debt restructuring	668,925.60	80,000.00	668,925.60
Non-monetary assets exchange gains			
Accepting donations			
Government grants			
fine income	7,971,821.97	6,216,438.51	7,971,821.97
Other	471,932.43	214,901.92	471,932.43
Total	9,112,680.00	6,511,340.43	9,112,680.00

Government subsidy reckoned into current gains/losses

□ Applicable √ Not applicable

Other notes

□ Applicable √ Not applicable

73. Non-Operation expense

√ Applicable □ Not applicable

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Total of non-current asset Disposition loss			
Incl: loss of fixed assets disposition			
loss of intangible assets disposition			
Loss on debt reconstruction	76,425.44	700,774.92	76,425.44
Non-monetary asset exchange losses			
Foreign donations	3,530,000.00	520,000.00	3,530,000.00
Fine		363,786.92	
Loss of non-current asset scrapping	1,421,248.60	4,265,935.98	1,421,248.60
Other	26,655.44	300,773.88	26,655.44
Total	5,054,329.48	6,151,271.70	5,054,329.48

74. Income tax expense

(1) Lists of income tax expense

√ Applicable □ Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	30,838,416.42	3,909,901.45
Deferred income tax expense	-3,433,228.85	-10,657.02
Total	27,405,187.57	3,899,244.43

(2) Adjustment process of accounting profit and income tax expense

√ Applicable □ Not applicable

In RMB

Items	Amount of current period
Total profits	197,548,508.16
Current income tax expense accounted by tax and relevant regulations	29,632,276.22
Effect of different tax rates applicable to subsidiaries	224,569.64
Income tax adjustments on prior periods	3,145,415.05
Impact of non-taxable income	
Impact of non-deductible costs, expenses and losses	453,662.31
Affect the use of deferred tax assets early unconfirmed deductible losses	-4,442,453.45
This issue does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	7,349,406.16
Additional impact of research and development expenses deduction	-8,957,688.37
Income tax expenses	27,405,187.57

Other notes

Applicable Not applicable

75. Other comprehensive income

Applicable Not applicable

76. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

Applicable Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Fine and Quality compensation	7,971,821.97	6,216,438.51
Interest income	3,843,501.35	3,924,580.43
Rent and utilities	525,241.03	23,599,341.47
Government Subsidy	17,953,591.80	33,343,484.10
Other Current account	18,241,764.73	9,975,115.57
Total	48,535,920.88	77,058,960.08

(2) Other cash paid relevant to operating activities

Applicable Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Office ,transportation and other	119,143,711.57	113,694,222.71
Non-operating expenses Donations and fines	3,633,080.88	1,885,335.72
Technology Development costs	125,760,066.14	80,604,613.82
Other Current account	24,335,671.19	67,095,669.80
Total	272,872,529.78	263,279,842.05

(3) Other cash received relevant to investment activity

Applicable Not applicable

(4) Other cash paid relevant to Investment financing activity

Applicable Not applicable

(5) Other cash paid relevant to financing activity

Applicable Not applicable

(6) Other Cash payable related to Financing activities

Applicable Not applicable

77. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

√ Applicable □ Not applicable

In RMB

Supplement Information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities		
Net profit	170,143,320.59	138,753,780.86
Add: Impairment loss provision of assets	3,755,060.33	9,489,173.42
Depreciation of fixed assets, oil and gas assets and consumable biological assets	147,770,052.54	152,346,569.01
Amortization of Use right assets		
Amortization of intangible assets	4,973,226.16	5,412,578.39
Amortization of Long-term deferred expenses	2,338,684.37	3,185,540.79
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-67,716.58	1,352,213.50
Loss from scrapping of fixed assets	1,421,248.60	4,265,935.98
Loss from fair change		
Financial cost	55,575,493.02	83,917,482.00
Loss on investment	-10,104,462.48	-4,146,009.75
Decrease in deferred income tax assets	-3,433,228.85	31,595.17
Increased of deferred income tax liabilities		
Decrease of inventories	-72,742,033.27	18,309,641.44
Decease of operating receivables	6,608,059.65	-163,768,904.10
Increased of operating Payable	99,127,258.97	-33,333,797.71
Other		
Net cash flows arising from operating activities	405,364,963.05	215,815,799.00
II. Significant investment and financing activities that without cash flows:		
Transferring debts to capital		
Convertible corporate bond to mature within one year		
Leasing fixed assets through financing		
III. The information of net increase of cash and cash equivalent		
Balance of cash at the End of the period	507,284,529.96	618,949,912.09
Less: Balance of cash at the beginning of the period	618,949,912.09	541,382,061.70
Add: Balance of cash equivalent at the end of the period		
Less: Balance of cash equivalent at the beginning of the period		
Net increase in cash and cash equivalents	-111,665,382.13	77,567,850.39

(2) Net Cash paid of obtaining the subsidiary

□ Applicable √ Not applicable

(3) Net Cash receive of disposal of the subsidiary

□ Applicable √ Not applicable

(4) Cash and cash equivalents

√ Applicable □ Not applicable

In RMB

Items	Closing balance	Opening balance
1.Cash	507,284,529.96	618,949,912.09
Including: cash at hand	185.59	2,338.00
Demand bank deposit	393,337,804.82	534,614,504.12
Demand other monetary funds	113,946,539.55	84,333,069.97

Usable money in Central Bank		
Money saved in associated financial bodies		
Money from associated financial bodies		
II. Cash equivalents		
Of which: bond investment which will due in three months		
III. Closing balance of cash and cash equivalents	507,284,529.96	618,949,912.09
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

Other notes

Applicable Not applicable

78. Note of statement of changes in the owner's equity

Explain "other" project name and adjustment amount of the adjustment of closing balance in previous year, etc.:

Applicable Not applicable

79. The assets with the ownership or use right restricted

Applicable Not applicable

In RMB

Items	Closing book value	Restricted reason
Monetary capital	210,187,591.21	Issued bank acceptance bills, letters of credit,
Note receivable	163,976,629.68	Issued bank acceptance bills,,Cash discount
Inventory		
Fixed assets	430,175,695.23	Loans
Intangible assets		
Real estate investment	2,886,614.96	Loans
Total	807,226,531.08	/

80. Foreign currency monetary items

(1) Foreign currency monetary items

Applicable Not applicable

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary capital	-	-	112,398,162.35
Including: USD	9,098,154.08	6.98	63,470,542.49
Euro	6,233,621.11	7.82	48,718,865.79
Swiss franc	28,982.35	7.20	208,754.07
Account receivable	-	-	239,934,624.36
Including: USD	29,425,990.92	6.98	205,281,597.86
Euro	4,433,884.78	7.82	34,653,026.50
HKD			
Long-term loans	-	-	5,943,829.69
Including: USD	792,276.77	6.98	5,527,081.20
Euro	53,323.33	7.82	416,748.49
HKD			

(2) Note to overseas entities including: for significant overseas entities, shall disclose main operating place, recording currency and selection basis, if there are changes into recording currency, shall also disclose the reason.

Applicable Not applicable

81. Arbitrage

Applicable Not applicable

82. Government subsidy

1. Basis situation

Applicable Not applicable

In RMB

Type	Amount	Items	Amount of profits and losses for the current period
Land use tax return	1,998,200.00	Other income	1,998,200.00
Scientific research grants	4,983,600.00	Other income	4,983,600.00
Talent subsidies	4,118,110.00	Other income	4,118,110.00
Foreign trade reward	278,900.00	Other income	278,900.00
Energy-saving subsidies	4,434,781.80	Other income	4,434,781.80
Enterprise development subsidy	2,140,000.00	Other income	2,140,000.00

2. Information about refunding government grants

Applicable Not applicable

83. Other

Applicable Not applicable

VIII. Changes of merge scope

1. Business merger not under same control

Applicable Not applicable

2. Business combination under the same control

Applicable Not applicable

3. Reverse purchase

Applicable Not applicable

4. The disposal of subsidiary

Whether there a single disposition loses control of a subsidiary's investment

Applicable Not applicable

Other notess

Applicable Not applicable

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

Applicable Not applicable

5. Other reasons for the changes in combination scope

Notes to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information

Applicable Not applicable

6. Other

Applicable Not applicable

In the reporting period, the Company cancelled Huangshi Electromechanical Co., Ltd., Huangshi Donglian New Energy Co., Ltd. and Fengtai Donglian New Energy Technology Co., Ltd.

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Applicable Not applicable

Name of the subsidiary	Main operating place	Registration place	Nature of business	Proportion of shareholding(%)		Way of gaining
				Directly	Indirectly	
Wuhu Abaur Mechanical & Electrical Co., Ltd..	Wuhu	Wuhu	Manufacturing	75.00		Invested
Huangshi Dongbei Founry Co., Ltd.	Huangshi	Huangshi	Manufacturing		38.46	Under the same control business combination
Alashankou Dongbei Greenergy Co., Ltd.	Alashankou	Alashankou	Power Generation		60.00	Invested
Huangshi Dongbei International Trade Co., Ltd.	Huangshi	BVI	Trading	100.00		Under the same control business combination
Dongbei Electromechanical (Jiangsu) Co., Ltd.	Suqian	Suqian	Manufacturing	100.00		Invested
Dongbei(Wuhan) Technology Innovation Co., Ltd.	Wuhan	Wuhan	R&D Centre	100.00		Invested

(2) Significant not wholly owned subsidiary

√ Applicable □ Not applicable

In RMB

Subsidiary	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period
Wuhu Abaur Mechanical & Electrical Co., Ltd..	25.00	16,584,973.90		200,618,708.72

Holding proportion of minority shareholder in subsidiary different from voting proportion:

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

(3) The main financial information of significant not wholly owned subsidiary

√ Applicable □ Not applicable

In RMB10,000

Name	Year-end balance						Year-beginning balance					
	Current assets	Non current assets	Total assets	Current Liabilities	Non current liabilities	Total liabilities	Current assets	Non current assets	Total assets	Current Liabilities	Non current liabilities	Total liabilities
Wuhu Abaur Mechanical & Electrical Co., Ltd.	170,318.77	78,407.22	248,725.99	134,674.61	21,163.96	155,838.57	178,185.12	81,753.76	259,938.88	149,806.80	25,413.53	175,220.33

Name	Amount of current period				Amount of previous period			
	Business income	Net profit	Total Comprehensive income	Cash flows from operating activities	Business income	Net profit	Total Comprehensive income	Cash flows from operating activities
Wuhu Abaur Mechanical &	240,253.74	8,168.86	8,168.86	5,240.28	218,462.19	7,126.91	7,126.91	7,685.62

Electrical Co., Ltd.								
----------------------	--	--	--	--	--	--	--	--

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

Applicable Not applicable

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

Applicable Not applicable

Other notes:

Applicable Not applicable

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

Applicable Not applicable

3. Equity in joint venture arrangement or associated enterprise

Applicable Not applicable

4. Main joint venture and associated enterprise

Applicable Not applicable

5 Main financial information of significant joint venture

Related notes to structure entity not including in the scope of consolidated financial statements

Note

Applicable Not applicable

6. Other

Applicable Not applicable

X. The risk related financial instruments

Applicable Not applicable

XI. The disclosure of the fair value

1. Closing fair value of assets and liabilities calculated by fair value

Applicable Not applicable

2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

Applicable Not applicable

3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2

Applicable Not applicable

4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3

Applicable Not applicable

5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3

Applicable Not applicable

6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels

Applicable Not applicable

7. Changes in the valuation technique in the current period and the reason for change

Applicable Not applicable

8. Fair value of financial assets and liabilities not measured at fair value

Applicable Not applicable

9. Other

Applicable Not applicable

XII. Related party and related party transactions

1. Parent company information of the enterprise

Applicable Not applicable

In RMB10,000

Name	Registered address	Nature	Registered capital	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio
Huangshi Dongbei Electromechanical Group Co., Ltd.	Huangshi	Manufacturing	24,184.29	50.04	50.04

Notes

Huangshi Dongbei Electromechanical Group Co., Ltd. was incorporated on January 18, 2002; registered address: No. 5, Wu Huang Road, Tieshan district Huangshi City, Hubei Province; legal representative: Yang Baichang; registered capital: RMB 241.8429 million; company type: other limited liability company; business scope: production and sales of refrigeration compressors, refrigeration equipment and spare parts, maintenance of refrigeration equipment, high-tech development, consulting; rental housing, car rental, real estate development. (if involves licensed operating items, it shall obtain permissions from relevant department before operation). Its holding stake of the company: 50.04%.

Final controlling party: Nil

Other notes:

Nil

2. Subsidiaries of the Company

See details to Notes .

Applicable Not applicable

The details to Note VII

3. Information on the joint ventures and associated enterprises of the Company

Applicable Not applicable

The details to Note VII

The details to Notes of significant joint venture and associated enterprise of the Company

Applicable Not applicable

4. Information on other related parties

Applicable Not applicable

Name	Relationship with the Company
Huangshi Dongbei Refrigerating Co., Ltd.	Controlled by the parent company Huangshi Dongbei Electromechanical Group Co., Ltd.
Huangshi Aibo Technology Development Co., Ltd.	One of the shareholders of the parent Company Huangshi Dongbei Electromechanical Group Co., Ltd., Trust holdings shares of Huangshi Dongbei Group Employees.

Wuhu Farici Investment Co., Ltd.	Other
Hubei Xingdong Investment Co., Ltd.	Other
Jiangsu Luokey Electrical Group Co., Ltd.	One of the shareholders of the parent Company Huangshi Dongbei Electromechanical Group Co., Ltd.
Huangshi Chenxin Photoelectric Co., Ltd.	Wuhu Farici Investment Co., Ltd. holding subsidiaries
Hubei Dongbei New Energy Co., Ltd.	Huangshi Dongbei Refrigerator industry Co., Ltd. holding subsidiaries
Hubei Jinling Fine Agriculture and Forestry Co., Ltd.	Huangshi Aibo Technology Development Co., Ltd. holding subsidiaries
Hubei Jinling Fine Agriculture and Forestry Co., Ltd.	Huangshi Aibo Technology Development Co., Ltd. holding subsidiaries
Huangshi Jinbei Dairy Co., Ltd.	Huangshi Aibo Technology Development Co., Ltd. holding subsidiaries
Huangshi Huangshi Director Dongxing Petty Loan Co., Ltd.	Huangshi Aibo Technology Development Co., Ltd. holding subsidiaries
Huangshi Dongbei Refrigerator industry Co., Ltd.	Huangshi Huizhi Investment Partnership (LP) holding subsidiaries
Huangshi Dongbei Electronic Commerce Co., Ltd.	Controlled by the parent company Huangshi Dongbei Electromechanical Group Co., Ltd.
Jiangsu Dongbei Machinery Co., Ltd.	Controlled by the parent company Huangshi Dongbei Electromechanical Group Co., Ltd.
Huangshi Haole Electronic Commerce Co., Ltd.	Controlled by the parent company Huangshi Dongbei Electromechanical Group Co., Ltd.
Daye Dongai Electromechanical Group Co., Ltd.	Huangshi Dongbei Electromechanical Group Co., Ltd. holding subsidiaries
Huangshi Jinbei food chain co., Ltd	Huangshi Aibo Technology Development Co., Ltd. holding subsidiaries
Hubei Aibo Intelligent Equipment Co., Ltd.	Huangshi Aibo Technology Development Co., Ltd. holding subsidiaries

Other notes

Applicable Not applicable

4. Other related parties.

Applicable Not applicable

5. Related-party transactions

(1) Information on acquisition of goods and reception of labor service

Acquisition of goods and reception of labor service

Applicable Not applicable

In RMB10,000

Related-party	Content	Amount of this period	Amount of last period
Jiangsu Luokey Electric Group Co., Ltd.	Compressor parts	37,489.56	38,363.69
Huangshi Aibo Technology Development Co., Ltd.	Compressor parts	39,226.02	70,968.60
Daye Dongai Electromechanical Group Co., Ltd.	Compressor parts	30,817.30	
Huangshi Dongbei Electromechanical Group Co., Ltd.	Compressor parts	5,303.13	4,659.28
Huangshi Jinbei Dairy Co., Ltd.	Agricultural products	383.97	460.49
Hubei Jinling Fine Agriculture Co., Ltd.	Agricultural products	22.22	35.62
Huangshi Chenxin Optoelectronic Co., Ltd.	Low value consumable		11.86
Hubei Dongbei New Energy Co., Ltd.	Compressor parts	901.29	1,240.09
Hubei Dongbei New Energy Co., Ltd.	Photovoltaic		155.2
Huangshi Dongbei Electromechanical Group Co., Ltd.	Guarantee	455.95	454.74
Hubei Aibo Intelligent Equipment Co., Ltd.	Compressor parts	518.18	
Jiangsu Dongbei Electromechanical Group Co., Ltd.	Compressor parts	10,540.02	

Information of sales of goods and provision of labor service

√ Applicable □ Not applicable

In RMB10,000

Related-party	Content	Amount of this period	Amount of last period
Huangshi Dongbei Refrigerating Co., Ltd.	Compressor	2,040.30	2,876.75
Huangshi Dongbei Refrigerating Co., Ltd.	Chare for electricity and water	128.11	133.93
Hubei Dongbei New Energy Co., Ltd.	Compressor parts	11.04	5.87
Daye Donggai Electromechanical Group Co., Ltd.	Chare for electricity	713.96	
Huangshi Aibo Technology Development Co., Ltd.	Chare for electricity	654.26	1,136.71
Huangshi Chenxin Optoelectronic Co., Ltd.	Chare for electricity	149.49	121.7
Huangshi Dongbei Electromechanical Group Co., Ltd.	Chare for electricity and water	21.45	21.67
Jiangsu Luoke Electric Group Co., Ltd.	Material sales, storage charges	85.08	94.34
Huangshi Dongbei Electronic Commerce Co., Ltd.	Compressor	1,145.43	123.1
Huangshi Haole Electronic Commerce Co., Ltd.	Compressor	13.47	
Huangshi Jinbei Dairy Co., Ltd.	Chare for electricity and water	96.87	84.73
Huangshi Aibo Technology Development Co., Ltd.	Guarantee		28.13
Jiangsu Dongbei Machinery Co., Ltd.	Chare for electricity and water	96.89	77.24

Notes

□ Applicable √ Not applicable

(2) Related trusteeship or contracting

Lists of entrust/contracted

□ Applicable √ Not applicable

Notes

□ Applicable √ Not applicable

The company commissioned the management / package list

□ Applicable √ Not applicable

Notes

□ Applicable √ Not applicable

(3) Information of related lease

The Company was lessor

√ Applicable □ Not applicable

In RMB

Name of lessee	Category of leased assets	The lease income confirmed in this year	The lease income confirmed in last year
Hubei Dongbei New Energy Co., Ltd.	House rent	757,595.29	738,464.82
Huangshi Dongbei Refrigerating Co., Ltd.	House rent	6,030,323.66	6,030,323.66
Huangshi Jinbei Dairy Co., Ltd.	House rent	220,641.51	220,680.00
Huangshi Aibo Technology Development Co., Ltd.	House rent	109,101.60	57,278.34
Jiangsu Luoke Electrical Group Co., Ltd.	House rent	293,147.70	354,806.02
Jiangsu Luoke Electrical Group Co., Ltd.	House rent	18,133.68	93,240.00
Jiangsu Dongbei Machinery Co., Ltd.	House rent	452,571.42	237,600.00
Hubei Aibo Intelligent	House rent	109,101.60	

Eqquipment Co., Ltd.			
----------------------	--	--	--

The company was lessee:
 Applicable Not applicable

In RMB

Lessor	Category of leased assets	The lease income confirmed in this year	The lease incoe confirmed in last year
Huangshi Dongbei Electromechanical Group Co., Ltd.	Land		36,000.00
Huangshi Aibo Technology Development Co., Ltd.	House	262,915.20	525,830.40
Daye Dongai Electromechanical Group Co., Ltd.	House	262,915.20	

Notes

Applicable Not applicable

(4) Related-party guarantee

The company was guarantor:
 Applicable Not applicable

In RMB10,000

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
Dongbei Electromechanical (Jiangsu) Co., Ltd.	8,394.59	2015/12/17	2020/12/31	No
Daye Dongai Motor Co., Ltd.	3,486.30	2019/7/16	2020/06/24	No
Huangshi Dongbei Founry Co., Ltd.	29,513.59	2018/12/14	2027/3/6	No
Wuhu Abaur Mechanical & Electrical Co., Ltd.	42,079.93	2019/1/4	2020/11/22	No
Alashankou Dongbei Clean Co., Ltd.	35,000	2015/5/28	2027/11/27	No
Huangshi Dongbei Refrigerating Co., Ltd.	8,723.29	2019/6/13	2020/7/17	No
Huangshi Dongbei Electromechanical Group Co., Ltd.	3,948.5	2019/5/28	2020/6/5	No
Dongbei International Trade Co., Ltd.	USD440.00	2019/11/1	2020/10/30	No

The Company was secured party
 Applicable Not applicable

In RMB 10,000

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
Huangshi Dongbei Electromechanical Group Co., Ltd.	49,273.87	2019/1/16	2020/6/30	No

Notes

Applicable Not applicable

(5) Inter-bank lending of capital of related parties

Applicable Not applicable

(6) Related party asset transfer and debt restructuring

Applicable Not applicable

(7) Rewards for the key management personnel

Applicable Not applicable

In RMB

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	2,179,969.26	1,079,832.15

(8) Other related-party transactions

Applicable Not applicable

6. Receivables and payables of related parties

(1) Receivable

Applicable Not applicable

In RMB

Items	Related parties	Year-end balance		Year-beginning	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Account receivable	Huangshi Dongbei Refrigerating Co., Ltd.	6,965,776.04		5,501,153.87	
Account receivable	Huangshi Dongbei Electronic Commerce Co., Ltd	3,911,544.28		181,187.04	
Account receivable	Huangshi Haole Electronic Commerce Co., Ltd	40,082.00		15,483.10	
Prepayment	Huangshi Dongbei Electromechanical Group Co., Ltd.	9,865,041.85		6,686,395.08	

(2) Payables

Applicable Not applicable

In RMB

Items	Related party	Book Balance at period end	Book Balance at period beginning
Account payable	Huangshi Aibo Technology Development Co., Ltd.	6,633.62	63,134,389.29
Other account payable	Huangshi Aibo Technology Development Co., Ltd.	920,848.27	952,721.66
Account payable	Jiangsu Luoke Electrical Group Co., Ltd.	52,630,350.40	63,054,693.26
Other payable	Jiangsu Luoke Electrical Group Co., Ltd.	1,154,470.00	1,019,268.21
Account payable	Jiangsu Dongbei Electrical Machinery Co., Ltd.	11,289,206.59	10,849,798.30
Other payable	Jiangsu Dongbei Electrical Machinery Co., Ltd.	10,000.00	10,000.00
Account payable	Hubei Dongbei New Energy Co., Ltd.	2,450,405.24	7,254,827.73
Other payable	Hubei Dongbei New Energy Co., Ltd.	500,000.00	500,000.00
Other payable	Hubei Chenxin Optoelectronic Co., Ltd.	3,711.57	431,668.13
Other payable	Huangshi Jinbei Dairy Co., Ltd.	164,000.25	79,658.74
Account payable	Huangshi Dongbei Electromechanical Group Solar energy Co., Ltd.	301,005.00	38,905.00
Other payable	Hubei Jinling Fine Agriculture and Forestry Co., Ltd.		26,500.00
Account payable	Hubei Aibo Intelligent Equipment Co., Ltd.	1,449,368.83	
Other payable	Hubei Aibo Intelligent Equipment Co., Ltd.	2,000.00	
Account payable	Daye Dongai Motor Group Co., Ltd.	27,826,651.92	
Other payable	Daye Dongai Motor Group Co., Ltd.	67,238.64	

7. Related party commitment

Applicable Not applicable

8. Other

Applicable Not applicable

XIII. Stock payment

1. The stock payment overall situation

Applicable Not applicable

2. The stock payment settled by equity

Applicable Not applicable

3. The stock payment settled by cash

Applicable Not applicable

4. Modification and termination of the stock payment.

Applicable Not applicable

5. Other

Applicable Not applicable

XIV. Commitments

1. Significant commitments

Applicable Not applicable

2. Contingency

(1) Significant contingency at balance sheet date

Applicable Not applicable

(2) The Company have no significant contingency to disclose, also should be stated

Applicable Not applicable

3. Other

Applicable Not applicable

XV. Events after balance sheet date

1. Significant events had not adjusted

Applicable Not applicable

2. Profit distribution

Applicable Not applicable

3. Sales return

Applicable Not applicable

4. Events after balance sheet date

Applicable Not applicable

At the beginning of 2020, a new coronavirus has swept through widely, and the Company's headquarters is located in Hubei which is a heavily epidemic area. Responding to the epidemic, in order to win the epidemic prevention battle and the enterprise operation and development securing battle, the Company immediately established an epidemic prevention and control command team to formulate a number of measures to ensure the safe operation of the Company and the health and safety of employees. There was no confirmed diagnosis or suspected case of new coronary pneumonia in the Company. To support the local fight against the epidemic, the Company donated money and materials, and purchased urgently

needed medical supplies from overseas for Huangshi upon the advantages of global customer resources of the Company. While doing well in its own epidemic prevention work and doing a good job in resuming production, upon full approval for the implementation of the Company's various epidemic prevention measures and the preparatory work for resumption of production, the local government approved the Company as the first batch of production resumption enterprises, which furnished the precious opportunity for the Company resuming production and operation as early as the situation allowed. The Company anticipated that the new coronavirus epidemic situation and related prevention and control measures would have a temporary impact on the Company's production and operations. The Company will continue to pay close attention to the development of the new coronavirus epidemic and take active measures to assess its impact on the Company's financial situation and operating results.

XVI. Other significant events

1. The accounting errors correction in previous period

(1) Retrospective restatement

Applicable Not applicable

(2) Prospective application

Applicable Not applicable

2. Debt restructuring

Applicable Not applicable

3. Replacement of assets

(1) Non-monetary assets exchange

Applicable Not applicable

(2) Other assets replacement

Applicable Not applicable

4. Pension plan

Applicable Not applicable

5. Discontinuing operation

Applicable Not applicable

6. Segment information

(1) Recognition basis and accounting policies of reportable segment

Applicable Not applicable

(2) The financial information of reportable segment

Applicable Not applicable

(3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

Applicable Not applicable

(4) Other notes

Applicable Not applicable

7. Other important transactions and events have an impact on investors' decision-making

Applicable Not applicable

8. Other

Applicable Not applicable

XVII. Notes s of main items in financial reports of parent company

(1) Account receivable

(1) Ageing disclosure

Applicable Not applicable

In RMB

Aging		Closing balance
Within 1 year		
Including : Subitem within 1 year		
Subtotal within 1 year		797,681,989.61
1-2 years		2,871,887.80
2-3 years		323,738.87
Over 3 years		
3-4 years		3,551.29
4-5 years		
Over 5 years		
Over 4 years		166,294.23
Total		801,047,461.80

(2) Disclosure by classification according to the bad debt accrual method

Applicable Not applicable

In RMB

Category	Amount in year-end					Balance Year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accrual of bad debt provision by single item						24,645,478.06	2.77	12,744,400.27	51.71	11,901,077.79
Including:										
Accrual of bad debt provision by portfolio	848,160,044.26	100.00	16,362,780.85	1.93	831,797,263.41	864,940,004.47	97.23	28,466,541.46	3.29	836,473,463.01
Including										

Combination 1: related parties within the scope of group consolidation	47,112,582.46	5.55			47,112,582.46	47,741,993.93	5.37			47,741,993.93
Portfolio 2: Aging	801,047,461.80	94.45	16,362,780.85	2.04	784,684,680.95	817,198,010.54	91.86	28,466,541.46	3.48	788,731,469.08
Total	848,160,044.26	/	16,362,780.85	/	831,797,263.41	889,585,482.53	/	41,210,941.73	/	848,374,540.80

Accrual of bad debt provision by single item:

Applicable Not applicable

Accrual of bad debt provision by portfolio

Applicable Not applicable

If bad debt reserves are accrued according to the general model of expected credit losses, please refer to other receivables for disclosure:

Applicable Not applicable

(3) Status of bad debt provision

Applicable Not applicable

Including, the amount of bad debts prepared for reversal or recovery in this period is important

Applicable Not applicable

(4) Actual write-off of Account receivable in current period

Applicable Not applicable

In RMB

Items	Amount
Actual write-off of Account receivable	23,422,695.33

The important accounts receivable write-off situation

Applicable Not applicable

In RMB

Unit name	Nature of accounts receivable	Write-off amount	Write-off reason	Write-off procedures performed	Whether the payment is generated by related party transactions
Shaanxi Baoji Changling Refrigerator Co., Ltd	Sale	10,678,295.06	Recovery is expected to be difficult	Review by the Board of directors	No
Henan Xinfei Refrigeration Equipment Co., Ltd.	Sale	9,527,486.17	Recovery is expected to be difficult	Review by the Board of directors	No
Henan Xinfei Household Appliance Co., Ltd.	Sale	3,216,914.10	Recovery is expected to be difficult	Review by the Board of directors	No
Total	/	23,422,695.33	/	/	/

Note:

Applicable Not applicable

(5) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

Applicable Not applicable

In RMB

Name	December 31, 2019	Proportion(%)	Bad debt provision
Client 1	202,303,795.33	23.85	4,046,075.91
Client 2	134,542,236.48	15.86	2,690,844.73
Client 3	105,480,168.31	12.44	2,109,603.37
Client 4	103,680,757.63	12.22	2,073,615.15
Client 5	35,097,779.22	4.14	701,955.58
Total	581,104,736.97	68.51	11,622,094.74

(6) Account receivable which terminate the recognition owing to the transfer of the financial assets:

Applicable Not applicable

(7) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Applicable Not applicable

Other notes:

Applicable Not applicable

2. Other accounts receivable

Summary situation

Applicable Not applicable

In RMB

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivable	1,375,144.58	796,481.06
Total	1,375,144.58	796,481.06

Other notes:

Applicable Not applicable

Interest receivable

(1)Classification of interest receivable

Applicable Not applicable

(2) Important overdue interest

Applicable Not applicable

(3)The withdrawal amount of the bad debt provision:

Applicable Not applicable

Other notes:

Applicable Not applicable

Dividend receivable

(1) Dividend receivable

Applicable Not applicable

(2) Significant dividend receivable aged over 1 year

Applicable Not applicable

(3)The withdrawal amount of the bad debt provision:

Applicable Not applicable

Other notes:

Applicable Not applicable

Other accounts receivable

(1) Aging disclosed

√ Applicable □ Not applicable

In RMB

Aging	Closing balance
Within 1 year	
Including: Subitem within 1 year	
Subtotal within 1 year	1,368,994.04
1-2 years	35,295.18
2-3 years	
Over 3 years	
3-4 years	
4-5 years	
Over 5 years	
Total	1,404,289.22

(2) Classified by the nature of accounts

√ Applicable □ Not applicable

In RMB

Nature	Closing book balance	opening book balance
Current account	1,318,994.04	784,735.99
Petty cash	85,295.18	212,285.50
Total	1,404,289.22	997,021.49

(3) Bad-debt provision

√ Applicable □ Not applicable

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019	200,540.43			200,540.43
Balance as at January 1, 2019 in current	200,540.43			200,540.43
—Transfer to stage II				
—Transfer to stage III				
—Transfer to stage II				
—Transfer to stage I				
Provision in the current period				
Turn back in the current period	171,395.79			171,395.79
Reseller in the current period				
Write - off in the current period				
Other				
Balance as at December 31, 2019	29,144.64			29,144.64

Explanation of significant changes in the book balance of other receivables with changes in loss reserves in the current period:

□ Applicable √ Not applicable

The accrual amount of bad debt reserves for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

□ Applicable √ Not applicable

(4) Bad-debt provision

□ Applicable √ Not applicable

(5) The actual write-off other accounts receivable

Applicable Not applicable

(6) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

Applicable Not applicable

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable(%)	Closing balance of bad debts provision
State Grid Huangshi Power supply Comapny High-tech Zone Power Supply Center	Current account	1,030,730.76	Within 1 year	73.40	20,614.62
Wuhan Haier Energy Power Co., Ltd.	Current account	278,043.50	Within 1 year	19.80	5,560.87
Zhan Zhiyong	Petty cash	63,089.18	Within 1 year	4.49	1,261.78
Fei Yinxin	Petty cash	12,206.00	Within 1 year	0.87	244.12
Deng Gang	Petty cash	10,000.00	Within 1 year	0.71	200.00
Total	/	1,394,069.44	/	99.27	27,881.39

(7) Accounts receivable involved with government subsidies

Applicable Not applicable

(8) Other account receivable which terminate the recognition owing to the transfer of the financial assets

Applicable Not applicable

(9) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Applicable Not applicable

Other notes:

Applicable Not applicable

3.Long-term equity investment

Applicable Not applicable

In RMB

Items	Closing balance			Opening balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Investment to the subsidiary	248,161,074.70		248,161,074.70	248,161,074.70		248,161,074.70
Investment to joint ventures and associated enterprises						
Total	248,161,074.70		248,161,074.70	248,161,074.70		248,161,074.70

(1) Investment to the subsidiary

Applicable Not applicable

In RMB

Name	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
------	-----------------	----------	----------	-----------------	--	---

Wuhu Abaur Mechanical & Electrical Co., Ltd.	33,339,800.00			33,339,800.00		
Dongbei International Trade Co., Ltd.	6,821,274.70			6,821,274.70		
Dongbei(Wuhan) Technology Innovation Co., Ltd.	8,000,000.00			8,000,000.00		
Dongbei Electromechanical (Jiangsu) Co., Ltd.	200,000,000.00			200,000,000.00		
Dongbei (Wuhu)Electromechanical Co., Ltd.		800,000.00	800,000.00			
Total	248,161,074.70	800,000.00	800,000.00	248,161,074.70		

(2) Investment to joint ventures and associated enterprises

Applicable Not applicable

4. Business income and Business cost

Applicable Not applicable

In RMB

Items	Report period		Same period of the previous year	
	Income	Cost	Income	Cost
Main Business	3,443,125,930.93	3,130,369,130.61	3,304,493,877.30	3,005,073,800.20
Other Business	121,675,332.40	69,975,987.85	89,307,872.44	44,547,394.97
Total	3,564,801,263.33	3,200,345,118.46	3,393,801,749.74	3,049,621,195.17

5. Investment income

Applicable Not applicable

6. Other

Applicable Not applicable

XVIII. Supplement Information

1. Non-recurring gains and losses of current year

Applicable Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss	12,335,173.86	
Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.		
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	35,184,562.16	
Capital occupation fee collected from non-financial organizations and accounted as current gain/loss.		
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment		
Gains and losses from exchange of non-monetary assets		
Gains and losses from assets under trusted investment or Management		
Asset impairment provisions for force major such as natural disasters		
Gain/loss from debt reorganization		
Enterprise reorganization expenses, such as payment to staff placement and consolidation expenses		

Gain/loss from trades obviously departed from fair value		
Net gain/loss of current term from consolidation of subsidiaries under common control from beginning of term to the consolidation date		
Gain/loss from debt for casting without connection to the main business operation		
In addition to normal business with the company effective hedging related business, holders of tradable financial assets, transactions and financial liabilities arising from changes in fair value gains and losses, as well as the disposal of trading of financial assets, trading financial liabilities and available-for-sale financial assets gains return on investment;		
Single impairment test for impairment of receivables transferred back to preparation		
Gains and losses obtained from external trusted loans		
The use of fair value measurement model of follow-up to the fair value of real estate investment gains and losses arising from changes		
According to tax, accounting and other laws, regulations, the requirements of the current Gain/loss for a one-time adjustment of the impact of the current Gain/loss;		
Entrusted with the operating of the trust to obtain fee income		
Net amount of non-operating income and expense except the aforesaid items	5,479,599.12	
Other non-recurring Gains/loss items		
.Amount of influence of income tax	-9,455,636.43	
Amount of influence of minority interests	-5,443,356.77	
Total	38,100,341.94	

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable Not applicable

2.Return on equity(ROE)and earnings per share(EPS)

Applicable Not applicable

Profit of the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	10.34	0.582	
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	7.46	0.420	

3.Differences between accounting data under domestic and overseas accounting standards

Applicable Not applicable

4.Other

Applicable Not applicable

XII. Documents Available for Inspection

Documents Available for Inspection	Accounting statements carried with personal signatures and seals of legal representative, Chief Financial officer and Financial Principal.
Documents Available for Inspection	Original of Auditors' Report carried with the seal of Certified Public Accountants as well as personal signatures of certified Public accountants.
Documents Available for Inspection	The texts of all the Company's documents publicly disclosed on the newspapers and periodicals designated by China Securities Regulatory Commission in the report period.

Chairman of the board of directors: Zhu Jinming

Issue day approved by the Board of Directors: April 9, 2020

Revised information

Applicable Not applicable