



BEIJING ORIENTAL YUHONG WATERPROOF TECHNOLOGY CO., LTD.



Annual Report 2020

Stock Code: 002271

Stock Name: Oriental Yuhong

April 2021

Chapter I Important Notes, Table of Contents and Definitions

The board of directors, board of supervisors, directors, supervisors and senior executives of the Company warrant that the information carried in this report is factual, accurate and complete, without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

Li Weiguo, the person in charge of the company, Xu Wei, the person in charge of the accounting work and Zeng Mengnan, the person-in-charge of accounting organ (accountant in charge) hereby declare that they guarantee the veracity, accuracy and integrity of the financial statements in this report.

All directors were present at the meeting of the board of directors to deliberate the annual report.

Where the annual report involves any future plan, performance prediction or any other forward-looking statement, it shall state that the plan does not constitute any material commitment of the company to investors. Investors and relevant persons shall be sufficiently mindful of risks, and understand the differences of plans, predictions and undertakings.

At present, the Company does not bear any risk factors that may hinder its sustained profitability, future development strategy and attainment of business objectives. However, investors shall be mindful of the following risks for cautious investment decisions: industry policy, macro-control policy and volatility of the



downstream real estate industry, price fluctuation of raw materials, market competition, technology theft, and accounts receivable. Please refer to Chapter IV Operation Discussion and Analysis for details.

The Board has approved a final dividend plan for the ordinary shareholders as follows: based on the total share capital (the share capital at the record date when the dividend plan is implemented), a cash dividend of RMB 3.00 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.



CONTENTS

Chapter I Important Notes, Table of Contents and Definitions.....	2
Chapter II Corporate Information and Key Financial Indicators.....	7
Chapter III Business Overview.....	13
Chapter IV Operation Discussion and Analysis.....	23
Chapter V Important Particulars.....	78
Chapter VI Changes in Shares and Information on Shareholders.....	159
Chapter VII Status of Preferred Shares.....	179
Chapter VIII Convertible Corporate Bonds.....	180
Chapter IX About Directors, Supervisors, Senior Managers and Employees.....	184
Chapter X Corporate Governance.....	199
Chapter XI Information related to corporate bonds.....	217
Chapter XII Financial Reporting.....	218
Chapter XIII Contents of Documents for Reference.....	467



Definition

Item	referring to	Definition
the Company, Oriental Yuhong	referring to	Beijing Oriental Yuhong Waterproof Technology Co., Ltd.
Company Law	referring to	Company Law of the People's Republic of China
Securities Law	referring to	Securities Law of the People's Republic of China
CSRC	referring to	China Securities Regulatory Commission
SSE	referring to	Shenzhen Stock Exchange
The reporting period	referring to	The year of 2020, i.e., from January 1 of 2020 to December 31 of 2020
Yuan 10,000 Yuan	referring to	RMB RMB 10,000
Waterproof membranes	referring to	A soft waterproof material based on asphalt or synthetic macromolecular material that takes the form of squeezed slice or bended roll, including asphalt-based waterproof membrane and macromolecular waterproof membrane
Waterproof coating	referring to	A type of material without a certain form, liquid or semi-liquid in normal temperature, which can be painted or sprayed on the surface of waterproof substrate and solidified with thickness after volatilization, evaporation or chemical reaction
Houses and buildings	referring to	industrial, civil and public buildings



Chapter II Corporate Information and Key Financial Indicators

I. Company Profile

Stock name	Oriental Yuhong	Stock Code	002271
Stock exchange for stock listing	Shenzhen Stock Exchange		
Chinese name of the company	Beijing Oriental Yuhong Waterproof Technology Co., Ltd.		
Abbreviation of the Company's Chinese name	Oriental Yuhong		
English name of the company (if any)	BEIJING ORIENTAL YUHONG WATERPROOF TECHNOLOGY CO., LTD.		
Abbreviation of the company's English name (if any)	ORIENTAL YUHONG		
Legal representative of the company	LI Weiguo		
Registered address	NO.2, Shalingduan Jia, Shunping Road, Shunyi District, Beijing, China		
Postal code of the registered address	101309		
Office address	No. 4 Building, Kang Jiayuan, Gao Beidian North Road, Chaoyang District, Beijing, China		
Postal code of the office address	100123		
website	www.yuhong.com.cn		
E-mail	stocks@yuhong.com.cn		

II. Contact Information

	Board Secretary	Securities Representative
Name	Zhang Bei	
Office Address	No. 4 Building, Kang Jiayuan, Gao Beidian North Road, Chaoyang District, Beijing, China	
Tel.	010-85762629	
Fax	010-85762629	
E-mail	stocks@yuhong.com.cn	



III. Information Disclosure and Filing Location

Designated Media of Information Disclosure	<i>Securities Times, China Securities Journal</i>
Website designated by CSRC where the Annual Report is disclosed	www.cninfo.com.cn
Filing Location	Department of Securities of the Company

IV. Alteration of Registration Information

Organization Code	91110000102551540H
Alteration of principal activities after listing (If any)	None
Alteration of holding shareholders since establishment (If any)	None

V. Other Related Information

Accounting firm retained by the Company

Name	Grant Thornton International Ltd (Special General Partnership)
Office address of the accounting firm	Floor 5, Saite Plaza, No.22, Jianguomenwai Street, Chaoyang District, Beijing
Names of signatory accountants	Liang Yinan, Luo Xiangqiang

Sponsor that performs continuous supervision retained by the company for the reporting period

Applicable Not applicable

Financial consultant that performs continuous supervision retained by the company for the reporting period

Applicable Not applicable

VI. Key Accounting Data and Financial Information

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

Yes No

	2020	2019	YoY change (%)	2018
--	------	------	----------------	------



Operating revenue(RMB)	21,730,373,038.52	18,154,344,171.40	19.70%	14,045,708,250.74
Net profit attributable to the listed company's shareholders (RMB)	3,388,870,065.01	2,065,944,687.98	64.03%	1,508,221,286.20
Net profit attributable to the listed company's shareholders excluding extraordinary profit and loss (RMB)	3,091,374,862.33	1,877,957,843.33	64.61%	1,323,057,092.18
Net cash generated from/used in operating activities (RMB)	3,951,695,455.50	1,588,960,346.58	148.70%	1,013,946,629.91
Basic earnings per share (RMB/share)	1.510	0.930	62.37%	0.67
Diluted earnings per share (RMB/share)	1.460	0.910	60.44%	0.67
Weighted average return on equity (%)	27.37%	21.99%	5.38%	20.36%
	December 31 2020	December 31 2019	Change of December 31 2020 over December 31 2019 (%)	December 31 2018
Total assets(RMB)	27,846,648,780.80	22,415,660,188.56	24.23%	19,651,708,389.43
Net assets attributable to the listed company's shareholders (RMB)	14,614,377,078.75	9,740,003,225.27	50.04%	7,900,749,970.23

The lower net profit of the Company before or after the deduction of non-recurring profits and losses is negative in the past three accounting years and the latest audit report cast doubt upon the Company's ability to continue as a going concern.

Yes No

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

Yes No

VII. Accounting Data Variance Based on Domestic and International Accounting Standards

1. The difference of net profit and net assets attribute to shareholders in the financial report disclosed under IAS and CAS

Applicable Not Applicable

There is no difference of net profit and net assets attribute to shareholders in the financial report disclosed under IAS and CAS.

2. Difference of net profit and net assets attribute to shareholders of the Company in the financial report disclosed under FAS and CAS

Applicable Not Applicable

There is no difference of net profit and net assets attribute to shareholders of the Company in the financial report disclosed under FAS and CAS.

VIII. Key Financial Information by Quarters

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	2,465,220,177.90	6,317,848,524.95	6,194,479,919.41	6,752,824,416.26
Net profit attributable to the listed company's shareholders	138,054,901.80	958,793,280.58	1,033,483,699.40	1,258,538,183.23
Net profit attributable to the listed company's shareholders excluding extraordinary profit and loss	113,580,139.48	924,092,148.22	995,854,311.51	1,228,399,480.89
Net cash generated from/used in operating activities	-2,092,541,321.07	1,733,212,284.28	-549,076,054.07	4,860,100,546.36

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

Yes No

**IX. Items and Amount of Extraordinary Profit and Loss**

√ Applicable □ Not applicable

Unit: RMB

Item	Amount in 2020	Amount in 2019	Amount in 2018	Explanation
Profit/loss on the disposal of non-current assets (including write-off items for the provision for impairment of assets)	-28,517,049.83	-9,444,523.98	2,166,285.17	
Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	189,723,776.32	249,436,374.85	210,499,364.88	
Profit or loss on changes in fair value of held-for-trading financial assets and liabilities, derivative financial assets and liabilities, as well as investment income from disposal of held-for-trading financial assets and liabilities and liabilities, and derivative financial assets and liabilities, except for effective hedging business related to normal businesses of the Company	208,586,301.71	1,938,718.34		
Other non-operating income and expenses other than the above items	-19,792,207.21	-21,105,490.52	10,462,948.14	
Other profit or loss items meeting the definition of extraordinary profit or loss			687,903.80	
Less: Income tax effects	52,500,123.15	32,832,954.05	33,572,475.30	
Minority interests effects(after tax)	5,495.16	5,279.99	5,079,832.67	
Total	297,495,202.68	187,986,844.65	185,164,194.02	--



Explanations should be provided for items of extraordinary profit and loss according to the definition stated in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public-Extraordinary Profit and Loss and items of recurrent profit and loss defined as items of extraordinary profit and loss in the Announcement.*

Applicable Not Applicable

The Company didn't define items of extraordinary profit and loss listed in and defined by the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public-Extraordinary Profit and Loss* as items of recurrent profit and loss.

Chapter III Business Overview

I. Principal Activities or Products in the Reporting Period

The company shall comply with the requirements of disclosure stated in Guidelines No.13 of the Shenzhen Stock Exchange on Industry Information Disclosure: Listed Companies Engaging in the Relevant Non-metallic Building Material Business.

(i) The Company's Principal Activities

The Company develops, produces and markets new waterproof materials for buildings, as well as provides waterproof engineering. It is a provider of construction materials and systems that bases itself on the provision of services around waterproofing systems, as well as extends to civil construction materials, energy saving and heat preservation materials, non-woven fabric, specialized mortar, building coating materials, building repair, building powder, etc.

Quality products and professional system services are widely used for buildings, high-speed railways, metro and urban railways, highways & urban roads and bridges, airports, water conservancy facilities, utility tunnels, etc., including China's iconic buildings such as the Chairman Mao Memorial Hall, the Great Hall of the People, the National Convention Centre, the Bird's Nest, the Water Cube, China Zun, Beijing Daxing International Airport, as well as the country's major infrastructure projects such as Hong Kong-Zhuhai-Macau Bridge, the Beijing-Zhangjiakou Railway, the Beijing-Shanghai high-speed railway, the Beijing-Tianjin inter-city high-speed railway and Beijing Metro. The Company sees "for the motherland, for the society, for customers, for employees, and for shareholders" as its corporate tenet, "serving the country by developing industry, benefiting the people with good services" as its guideline, and "building a durable and safe environment for human beings and the society" as its corporate vision. In addition to the core business of building waterproofing, the Company is also engaged in civil building materials, energy saving and heat preservation materials, non-woven fabric, specialized mortar, building coating materials, building repair, building powder, etc. It owns many brands and business lines: Oriental Yuhong (engineering), Fasion (waterproofing), Yuhong (civil construction materials), Lodi 1813 (diatom mud), Woniushan (energy saving and heat preservation), Fuda (energy saving and heat preservation), Yueda (energy saving and heat preservation), Yanghe (energy saving and heat preservation), Tiandingfeng (non-woven fabric), Vasa (mortar), DAW (building coating), building



repair, BiAn (building powder), etc.

The Company sells its products and provides system solutions through a multi-tiered marketing network featuring a combination of direct marketing and channels according to different usages and users. Through direct marketing that allows the Company to directly find, sell to and serve end users, the Company has signed strategic cooperation agreements or long-term supply agreements with numerous large real estate companies and enterprise groups. Meanwhile, in railway, urban railways, tunnels and underground projects, livelihood projects and other segment markets, the Company has enhanced trust among customers through direct contact and established long-term and stable partnership in material supply and system solutions. The direct marketing model helps the company improve the reputation and achieve sustained and steady growth of business. Supported by engineering dealers and retail dealers, the channel model allows the Company to find, sell to and serve end users via partners such as dealers. The Company, after signing agreements with multiple dealers, has established a well-planned, risk-managed, cost-effective and dynamic dealer network, which, through enhanced system training and service, has developed into an important channel for the Company in the expansion of domestic market.

At present, the Company has established a multi-tiered engineering marketing network that deeply integrates direct marketing and engineering channels as well as a marketing network for civil building materials with retail dealers at the core. Giving full play to companies that carry out integrated operation in the north segment, the east segment and the south segment, direct marketing and engineering channels feature integrated management by which the companies take charge of the sale and service of products in their respective regional engineering markets. All marketing channels and business lines reinforce each other to improve market share by marketing and operating in regional markets, integrating local customers and marketing channel resources and expanding the regional market reach. Meanwhile, with the support of customers accumulated over the years through the waterproofing business and marketing channels, the Company aims to build a platform of chemical building materials based on the development of construction coating, mortar and powder, and heat preservation and energy conservation materials. The retail dealers, managed by Oriental Yuhong Civil Construction Materials Co., Ltd. (a wholly-owned subsidiary of the Company), formulate an all-in-one composite marketing network covering home decoration

companies, construction material supermarkets, construction material dealers and e-commerce to serve the consumers of the home decoration market.

(2) Overview of the Industry and the Company's Position in the Industry

The Company competes in the waterproof building materials industry, a segment of the building materials industry. Waterproof materials are functional materials indispensable for modern architecture. As cities keep growing, the waterproofing industry enters into a stage of rapid growth with great prospects.

Currently, with low concentration and unhealthy competition, the domestic construction waterproofing industry features “many small firms in a large industry”. Among the many waterproofing firms, only a few can provide good services, while the many others are of small size with outdated technology and production technique. The market is flooded with counterfeit and shoddy products. And the industry is trapped in excessive lagged output capacity, unhealthy competition and environmental issues. In recent years, with the rollout of quality inspection, environment inspection, safe production policies and other industry policies, a consumption upgrade, higher quality requirements of major corporate customers, as well as increasing competitiveness of large waterproofing companies, the waterproofing market is witnessing increasing concentration towards leading companies.

Since its establishment, the Company has been providing high-quality, integrated building materials and system solutions for major infrastructure projects, as well as industrial, civil and commercial buildings. It is dedicated to solving construction safety problems caused by low-quality waterproofing and the high leakage rate. Upon more than two decades of experience in the building materials industry, the Company has transformed and upgraded to be a domestic leader in terms of R&D, technique equipment, application technology, marketing model, professional system service, brand presence, etc., with strong competitiveness and prospects.

II. Significant Change of Major Assets

1. Significant Change of Major Assets

Major Assets	Explanations for Significant Change
Equity	No significant change
Fixed Asset	No. 7 workshop and the supporting facilities of Tiandingfeng, Puyang production base, No.2 Workshop of asphalt membrane at Jiande Factory, upgrade and expansion of Yueyang factory, DAW Hangzhou production base, DAW Yueyang production base of building material, No.2 Factory of Tangshan were moved to fixed assets after partial completion.
Intangible Asset	Resulting from acquisition of land by Chongqing Oriental Yuhong Building Materials Technology Co., Ltd., Baoding Oriental Yuhong Building Materials Co., Ltd., Guangdong Oriental Yuhong Building Materials Co., Ltd., Wuhu Oriental Yuhong New Materials Technology Co., Ltd., Yangpu Oriental Yuhong Building Materials Co., Ltd., Jilin Oriental Yuhong Building Materials Co., Ltd. and Nantong Phoebe zhennan Membrane Material Co., Ltd.
Construction in progress	The added major items include construction of headquarter base, scientific and research building for Jiangning building technology project, construction of No.7 workshop and supporting facilities of Tiandingfeng, new energy conservation and heat preservation material project with an annual output of 20,000 tons, Macheng Sunshine Factory, and No.2 workshop of Laixi Factory; the reduction of items results from a decreased number of completed projects described in the significant change of fixed assets.

2. Overseas Assets

Applicable Not Applicable



III. Analysis of Core Competitiveness

Aiming to become “the most valuable enterprise in the global construction and building materials industry”, the Company attaches great importance to quality for future development and has provided topnotch and complete system solutions for major infrastructure projects as well as industrial, civil and commercial buildings, which has secured its position as an industry leader with a strong competitive edge.

1. Brand advantage. As the first listed Chinese company in the industry, the Company has gained its brand advantage with its devotion to product quality and its commitment to “righteous path and craftsman spirit”. Since its establishment, it has undertaken a great deal of waterproofing business for major infrastructure projects, national key construction projects and upgrade projects, contributing to its outstanding performance, wide recognition, brand presence and advantage. Until now, Oriental Yuhong has not only become an industry brand but also a household name. In addition, brands owned by the Company such as Yuhong Waterproof, DAW, Vasa, Woniushan, Tiandingfeng, Building Repair and BiAn have all built a strong brand image with increasing influence in each sector.

As of the disclosure date of the report, the Company has received *Yuhong* Certificate of Trademark Registration issued by the Canadian Intellectual Property Office, covering all product categories of the Company ranging from ceramic tile adhesive, coating, mortar, waterproof membranes to construction engineering service, which will smooth the way for the implementation of a globalization strategy. In addition, the Company has been listed among Top 50 Financial Health in A Share Market, 2020 China Brand Evaluation, 2020 Best Employers of China’s Private Enterprises During COVID-19, and for the first time *Fortune* 500 China; won the awards of Best Investor Relations and Best Board of Directors of SME Board at the 11th IR of China Listed Companies, Social Responsibility Award at the 22nd China Listed Company Taurus, and titles of A-share Listed Company that Receives Most Attention and Top 50 of 2020 Top 300 Future Value of A Share Market; included in the list of “2020 A share Top 50 Core Assets”, “Top 50 Market Value of SME Board” and won the titles of “2020 Recommended Brand for Engineering Purchase in the Housing Market”, “Enterprise with Brand Influence” and “Demonstration Company in the



Application of International/National Standards for Brand Evaluation”. Moreover, BiAn, a brand owned by the Company, was included in the list of 2020 Leading Brands of Chinese Building Powder Industry. Oriental Yuhong and its other five brands (Woniushan, DAW, Building Repair, Vasa, and Lodi) all have been recognized as “2020 Supplier and Service Provider Brand of First Choice for Top 500 Chinese Real Estate Enterprises”. Oriental Yuhong was recognized as “Influential Brand in Engineering Waterproofing”, DAW “Influential Brand in Wall Coating”, and Yuhong “Influential Brand in Home Waterproofing”, “Influential Brand in Ceramic Tile Adhesive” and “Innovative Brand in Tile Grout”.

2. R&D advantage. As National Demonstration Enterprise of Technology Innovation and National High and New Tech Enterprise, the Company has been approved to build a State Key Laboratory of Special Functional Waterproof Materials and owns R&D platforms including a National Enterprise Technology Center and Post-Doctoral Scientific Research Station. Upholding the belief of “Innovation Propels Technology and Technology Enhances Quality”, the Company has improved its R&D system that consists of four R&D centers in product R&D, application technology, technological equipment and construction technology. In order to synchronize its scientific and research development with the rest of the world, the Company established Oriental Yuhong Center of Global Excellence R&D for Waterproof Coating in Spring House Innovation Park of Philadelphia with an area of 1,800 square meters, taking its R&D capability to the highest level among American counterparts; initiated a PITA FY20-funded research project on the theory of the adhesion between controllable deactivation layer and concrete in cooperation with Lehigh University; built a joint lab with Wacker Chemie AG for the development of green waterproofing products with best performance; founded a joint lab with Sinopec Yanshan Petrochemical Company for the development and application of new products through joint research, innovation and cooperation projects; set up Bi An Joint R&D Center of Building Powder as an effort to strengthen its independent research team and fuel the research and development of products.

The Company also accelerated its deployment of overseas IPR to leverage R&D advantage for a strengthened global competitiveness. During the reporting period, HDPE products have been awarded Certificate of Invention Patent by IP Australia and United States Patent and Trademark Office as well as Invention Patent Authorization Certificate from Intellectual Property Office of



Singapore. Besides, the Company focuses on green and sustainable development with its Yuhong Plant-based Waterproof Coating earning the USDA Certified Biobased Product label. The environmental-friendly product allows for the replacement of non-renewable materials with biological renewable materials, increased use of renewable agricultural resources and mitigation of adverse impact on environment and health; Three types of products of the Company, namely asphalt-based waterproof membrane (modified), water-based waterproof coating, high polymer waterproof membrane (plastic), have been awarded Certificate for China Green Product by China Building Material Test & Certification Group.

The Company has introduced outstanding technology talents from home and abroad, built a chief scientist mechanism and an international R&D team incorporating 5 academicians of Chinese Academy of Engineering, 7 internationally-renowned scientists and 25 technology leaders.

3. Capacity advantage. The company has drawn a well-planned capacity map by establishing production, logistics and research and development bases in North China, East China, the northeast, Central China, South China, the northwest and southwest, which ensures product availability throughout China with a low warehousing and logistics cost. By so doing, production and logistics across the country secure an incomparable competitive edge in satisfying the requirements of customers regarding product diversity and nationwide supply.

4. Cost advantage. The main product lines, leading the Asia Pacific market, are introduced and designed from overseas with stable performance, efficiency, low energy consumption and high finished product rate, reducing the production cost to the largest extent. Boasting a large scale and high capacity utilization rate, the Company wins a competitive edge in that mass production brings down management cost and expenses. Leveraging its scale advantage, the Company has established strategic partnership with raw materials suppliers to ensure stable and cost-effective supply of raw materials and further lower the production cost. The nationwide capacity deployment will also bring down the cost of goods sold such as transportation cost. By exploring lean production with innovation at the core, the Company will further improve the efficiency of assembly lines, performance stability while reducing production cost. During the reporting period, the Company witnessed the success of the first independently-developed assembly line of multifunctional membranes, marking the advancement of technology equipment and production technique in the



production of waterproof membranes.

5. Advantage of a multi-tiered marketing network. Based on the current market condition and future direction of expansion, the Company has provided a solid foundation for its sustained and stable development by establishing a marketing network that combines direct marketing and channels. Through direct marketing that allows the Company to directly find, sell to and serve end users via subsidiaries and business department, the Company has signed strategic cooperation agreements or long-term supply agreements with numerous large real estate companies and enterprise groups. Meanwhile, it has enhanced trust among customers through direct contact and established long-term and stable partnership in material supply and system solutions. The direct marketing model helps the company improve the reputation and achieve sustained and steady growth of business. Supported by engineering dealers and retail dealers, the channel model allows the Company to find, sell to and serve end users via partners such as dealers. The Company, after signing agreements with multiple dealers, has established a well-planned, risk-managed, cost-effective and dynamic dealer network, which, through enhanced system training and service, has developed into an important channel for the Company in the expansion of domestic market. At present, the Company, after continuous exploration and innovation, has established a multi-tiered engineering marketing network that combines direct marketing and engineering channels. Giving full play to companies that carry out integrated operation in the north segment, the east segment and the south segment, direct marketing and engineering channels feature integrated management by which the companies take charge of the sale and service of products in their respective regional engineering markets. All marketing channels and business lines reinforce each other to improve market share by marketing and operating in regional markets, integrating local customers and marketing channel resources and expanding the regional market reach. Meanwhile, with the support of customers accumulated over the years through the waterproofing business and marketing channels, the Company aims to build a platform of chemical building materials based on the development of construction coating, mortar and powder, and heat preservation and energy conservation materials. In civil building materials, the retail dealers formulate an all-in-one composite marketing network covering home decoration companies, construction material supermarkets, construction material dealers and e-commerce to serve the consumers of the home decoration market.

6. Advantage in product categories. The Company has a complete product system including waterproof building materials, non-woven fabric, energy conservation materials, special functional mortar, decoration painting and powder. Among these, there are over 200 categories of waterproof materials with more than 1000 specifications and models. The Company, by optimizing product structure, improving quality and expanding categories, produces the majority of waterproof materials for new types of buildings and offers a wide range of industry products. Popular in the industry, the products are able to meet market demands in different regions, for different product categories and application scenarios, which has helped attract a great deal of businesses for the company. With the advantage, the Company has upgraded its service system for the provision of integrated service in the field of building materials, covering the full life cycle of a project from rules, design, material selection, material supply, construction to operation and maintenance so as to meet the diversified needs of customers.

7. Advantage in application technology and system service. The research center of application technology of the Company, the first of its kind, focuses on the research of application technology and explores innovation drivers for application technology of engineering. The outcomes, with the support of the Company's technology talents and resources, include EDEE industrial prefabricated roofing system, SAFABLE underground waterproofing system and Honghutong PCG modified resin anti-corrosive waterproofing system. During the Reporting Period, the Company has launched polar bear waterproof system applicable for low temperature and moist extreme weathers and BH waterproof system exclusively for side walls. These system solutions have gained the Company an edge for products and services as an excellent service provider of the industry; Besides, Wonewsun, an integrated technology system for sustainable and intelligent buildings, has won the third prize at the Competition for the Integrated Development of Large, Medium and Small-sized Enterprises of the 9th China Innovation & Entrepreneurship Competition. The Company is the first to create a "standardized system of construction management" that integrates standardization of construction, modernization of equipment, professional training, and safe construction, spanning from procedure, construction method, atlas, instruments to construction management. The Company, through pre-job training, construction arrangement, model demonstration, standardized construction equipment, on-site management, safety priority, and real-time tracking, is able to offer



standardized whole-chain service that helps maintain its leading position. Meanwhile, it owns a professional intelligent equipment company that can satisfy the increasing demand of construction equipment and components. The implementation of mechanized construction helps ensure the quality of construction, improve efficiency and lower cost. In addition, the Company has set up a professional system training mechanism, namely Yuhong College, to foster professionals through training records and credit system. It also has established a training school to provide trainings in safety, equipment management and technique operation, constantly perfecting the production capability and the professionalism of the construction team.

Chapter IV Operation Discussion and Analysis

I. Overview

The Company shall comply with the requirements of disclosure stated in Guidelines No.13 of the Shenzhen Stock Exchange on Industry Information Disclosure: Listed Companies Engaging in the Relevant Non-metallic Building Material Business.

(i) Overview

The year 2020 marks the year when China will wrap up the plan for the 2016-2020 period as well as an extraordinary year since the founding the People's Republic of China. Facing severe and complicated domestic and international circumstances, COVID-19 in particular, China has made great efforts to coordinate pandemic prevention and control with economic and social development. We must act on the general principle of pursuing progress while ensuring stability, ground our efforts in the new development stage, apply the new development philosophy, create a new pattern of development, pursue high-quality development as the general aim, and ensure stability on six key fronts and maintain security in six key areas. China's economy has seen a quarter-on-quarter improvement and gradually returned to normality, demonstrating its strong resilience and counter-shock capability. Nevertheless, the pandemic is spreading around the world and there are many instabilities and uncertainties in the international situation. The foundation of economic recovery is not yet stable.

During the reporting period, all team members at the Company, following the development path of "Sincerity, Toughness, Cooperation and Innovation" and *Basic Rules of Oriental Yuhong* and upholding the guideline of "serving the country by developing industry, benefiting the people with good services", have worked in concerted efforts to actively participate in the fight against the pandemic. They, with great resolve and commitment to the mission of building a durable and safe environment for human beings and the society, provided support at over 20 construction sites of medical emergency projects including Huoshenshan and Leishenshan hospital, putting in place a strong line of defense against the pandemic. In the meantime, the Company, by forging ahead against challenges brought by the pandemic and sticking to the spirit of "perseverance and dedication", has seized opportunities in the changing situation to make hard-earned achievements in the battle against the pandemic and attainment of operation objectives of the year.



During the Reporting Period, the Company, following the strategic position of quality and stable advancement, prioritized risk control, adhered to sound operation, innovation and technology leadership and put customers first. It pursued long-term development and made strenuous efforts to build on first-rate products and professional system services for the provision of quality, professional and comprehensive system solutions and a one-stop system service platform. It is devoted to becoming an excellent service provider as well as the most valuable enterprise of the industry. During the Reporting Period, the Company has put customer needs first, focused on waterproofing business and extended to upstream and downstream industries and relevant industry chains that give birth to the establishment of a service system that covers waterproofing, civil building materials, energy conservation and heat preservation materials, architectural coating, non-woven fabric, building repair, special functional mortar and building powder. By doing so, it has formed a synergy of advantages, released the power of collaboration, and built a stronger and longer protection wall; fully implemented corporate culture and values, valued hard-workers, and enhanced corporate beliefs and cohesion through teamwork, perseverance and tenacity.

During the Reporting Period, the Company has transformed the integrated operation of regional companies by exploring the innovation of business market and marketing model and sustaining channel transformation. It delegated operation and management functions to regional companies so as to integrate advantageous resources and improve human efficacy. As a result, regional companies operate at local markets and make use of customer resources and channels to expand market reach; the integration of direct marketing and engineering dealers, with an advantage of “1+1>2” effects, has better served the market and clients for a increased market share. The Company has reviewed and promoted the successful experience of “partner mechanism” in the engineering channel field. Leveraging brand and resource advantage, it has trained partners that recognize the corporate culture and development philosophy and provided support in developing their proficiency, capability of business expansion and service through improved market and credit management. The Company further strengthened and developed strategic cooperation with large real estate companies, explored the depth and extent of customer resources and continued to intensify the sales and promotion of non-real estate fields including infrastructure construction, urban emerging infrastructure construction and industrial warehousing and logistics. It made full use of customer

resources and marketing channels accumulated over the past few years in the core business of waterproofing and developed businesses including construction coating, mortar and powder, heat preservation and energy conservation to build a platform of chemical building materials. It intensified market regulation and improved market order by stepping up the monitoring of internal marketing and product traceability. To improve operation efficiency, the Company has optimized the organization structure and procedures and broken the barriers among departments through the implementation of a series of management measures including overhaul of departments, shared service mechanism, flat management, and procedure optimization. It promoted a standardized construction service system on all fronts, and through professional training and management, improved its professional service capabilities, developed and expanded an industrialized construction team with global competitiveness. To enhance its R&D competence and innovation capabilities in international technologies, it reinforced the research and development in products, application technologies, and construction equipment, and formed technology teams in multiple segment markets such as polyurethane, asphalt coating, water-based coating and putty; continuously innovated products and raw materials; upgraded construction equipment through the automation of production process, digitalization of workshops and intelligence of factories.

(ii) Operation

1. Macroeconomic and industry indicators. In 2020, China's GDP reached RMB 101.59 trillion, exceeding a new watermark of RMB 100 trillion, up 2.3% year on year, which secures China the sole major economy to have realized positive growth. In 2020, the contribution of final consumption to GDP decreased by 0.5%, while gross capital formation to GDP increased by 2.2% and net export of goods and services to GDP increased by 0.7%. The proportion of final consumption in GDP reached a record high of 54.3%, 11.2% higher than that of gross capital formation. Consumption remains the stabilizer of economic growth. In 2020, China's GDP decreased by 6.8% in the first quarter compared to the same period last year, while increased by 3.2%, 4.9% and 6.5% in the second, third and fourth quarter respectively. Despite a nosedive in the first quarter, the economy began to show good momentum of recovery in the second quarter, demonstrating strong resilience of China's economy.

In 2020, the total value added of the industrial enterprises above designated size was up 2.8%,



operating revenue of the industrial enterprises above designated size by 0.8, and profits of the industrial enterprises above designated size reached RMB 6.45 trillion, an increase of 4.1% compared to the previous year. Profits in the manufacturing sector increased by 7.6%, 3.5% higher than the industrial enterprises above designated size and contributing 6.4% to the profit of the industrial enterprises above designated size. Among all industrial enterprises above designated size, the profits of non-metallic mineral products industry grew by 2.8%. Moreover, the investment in fixed assets (excluding rural households) reached RMB 51.89 trillion, an increase of 2.9%, among which investment in fixed assets by private units stood at RMB 28.92 trillion, an increase of 1%, investment in infrastructure 0.9%, and investment in real estate RMB 14.14 trillion, an increase of 7%.

In 2020, as waterproofing industry continued to recover, the total output increased at a slow speed but main indicators such as revenue of principal business and profit of waterproofing companies with annual revenue of over RMB 20 million meet the expectation with benefits constantly improved. According to China National Building Waterproof Association, the output of waterproofing materials in 2020 is expected to reach 2.515 billion square meters, up 3.6% year on year. From January to December of 2020, the total revenue of 723 waterproofing companies above designated size reached RMB 108.7 billion, up 4.6% year on year, and total profit RMB 7.397 billion, up 12.07% year on year. During the Reporting Period, the Company has realized revenue of RMB 21.73 billion, an increase of 19.7%, and profit of RMB 4.15 billion, an increase of 60.32%. The business condition is as optimistic as the industry.

2. Changes in industry policies and the corresponding impact on the Company. During the Reporting Period, the central government has introduced a series of policies to regulate the industry, including the reforms to streamline administration, delegate power, improve regulation, and upgrade services, quality supervision of products and construction, operation and production resumption, environmental governance system, environmental protection and technological innovation. Waterproof coating and membranes have been listed in the *National Catalogue of Quality and Safety Supervision of Key Industrial Products (2020 Edition)* released by the State Administration for Market Regulation. According to *Key Work Plan for Monitoring Energy Conservation Industry in 2020* released by Ministry of Industry and Information, China will

conduct compulsive supervision on the implementation of the norm of the energy consumption per unit product in key energy consumption enterprises in the building materials industry such as asphalt-based waterproof membranes and rock cotton.

According to the Notice of the Ministry of Housing and Urban-Rural Development on the *Compilation of Norms and Standards of Project Construction and Related Work Plan 2020*, two codes concerning waterproofing industry, namely *Code for Quality Acceptance of Roof Engineering*, (GB50207-2012) and *Code for Acceptance of Construction Quality of Underground Waterproof* (GB50208-2011), were partially revised. The abovementioned policies will push waterproof companies to improve the quality of products, construction and service. The central and local governments have introduced policies in finance, public service, and employment that provide strong system guarantee for the orderly resumption of operation and production in the industry during the pandemic. According to the *Overall Plan of the Promotion of the Building of National Center of Technology Innovation (for trial implementation)* released by the Ministry of Science and Technology, by 2025, numerous national centers of technology innovation will have been established to break the bottleneck of key technologies that concern industry safety and foster a batch of leading enterprises with innovation capability. According to the *Notice on the Continuous Implementation of Special Actions to Reduce the Burden on Scientific Researchers and Stimulate Innovation Vitality* released by Ministry of Science and Technology, Ministry of Education, Ministry of Finance and Chinese Academy of Sciences, China will reduce the burden on scientific researchers, stimulate innovation vitality, improve innovation-driven performance, and give better play to the role of technology in fueling quality development. The aforementioned policy will propel waterproof enterprises to invest more in technology innovation and research and development. According to *Framework of Qualification Standard for Construction Enterprises released by Ministry of Housing and Urban-Rural Development (Draft for Soliciting Public Comment)*, China will decrease qualification classifications and grades of enterprises. Qualification for contracting waterproof, anti-corrosive and heat preservation projects and contracting construction, decoration and renovation projects will be grouped into one with the removal of grades. This move will provide more prospects for waterproofing enterprises and push them to improve their core competitiveness. According to the *Implementation Opinions of the General*

Office of the State Council on Further Optimizing the Business Environment and Better Serving Market Entities, we will provide policy support for the development of leading companies in the industry. According to the *Notice of the Certification and Accreditation Administration of the People's Republic of China on Qualification of Organs of Green Products Certification and Implementation Rules of the Certification for the First Batch*, 12 items including waterproofing and sealing materials will be included for certification. At present, the waterproof industry has reached a critical period in the transformation of its focus from quantity to quality. The production and application of green products is the only road to implement supply-side structural reform and provide impetus to the healthy development of the waterproofing industry. According to the *Guidelines for Emergency Emission Reduction Technology in Key Industries and Heavily-Polluted Weather (2020 Revised Version)* released by the Ministry of Ecology and Environment, we will expand the industry coverage of performance grading, improve relevant indicators and emission mitigation measures and focus on the grading of the performance in key industries, which will be applicable for industrial enterprises that produce waterproofing materials with asphalt or similar materials as raw materials. This move will toughen regulation on waterproofing industry to urge them to value and improve environmental protection.

The Company has studied policies released by the central and local governments, improved policy research, product development, technique advancement, production and sales, standardized construction, training of construction workers, and environmental protection measures and leveraged its advantages in brand, product R&D, cost, marketing channel, product category, and application technology so as to expand application scenarios of the products and services as well as customer base.

3. Market competition. The Company competes in the waterproof building materials industry, a segment of the building materials industry. Waterproof materials are functional materials indispensable for modern architecture. As cities keep growing, the waterproofing industry enters into a stage of rapid growth with great prospects.

Currently, with low concentration and unhealthy competition, the domestic construction waterproofing industry features “many small firms in a large industry”. Among the many waterproofing firms, only a few can provide good services, while the many others are of small size



with outdated technology and production technique. The market is flooded with counterfeit and shoddy products. And the industry is trapped in excessive lagged output capacity, unhealthy competition and environmental issues. In recent years, with the rollout of quality inspection, environment inspection, safe production policies and other industry policies, a consumption upgrade, higher quality requirements of major corporate customers, as well as increasing competitiveness of large waterproofing companies, the waterproofing market is witnessing increasing concentration towards leading companies.

The Company with a strong market position, takes the lead in R&D, technique equipment, application technology, marketing model, professional system service, brand presence, etc.

4. The impact of cycle, season and region on the industry. (1) Cycle. As a basic industry of building materials, waterproofing industry is less subject to the impact of cycles. (2) Season. Waterproofing industry is subject to the change of seasons. In the north, the first quarter of every year, generally cold, constitutes the slack season in terms of sales and engineering; while in the south, the raining season constitutes the slack season for construction. (3) Region. Waterproofing industry, with an economic transportation radius of 500 miles, is subject to region. The enterprises usually are of small size and the majority of them confine the sales to the local level where production bases are located. As a result, companies should set up production bases across the country for larger market share and cross-region businesses.

The Company has set up production, logistics and R&D bases in north China, East China, Northeast, Central China, South China, Northwest and Southwest. This well-planned layout can ensure a decent market share and delivery with a low warehousing and logistics cost, gaining an incomparable competitive advantage for the Company while meeting the needs of customers regarding product diversity and nationwide supply.

5. Main raw materials and supply. The main raw materials, needed by the Company, with ample and stable supply, include asphalt, polyether polyol, polyester base, chain extender, emulsion, MDI, SBS modifier. Asphalt constitutes a main raw material. During the Reporting Period, the price of some raw materials represented by asphalt has declined, raising the gross profit margin of the Company.



II. Analysis of Principal Business

1. Overview

Business analysis of the Company for 2020 is as follows:

(1) Operating revenue: During the Reporting Period, the Company recorded operating revenue of RMB 21,730,373,038.52, up 19.7% year-on-year, primarily driven by the success of business expansion and increased sales of products, materials and construction service.

(2) Operating cost: During the Reporting Period, the Company recorded operating cost of RMB 13,680,832,215.09, up 17.28% year-on-year, gross profit margin of 37.04%, up 1.3% year-on-year. Due to the new accounting standards, handling charges was moved from selling expenses to operating cost, which led to an increase of RMB 646,605,294.18 in operating cost. Otherwise, operating cost increased by RMB 1,369,192,265.64, up 11.74%, and gross profit margin by 40.02%, up 4.27% year-on-year.

(3) Expenses: During the Reporting Period, the Company recorded selling expenses of RMB 1,787,687,869.23, down 16.53% year-on-year, primarily driven by the inclusion of handling charges into operating cost based on the new revenue standards; administrative expenses of RMB 1,260,579,576.49, up 30.59% year-on-year, primarily driven by the increase of labor cost and amortized equity incentive; R&D expenses of RMB 463,653,704.67, up 29.98% year-on-year, primarily driven by the increase of R&D investment; financial expenses of RMB 379,860,411.12, down 8.11% year-on-year, primarily driven by the decrease of convertible bonds interest.

(4) Cash flow: During the Reporting Period, Net cash flows from operating activities reached RMB 3,951,695,455.50, up 148.7% year-on-year, primarily driven by the increase of the payment collection of sales.

Net cash flows from investing activities reached RMB -1,743,762,608.62, down 26.88% year-on-year, primarily due to the acquisition of fixed assets, intangible assets and other long-term assets as well as the increase of cash payment for investment.

Net cash flows from financing activities amounted to RMB -818,098,596.05, mainly resulting from a decrease of cash payment of attracted investment in the current period. The cash payment of



attracted investment for the previous year mainly comes from equity incentive of the third stage.

2. Revenue and Cost

(1) Operating Revenue

Unit: RMB

	2020		2019		YoY Change
	Amount	Proportion in Operating Revenue	Amount	Proportion in Operating Revenue	
Total Operating Revenue	21,730,373,038.52	100%	18,154,344,171.40	100%	19.70%
By Industry					
Sales of waterproof materials	17,246,955,529.23	79.37%	14,855,335,244.87	80.42%	16.10%
Construction of waterproof projects	3,303,727,678.75	15.20%	2,347,986,545.91	13.89%	40.70%
Other revenue	1,102,974,737.94	5.08%	830,954,817.88	4.85%	32.74%
Sales of materials	76,715,092.60	0.35%	120,067,562.74	0.84%	-36.11%
By Product					
Waterproof Membranes	11,233,150,470.49	51.69%	9,979,881,926.24	52.11%	12.56%
Waterproof coating	6,013,805,058.74	27.67%	4,875,453,318.63	28.31%	23.35%
Waterproof engineering	3,303,727,678.75	15.20%	2,347,986,545.91	13.89%	40.70%
Other revenue	1,102,974,737.94	5.08%	830,954,817.88	4.85%	32.74%
Sales of materials	76,715,092.60	0.35%	120,067,562.74	0.84%	-36.11%
By Region					
Chinese Mainland	21,480,938,158.75	98.85%	17,890,286,690.25	99.03%	20.07%
Hong Kong and Macao	2,734,415.45	0.01%	1,828,493.67	0.02%	49.54%
Other countries or regions	246,700,464.32	1.14%	262,228,987.48	0.95%	-5.92%

**(2) Industries, products and regions that contribute over 10% to the operating revenue or profit of the Company**

√ Applicable □ Not applicable

Unit: RMB

	Operating Revenue	Operating Cost	Gross Profit Margin	YoY Change in Operating Revenue	YoY Change in Operating Cost	YoY Change in Gross Profit Margin
By Industry						
Sales of waterproof materials	17,246,955,529.23	10,371,934,196.57	39.86%	16.10%	13.75%	1.24%
Waterproof engineering	3,303,727,678.75	2,362,808,750.92	28.48%	40.70%	39.30%	0.72%
By product						
Waterproof membranes	11,233,150,470.49	6,835,255,062.50	39.15%	12.56%	9.35%	1.79%
Waterproof coating	6,013,805,058.74	3,536,679,134.06	41.19%	23.35%	23.34%	0.01%
Waterproof engineering	3,303,727,678.75	2,362,808,750.92	28.48%	40.70%	39.30%	0.72%
By region						
Chinese Mainland	21,480,938,158.75	13,520,572,883.49	37.06%	20.07%	17.65%	1.30%

Data of principal activities in the recent year based on the closing statistical standard after the adjustment of statistical standard for principal activities during the Reporting Period

□ Applicable √ Not Applicable

(3) Whether the selling revenue of the Company is higher than labor income

√ Yes □ No

Industry	Item	Unit	2020	2019	YoY Change
Non-metallic mineral products	Sales	square meter	1,009,206,965.36	816,536,153.33	23.60%
	Output	square meter	1,011,376,939.26	817,375,263.33	23.73%
	Inventories	square meter	11,009,730.82	8,839,756.91	24.55%



Explanation for a YoY change of over 30%

Applicable Not Applicable

(4) The fulfillment of signed major sales contract as of the closing date of the Reporting Period

Applicable Not applicable

(5) Revenue Cost

Industry and Product

Unit: RMB

Industry	Item	2020		2019		YoY Change
		Amount	Proportion in Operating Cost	Amount	Proportion in Operating Cost	
Sales of waterproof materials	Direct materials	8,960,069,023.93	86.39%	8,346,575,347.16	86.19%	7.35%
Sales of waterproof materials	Direct labor	253,557,974.53	2.44%	239,057,686.74	2.47%	6.07%
Sales of waterproof materials	Fuel	157,425,260.74	1.52%	147,425,912.06	1.52%	6.78%
Sales of waterproof materials	manufacturing cost	410,963,721.46	3.96%	385,323,773.86	3.98%	6.65%
Sales of waterproof materials	transportation cost	589,918,215.90	5.69%	565,669,669.10	5.84%	4.29%
Waterproof engineering	Material cost	630,886,714.03	26.70%	458,323,120.29	26.64%	37.65%
Waterproof engineering	Labor cost	1,404,276,859.59	59.43%	1,020,795,165.78	59.34%	37.57%
Waterproof engineering	Mechanical cost	201,277,350.91	8.52%	148,420,699.58	8.63%	35.61%
Waterproof engineering	Indirect cost	95,857,463.76	4.06%	68,697,580.95	3.99%	39.54%
Waterproof		30,510,362.62	1.29%	24,140,141.08	1.40%	26.39%



engineering	Transportation cost					
Other revenue	Material cost	719,594,497.40	81.79%	626,272,004.63	81.83%	14.90%
Other revenue	Labor cost	70,252,226.73	7.99%	60,182,625.10	7.86%	16.73%
Other revenue	Indirect cost	63,764,779.31	7.25%	56,468,011.90	7.38%	12.92%
Other revenue	Transportation cost	26,176,715.66	2.98%	22,400,305.02	2.93%	16.86%
Total operating cost		13,614,531,166.58		12,169,752,043.24		11.87%

Unit: RMB

Product	Item	2020		2019		YoY Change
		Amount	Proportion in Operating Cost	Amount	Proportion in Operating Cost	
Sales of Membranes	Direct materials	5,892,589,279.39	86.21%	5,708,168,598.08	86.15%	3.23%
Sales of Membranes	Direct labor	154,066,498.15	2.25%	150,655,779.56	2.27%	2.26%
Sales of Membranes	Fuel	124,228,370.01	1.82%	118,984,450.22	1.80%	4.41%
Sales of Membranes	Manufacturing cost	280,150,055.03	4.10%	273,102,872.00	4.12%	2.58%
Sales of Membranes	Transportation cost	384,220,859.92	5.62%	375,019,461.95	5.66%	2.45%
Sales of Coating	Direct materials	3,067,479,744.54	86.73%	2,638,406,749.07	86.28%	16.26%
Sales of Coating	Direct Labor	99,491,476.39	2.81%	88,401,907.19	2.89%	12.54%
Sales of Coating	Fuel	33,196,890.73	0.94%	28,441,461.83	0.93%	16.72%
Sales of Coating	Manufacturing cost	130,813,666.43	3.70%	112,220,901.86	3.67%	16.57%
Sales of Coating	Transportation cost	205,697,355.98	5.82%	190,650,207.15	6.23%	7.89%
Waterproof Engineering	Material cost	630,886,714.03	26.70%	458,323,120.29	26.64%	37.65%
Waterproof Engineering	Labor cost	1,404,276,859.59	59.43%	1,020,795,165.78	59.34%	37.57%
Waterproof	Mechanical cost	201,277,350.91	8.52%	148,420,699.58	8.63%	35.61%



Engineering						
Waterproof Engineering	Indirect Cost	95,857,463.76	4.06%	68,697,580.95	3.99%	39.54%
Waterproof Engineering	Transportation cost	30,510,362.62	1.29%	24,140,141.08	1.40%	26.39%
Other revenue	Material cost	719,594,497.40	81.79%	626,272,004.63	81.83%	14.90%
Other revenue	Labor cost	70,252,226.73	7.99%	60,182,625.10	7.86%	16.73%
Other revenue	Indirect Cost	63,764,779.31	7.25%	56,468,011.90	7.38%	12.92%
Other revenue	Transportation cost	26,176,715.66	2.98%	22,400,305.02	2.93%	16.86%

Remark: The item of transportation cost is added to the previous period according to the new revenue standard.

(6) YoY Changes to the Scope of Consolidated Financial Statements

Yes No

New entities including Zhanjiang Oriental Yuhong Building Materials Co., Ltd., Beijing Oriental Yuhong Anticorrosive Technology Co., Ltd., Fuda Energy-saving Technology Co., Ltd., Wuhu Oriental Yuhong New Materials Technology Co., Ltd., Hainan Oriental Yuhong Building Technology Co., Ltd., Guangdong Oriental Yuhong Building Materials Co., Ltd., Beijing Hongyun Basic Decoration Supply Chain Management Co., Ltd., Nantong Phoebe zhennan Membrane Material Co., Ltd., Tianjin Hongde Building Materials Co., Ltd., Jiangxi Oriental Yuhong Building Technology Co., Ltd., Liaoning Oriental Yuhong Building Technology Co., Ltd., Chongqing Oriental Yuhong Building Materials Technology Co., Ltd. are included in the consolidated financial statements of the Reporting Period.

During the reporting period, the cancelled companies including Changzhou Oriental Yuhong Waterproof Materials Co., Ltd., Luzhou Oriental Yuhong Building Materials Co., Ltd., Hubei Oriental Yuhong Building Materials Co., Ltd., Zhejiang Hongyun New Materials Technology Co., Ltd., Hai'an Hongde Real Estate Co., Ltd., Jiangsu Oriental Yuhong Building Materials Co., Ltd., Hai'an Hairun Real Estate Co., Ltd. are excluded from the consolidated financial statements of the Reporting Period.



(7) Significant Change or Adjustment to Principal Activities, Products or Services in the Reporting Period

Applicable Not applicable

(8) Major Customers and Suppliers

Major Customers

Top five customers' sales (RMB)	3,817,187,803.07
Proportion of top five customers' sales in total annual sales	17.57%
Proportion of sales to related parties among top five customers' sales in total annual sales	0.00%

Information of Top 5 Customers

Serial Number	Customer Name	Sales(RMB)	Proportion in Total Annual Sales
1	Customer 1	1,158,800,765.52	5.33%
2	Customer 2	923,655,277.05	4.25%
3	Customer 3	732,109,523.32	3.37%
4	Customer 4	599,305,120.02	2.76%
5	Customer 5	403,317,117.16	1.86%
Total	--	3,817,187,803.07	17.57%

Other information of major customers

Applicable Not applicable

Information of Major Suppliers

Purchase amount from top 5 suppliers	3,130,078,961.87
Proportion of purchase from top 5 suppliers in total annual purchase	28.50%
Proportion of purchase from related parties among top five suppliers in total annual purchase	0.00%

Information of Top 5 Suppliers

Serial Number	Supplier Name	Purchase Amount(RMB)	Proportion in Total Annual Purchase
1	Supplier 1	1,357,207,724.49	12.36%
2	Supplier 2	690,027,338.43	6.28%
3	Supplier 3	458,128,612.53	4.17%



4	Supplier 4	334,241,242.01	3.04%
5	Supplier 5	290,474,044.41	2.64%
Total	--	3,130,078,961.87	28.50%

Other information of major suppliers

Applicable Not applicable

3. Expenditures

Unit: RMB

	2020	2019	YoY Change	Significant Change
Selling expenses	1,787,687,869.23	2,141,651,481.66	-16.53%	Resulting from the inclusion of handling charges into operating cost based on the new revenue standard
Administrative expenses	1,260,579,576.49	965,312,517.25	30.59%	Resulting from the increase of labor costs and amortized equity incentive
Financial expenses	379,860,411.12	413,388,275.42	-8.11%	Resulting from the decrease of convertible bonds interest.
Research and development expenses	463,653,704.67	356,706,013.29	29.98%	Resulting from increase of R&D investment

4. Research and Development Investment

Applicable Not applicable

The Company attaches great importance to the development of new products, promotion of application technology, patents, papers and technical services. While coming up with new research and development ideas, it accelerates the commercialization of scientific outcomes based on market demands so as to boost the core competitiveness and market share. During the Reporting Period, the Company has conducted researches on several innovation projects involving waterproof membranes, waterproof coating, sealing materials, insulating materials, architectural coatings, admixture, chemical grouting, building renovation materials, system support and special functional materials, mortar, etc. The commercialization of scientific and research outcomes turn out to be successful. Among the projects, “Key Technology of Highly Water-resistant Polymer Cement Waterproof Coating and Its Application” is appraised to be a top-notch project in the world with its outcomes applied in the waterproofing of swimming pools, landscape pools, fire cisterns, underground

drainage pipes, bathrooms, balconies, etc, providing green, safe and reliable waterproofing solutions for tens of thousands of cisterns and utility tunnels. All this is of great significance to advance the technology as well as the industry's global influence. Key Technology of Nearly Zero VOC Solvent Free Single-Component Polyurethane Waterproof Coating in MDI System and Its Application, featuring zero solvent and dissociative TDI, low concentration, high solid content and fast solidification in low temperature, is appraised to be a topnotch project with its outcomes applied in the waterproofing of Hangzhou subway line 9 and 7. The Company has also launched other products including GES-300 Solvent Free Single-Component Polyurethane Waterproof Coating, GES-310A Single-Component Polyurethane Waterproof Coating and SPU-306 White Single-Component Polyurethane Waterproof Coating, among which GES-300 Solvent Free Single-Component Polyurethane Waterproof Coating, awarded EC1+ certification by GEV, is able to preserve the excellent comprehensive property of polyurethane while doing no harm to the environment.

As of the end of the Reporting Period, the Company has owned 961 effective patents (including 294 inventions, 592 utility models, 75 designs), among which 3 are international ones (1 U.S. patent, 1 Australian patent and 1 Singapore patent).

Investment in Research and Development

	2020	2019	Flux(%)
Number of R&D staff	439	400	9.75%
The number of R&D staff as a proportion of the total number of the Company's staff	4.43%	4.98%	-0.55%
Total R&D investment (RMB)	463,653,704.67	356,706,013.29	29.98%
Proportion of R&D investment in the operating income	2.13%	1.96%	0.17%
Amount of R&D investment capitalized (RMB)	0.00	0.00	0.00%
Proportion of capitalized R&D investment in total R&D	0.00%	0.00%	0.00%



investment(%)			
---------------	--	--	--

Reason of the significant change of the proportion of R&D investment in the operating income

Applicable Not applicable

Reason of and explanations for the significant change of capitalized R&D investment

Applicable Not applicable

5. Cash Flow

Unit: RMB

Item	2020	2019	YoY Change
Sub-total of cash inflows from operating activities	26,506,238,508.92	20,303,016,895.67	30.55%
Sub-total of cash outflows from operating activities	22,554,543,053.42	18,714,056,549.09	20.52%
Net cash flows from operating activities	3,951,695,455.50	1,588,960,346.58	148.70%
Sub-total of cash inflows from investing activities	254,773,651.96	80,114,496.06	218.01%
Sub-total of cash outflows from investing activities	1,998,536,260.58	1,454,476,438.89	37.41%
Net cash flows from investing activities	-1,743,762,608.62	-1,374,361,942.83	-26.88%
Sub-total of cash inflows from financing activities	3,562,461,127.65	4,401,252,617.46	-19.06%
Sub-total of cash outflows from financing activities	4,380,559,723.70	5,064,763,410.36	-13.51%
Net cash flows from financing activities	-818,098,596.05	-663,510,792.90	-23.30%
Net increase in cash and cash equivalents	1,359,707,700.46	-419,378,798.05	424.22%

Explanations for Main Reasons of Significant YoY Change

Applicable Not applicable

During the Reporting Period, net cash flows from operating activities hit RMB 3,951,695,455.50, up 148.7% compared year on year, mainly resulting from the increase of the payment collection of sales.

Net cash flows from investing activities amounted to RMB -1,743,762,608.62, down 26.88% year on year, mainly resulting from the acquisition of fixed assets, intangible assets and other long-term assets as well as the increase of cash payment for investment.

Net cash flows from financing activities hit RMB -818,098,596.05, down 23.3% year on year, mainly resulting from a decrease of cash payment of attracted investment in the current period. The cash payment of attracted investment for the previous year mainly comes from equity incentive of the third stage.

Explanation for the significant difference between net cash flows from operating activities and net profit

Applicable Not applicable

III. Analysis of Non-principal Business

Applicable Not applicable

Unit: RMB

	Amount	Proportion in Total Profit	Explanation	Sustainability
Investment Income	207,697,555.55	5.00%	Resulting from the disposal of long-term equity investments	No
Gains (losses) from changes in fair value	888,746.16	0.02%	Resulting from non-current financial asset measured at fair value	No
Impairment loss of assets	45,629,586.16	1.10%	Resulting from the provision for the decline in value of inventories	No
Non-operating	13,761,856.29	0.33%	Resulting from fines and	No



Income			other income	
Non-operating expenses	61,956,641.61	1.49%	Resulting from losses on the retirement of fixed assets, fines, late fee and abnormal losses	No

IV. Analysis of Assets and Liabilities

1. Significant Change of Assets Structure

Starting from 2020, the Company follows the new income standard or new lease standard and adjusts relevant items in the financial statements

Unit: RMB

	December 31 2020		January 1 2020		Change of Proportion	Explanations for Significant Change
	Amount	Proportion in Total Assets	Amount	Proportion in Total Assets		
Cash and Bank Balances	6,015,754,939.53	21.60%	4,428,414,585.06	19.77%	1.83%	Resulting from the increase of payment collection of sales
Accounts receivable	6,101,484,706.08	21.91%	5,502,053,347.60	24.57%	-2.66%	No significant change
Inventories	1,199,141,095.45	4.31%	1,226,778,019.83	5.48%	-1.17%	No significant change
Long-term Equity Investment	165,907,550.26	0.60%			0.60%	
Fixed Assets	4,755,145,766.45	17.08%	4,349,008,635.30	19.42%	-2.34%	Resulting from the acquisition of new fixed assets in the current year
Construction in Progress	711,601,594.11	2.56%	626,523,807.66	2.80%	-0.24%	No significant change
Short-term borrowings	2,524,673,429.34	9.07%	3,092,642,634.13	13.81%	-4.74%	Resulting from the decrease of closing borrowings
Long-term borrowings	421,704,727.77	1.51%	408,000,000.00	1.82%	-0.31%	No significant change

2. Assets and Liabilities Measured at Fair Value

Applicable Not applicable

Unit: RMB

Item	Opening Balance	Gains (Losses) From Changes in Fair Value in the Current Year	Accumulated Change of Fair Value Recorded into Equity	Accrued Impairment	Purchase Amount	Selling Amount	Other Changes	Closing Amount
Financial Assets								
1.Held-for-trading financial assets(excluding derivative financial assets)	42,914,749.15				299,165,286.97	42,914,749.15		299,165,286.97
4.Other equity instrument investment	276,639,061.97	888,746.16	8,737,388.74		184,000,000.00			470,265,196.87
Subtotal of financial assets	319,553,811.12	888,746.16	8,737,388.74		483,165,286.97	42,914,749.15		769,430,483.84
Subtotal of above items	319,553,811.12	888,746.16	8,737,388.74		483,165,286.97	42,914,749.15		769,430,483.84
Financial liabilities	0.00							0.00

Other changes

Whether there is a significant change of the measurement nature of major assets during the Reporting Period

Yes No

3. Restricted Assets as of the Closing Date of the Period

Item	Closing book value (RMB)	Reason of Restriction
------	--------------------------	-----------------------



Cash and Bank Balances	444,105,667.32	Down payments and frozen deposits due to litigation
Accounts receivable financing	30,377,061.20	Pledged for borrowings
Accounts receivable	500,000,000.00	Pledged for borrowings
Fixed assets	316,489,392.14	Pledged for borrowings
Construction in progress	3,046,643.96	Pledged for borrowings
Intangible Assets	64,268,539.99	Pledged for borrowings
Total	1,358,287,304.61	

V. Analysis of Investment

1. Overall Analysis

Applicable Not applicable

Total Investment During the Reporting Period	Total Investment of Previous Year	Flux (%)
442,100,000.00	133,250,000.00	231.78%

The Company shall comply with the requirements of disclosure stated in *Guidelines No.13 of the Shenzhen Stock Exchange on Industry Information Disclosure: Listed Companies Engaging in the Relevant Non-metallic Building Material Business*.

2. Significant equity investment during the Reporting Period

Applicable Not applicable

Unit: RMB

Investee	Principal Business	Investment Mode	Amount Investment	Percentage of shares holding	Source of funds	Partner	Investment Horizon	Product Type	Progress as of the balance sheet date	Expected Income	Gains and losses for the Reporting Period	Whether a litigation is involved	Disclosure Date (if any)	Disclosure Index (if any)
----------	--------------------	-----------------	-------------------	------------------------------	-----------------	---------	--------------------	--------------	---------------------------------------	-----------------	---	----------------------------------	--------------------------	---------------------------



Beijing Hongyuan Basic Decoration Supply Chain Management Co., Ltd.	Business management, technology development and transfer, technology service and consulting; domestic freight forwarding agent, packaging service, sales of building materials, decoration materials, mechanical equipment, hardware and electric products (excludi	Capital Increase	100,000,000.00	100.00%	Own Funds	No	Long-term	sales of building materials and decoration materials	Completed	-12,056,809.51	-12,056,809.51	No			
---	---	------------------	----------------	---------	-----------	----	-----------	--	-----------	----------------	----------------	----	--	--	--



	ng motorbi ke), plastic product s, metallic material s, househ old items, consult ation of econom ic informa tion, transpor tation of gener al good s												
Guangdong Tyvek Technology Co., Ltd.	wholesa le of buildin g and decorati on material s, textile, knitwea r and raw material s, chemic al product s	Newly- establis hed	9,200,0 00.00	100.00 %	Own funds	No	Long-t erm	Wholes ale of buildin g and decorat ion material s	Compl eted	815,41 3.56	815,413. 56	No	



<p>Zhanjia ng Oriental Yuhong Buildin g Materia ls Co., Ltd.</p>	<p>Trinida d Lake Asphalt sales of waterpr oof, anticorr osive, insulati ng material s, Trinida d Lake Asphalt material s, and grout, develop ment, manufa cturing and sales of constru ction equipm ent, technol ogy service (excludi ng dangero us chemic als); constru ction of waterpr oof, anticorr osive</p>	<p>Newly establis hed</p>	<p>6,000,0 00.00</p>	<p>100.00 %</p>	<p>Own funds</p>	<p>No</p>	<p>Long-t erm</p>	<p>all types of waterpr oof, anti-cor rosive, insulati ng, lake asphalt and groutin g materia ls</p>	<p>Compl eted</p>	<p>-1,049, 915.23</p>	<p>-1,049,9 15.23</p>	<p>No</p>			
--	--	-----------------------------------	--------------------------	---------------------	----------------------	-----------	-----------------------	--	-----------------------	---------------------------	---------------------------	-----------	--	--	--



	and heat preservation projects ; import and export of goods or technology													
Guangdong Oriental Yuhong Building Materials Technology Co., Ltd.	Sales of waterproof materials and coating	Newly established	100,000,000.00	100.00%	Own funds	No	Long-term	Waterproof materials and coating	Completed	7,817,034.75	7,817,034.75	No		
Fuda Energy-saving Technology Co., Ltd.	Sales of waterproof membranes and insulation and sound-proof materials	Newly established	100,000,000.00	100.00%	Own funds	No	Long-term	sales of waterproof membranes and insulation and sound-proof materials	Completed	-16,664.41	-16,664.41	No		
Wuhu	Manufacturing	Newly established	40,000,000.00	100.00%	Own funds	No	Long-term	waterproof	Completed	-239,090.98	-239,090.98			



Oriental Yuhong New Materials Technology Co., Ltd.	of waterproof sealant caulking, waterproof adhesives, and rubber waterproof membranes(slices), synthetic resin waterproof membranes, plastic waterproof membranes, asphalt and modified asphalt water membranes, and sales of waterproof materials	hed						materials and coating				No		
Nantong Phoebe zhenna	Manufacturing and	Newly established	60,500,000.00	100.00%	Own funds	No	Long-term	Manufacturing and	Completed	-349,525.45	-349,525.45	No		



n Membr ane Materia l Co., Ltd.	sales of plastic product s							sales of plastic product s						
Beijing Oriental Yuhong Anticor rosive Technol ogy Co., Ltd.	Sales of anticorr osive, buildin g and decorati on material s	Newly establis hed	26,400, 000.00	100.00 %	Own funds	No	Long-t erm	Sales of anticorr osive, buildin g and decorat ion material s	Compl eted	79,799 .34	79,799.3 4	No		
Total	--	--	442,10 0,000.0 0	--	--	--	--	--	--	-4,999, 757.93	-4,999,7 57.93	--	--	--

3. Significant non-equity investment during the Reporting Period

Applicable Not Applicable

4. Investment in financial assets

(1) Securities investment

Applicable Not Applicable

There is no securities investment during the Reporting Period.

(2) Investment in derivatives

Applicable Not Applicable

There is no investment in derivatives during the Reporting Period.

5. Use of raised fund

Applicable Not applicable

**(1) Use of raised fund**

√ Applicable □ Not applicable

Unit: RMB 10,000

Year of raised fund	Financing Mode	Total Amount of Raised Fund		Used fund for the Reporting Period	Accumulated Amount of Used Fund	Total Amount of Raised Fund that Changed the Purpose of Use of the Current Period	Total Accumulated Amount of Raised Fund that Changed the Purpose of Use	Proportion of Total Accumulated Amount of Raised Fund that Changed the Purpose of Use	Unused Fund	Utilization Of Remaining Raised Fund	Idle fund for over two years
Raised fund in 2017	Public offering of convertible bonds	182,488.6	0	154,230.29	0	0	0.00%	0	0	--	0
Total	--	182,488.6	0	154,230.29	0	0	0.00%	0	--	--	0
Explanation of the use of raised fund											
As of December 31, 2020, the Company has accumulatively raised fund of RMB 704.78 million by issuing convertible bonds in 2017, replacing own funds of RMB 837.51 million invested in the initial stage, and supplementing working capital of RMB 300.35 million. There is no balance in the separate account of raised fund.											

(2) Utilization of Promised Projects of Raised Capital

√ Applicable □ Not applicable

Unit: RMB 10,000

Promised Projects and Utilization of Over-raised Fund	Whether There is a Change of Investment Project (including Partial Change)	Promised Investment of Raised Fund	Total Investment after Adjustment (1)	Investment of the Reporting Period	Accumulated Investment as of the Closing Date of the Reporting Period(2)	Investment Progress as of the Closing Date of the Reporting Period (3)=	Date when the Project is Due for Use	Realized Income of the Reporting Period	Whether the Expected Income is Reached	Whether There is a Significant Change of the Project Feasibility
---	--	------------------------------------	---------------------------------------	------------------------------------	--	---	--------------------------------------	---	--	--



						(2)/(1)				
Promised Projects										
Xuzhou Woniushan waterproof membrane project with an annual output of 20.4 million square meters	No	10,175.6	10,092.02	0	4,826.24	47.82%	August 30, 2018	4,078.62	Yes	No
Tangshan polyurethane waterproof coating project with an annual output of 100,000 tons	No	16,101.5	15,969.24	0	9,389.06	58.79%	December 31 2017	6,389.05	Yes	No
Wuhu production and R&D project of waterproof, anti-corrosive and insulating materials for new types of buildings (Phase 1)	No	45,864.1	45,487.37	0	46,206.19	101.58%	March 31 2018	11,398.71	Yes	No
Hangzhou Oriental Yuhong production and R&D Base (Phase 1)	No	31,364.43	31,106.8	0	24,727	79.49%	July 30, 2018	9,815.45	Yes	No
Laixi project with an annual output of 24 million square meters of waterproof membranes, 40,000 tons of waterproof coating, 200,000 tons of mortars and 10 million square meters of TPO	No	44,086.11	43,723.98	0	32,936	75.33%	May 31 2018	10,497.52	Yes	No
Chuzhou non-woven fabric project with an annual output of 100,000 tons	No	36,408.26	36,109.19	0	36,145.8	100.10%	December 31 2019	9,107.3	Yes	No
Subtotal of Investment in Promised Projects	--	184,000	182,488.6	0	154,230.29	--	--	51,286.65	--	--
Utilization of Over-raised Fund										
Nil		0	0	0	0	0.00%		0		



Repayment of bank loans(if any)	--	0	0	0	0	0.00%	--	--	--	--
Supplementary working capital(if any)	--	0	0	0	0	0.00%	--	--	--	--
Subtotal of Over-raised Fund	--	0	0	0	0	--	--	0	--	--
Total	--	184,000	182,488.6	0	154,230.29	--	--	51,286.65	--	--
Explanations for the circumstances where the project fails to be on schedule or reach expected income	No									
Explanations for the significant change of project feasibility	No									
Amount, purpose of use and utilization of over-raised fund	Not applicable									
Change of project site funded by raised fund	Not applicable									
Change of the implementation mode of the project funded by raised fund	Not applicable									
Initial Investment in Projects Due to be Financed by Raised Fund and Replacement of Raised Fund	<p>Applicable</p> <p>Before the raised fund is in place, the Company used its own fund to invest in projects with a total amount of RMB 837.51 million(as of October 15, 2017), among which RMB 34.13 million goes to Xuzhou Woniushan waterproof membrane project with an annual output of 20.4 million square meters, RMB 63.22 million to Tangshan waterproof coating project with an annual output of 100,000 tons, RMB 279.45 million to Wuhu project for the R&D of a new type of waterproof, anti-corrosive and insulating materials(Phase 1) , RMB 104.91 million to the construction of Hangzhou Oriental Yuhong production and R&D base(Phase 1) , RMB 209.66 million to Laixi waterproof membrane, waterproof coating, mortar and TPO project with an annual output of 24 million square meters, 40,000 tons and 10 million square meters respectively and RMB 146.11million to Chuzhou non-woven fabric(Phase 1) with an annual output of 100,000 tons. The above matters have been authenticated by Grant Thornton International Ltd with an issuance of No. 110ZA4997 <i>Authentication Report on the Investment in Projects with Own Funds as A Replacement of Raised Fund at Beijing Oriental Yuhong Waterproof Technology Company</i> (Grant Thornton</p>									

	Zhuanzi 2017). The Company has transferred the specified amount from the separate account of raised fund to another bank account.
Temporary Use of Idle Raised Fund as Working Capital	Applicable
	At the 35 th meeting of the sixth Board of Directors held on December 8, 2017, the Company decided to utilize idle raised fund of RMB 70,000 to supplement working fund lasting from December 9, 2017 to December 8, 2018. The fund has been repaid. At the 50 th meeting of the sixth Board of Directors held on October 17, 2018, the Company decided to utilize idle raised fund of RMB 37,300 to supplement working fund lasting from October 17, 2018 to October 16, 2019. The fund has been repaid.
Balance of the Raised Fund and Reason	Not applicable
Utilization Of Remaining Raised Fund	No
Problems or other circumstances in the use of raised fund and disclosure	No

(3) Change of Investment Projects Financed by Raised Fund

Applicable Not Applicable

During the Reporting Period, the Company didn't change any investment project financed by raised fund.

VI. Sales of significant assets and equity

1. Sales of material asset

Applicable Not Applicable

During the Reporting Period, the Company didn't sell any material asset.

2. Sales of major equity

Applicable Not Applicable

**VII. Analysis of major holding companies**

√ Applicable □ Not applicable

Main subsidiaries and holding companies that contribute over 10% of the net profit

Unit: RMB

Company Name	Company Type	Principal Activities	Registered Capital	Total Assets	Net Assets	Operating Revenue	Operating Profit	Net Profit
Shanghai Oriental Yuhong Waterproof Technology Co.Ltd.	Subsidiary	development, manufacturing and sales of waterproof, anticorrosive and insulating materials, construction	160,000,000.	6,096,913,248.02	1,303,235,954.63	4,969,912,909.76	187,775,214.44	165,237,973.72
Tangshan Oriental Yuhong Waterproof Technology Co.Ltd.	Subsidiary	Technology development, sales of building materials and decoration materials, waterproof engineering	300,000,000.	1,602,688,120.56	670,748,424.03	1,556,113,217.16	222,972,429.91	190,838,227.91
Yueyang Oriental Yuhong Waterproof Technology Co.Ltd.	Subsidiary	Manufacturing and sales of waterproof materials	110,000,000.	1,836,044,122.38	1,128,777,343.11	1,610,093,882.77	205,718,878.58	173,090,401.01
Xuzhou Woniushan New Waterproof Material Co., Ltd.	Subsidiary	Manufacturing and sales of waterproof materials	100,020,000.	2,581,016,910.64	1,286,158,213.18	2,095,244,894.37	302,158,165.52	257,767,149.35
Tiandingfeng Holdings Co., Ltd.	Subsidiary	Development	500,000,000.	2,297,244,155.53	751,693,114.89	1,201,173,127.53	263,841,467.48	211,383,641.66



		manufacturing, intensive processing, sales of non-woven fabric, service						
--	--	---	--	--	--	--	--	--

Acquisition or disposal of subsidiaries during the Reporting Period

Applicable Not applicable

Company Name	Mode of acquisition or disposal of subsidiaries during the Reporting Period	Influence on the Production, Operation and Performance
Wuhu Oriental Yuhong New Materials Technology Co., Ltd.	Newly established	No significant influence
Nantong Phoebe Zhennan Membrane Materials Co., Ltd.	Newly established	No significant influence
Hainan Oriental Yuhong Building Technology Co., Ltd.	Newly established	No significant influence
Chongqing Oriental Yuhong Building Technology Co., Ltd.	Newly established	No significant influence
Oriental Yuhong Building Materials Co., Ltd.	Newly established	No significant influence
Liaoning Oriental Yuhong Building Technology Co., Ltd.	Newly established	No significant influence
Jiangxi Oriental Yuhong Building Technology Co., Ltd.	Newly established	No significant influence
Fuda Energy-saving Technology Co., Ltd.	Newly established	No significant influence

Information of major holding companies

During the Reporting Period, Shanghai Oriental Yuhong Waterproof Technology Co.Ltd., Tangshan Oriental Yuhong Waterproof Technology Co.Ltd., Yueyang Oriental Yuhong Waterproof Technology Co.Ltd., Xuzhou Woniushan New Waterproof Material Co., Ltd. and Tiandingfeng Holdings Co., Ltd.have realized net profit of RMB 165,237,973.72, RMB 190,838,227.91,RMB 173,090,401.01,RMB 257,767,149.35, and RMB 211,383,641.66 respectively. The acquisition and disposal of subsidiaries during the Reporting Period haven't had a significant impact on the



production, operation and performance of the Company.

VIII. Structured entities controlled by the Company

Applicable Not Applicable

IX. Outlook for Future Development of the Company

(i) Industry pattern and development trend

1. Industry development for the Reporting Period

Facing severe and complicated international situation and the arduous and daunting task of reform, development and stability, COVID-19 in particular, China has made great efforts to coordinate pandemic prevention and control with economic and social development. It becomes the sole major economy to have realized positive growth. China has attained a complete victory in the fight against poverty, and scored decisive achievements in securing a full victory in building a moderately prosperous society in all respects. All this will lay a solid foundation for the success of China's 14th Five-Year Plan, which commences in 2021, as well as the accelerated establishment of a "dual circulation" development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement. According to China National Building Waterproof Association, the output of waterproofing materials in 2020 is expected to reach 2.515 billion square meters, up 3.6% year on year. The total revenue of waterproofing companies above designated size reached RMB 108.7 billion, up 4.6% year on year, and total profit RMB 7.397 billion, up 12.07% year on year. Generally speaking, the waterproofing industry achieved a slow recovery and strategic victory in the fight against the pandemic and resumption of production and operation, underpinning the economic policy that prioritizes domestic economic cycle. During the Reporting Period, the total output of the waterproof industry increased at a slow speed, while the price of some raw materials represented by asphalt declined, raising the profit of the industry to some extent.

2. Development Trend of the Industry

(1) Intensifying Quality Management and Improving Standardized System

According to *2020 National Plan for Supervision and Spot Inspection of Product Quality* released by State Administration for Market Regulation, 131 products including waterproof membranes are included in the list for supervision and spot inspection. Implementation Rules For Supervision and Spot Inspection (Draft for Soliciting Public Comment) was also unveiled to enumerate the specific categories, number of samples and items for inspection. According to the *Notice on the Building of Quality Industrial Brand 2020* released by of the Ministry of Industry and Information, we should put more emphasis on the development of new product categories, quality, and brand building for the quality development of the manufacturing industry, urging companies to prioritize quality in the whole process of production and operation and upgrade the industry chain. Over the past two decades since establishment, the Company has committed itself to the production of zero counterfeit or shoddy products, striving to offer products of the best quality and price. As China intensifies supervision of product quality, raises product standards and improves product system, companies, as the initiator of quality upgrade, will shift their focus from quantity to quality to gain a competition edge. The Company will implement comprehensive quality management to boost quality and efficiency and enhance its overall competitiveness with quality products and services.

(2) Increasing the Supply of Green Building Materials Products and Promoting the Transformation and Upgrade of the Industry

According to *Green Building Action Plan* released by Ministry of Housing and Urban-Rural Development, National Development and Reform Commission, Ministry of Education, Ministry of Industry and Information, People's Bank of China, National Government Offices Administration and China Banking and Insurance Regulatory Commission, the goal is by 2022, green buildings in cities will have accounted for 70% or above of new buildings and the number of star green buildings will continue to increase. The percentage of prefabricated building will have seen a steady growth and supervision over users of green buildings should be implemented. According to the *Opinions on the Implementation of Creating a Better Environment for the Healthy Development of Private Enterprises Engaged in Energy Conservation and Environmental Protection* released by the National Development and Reform Commission, Ministry of Science and Technology, Ministry of Ecology and Environment, Ministry of Industry and Information, China Banking and Insurance

Regulatory Commission and All-China Federation of Industry and Commerce, we should constantly improve the bidding mechanism, provide more support for innovation of green technology in private enterprises, and encourage them to lead or participate in the building of national centers of technology innovation. All this will bring more opportunities for private enterprises engaged in energy conservation and environmental protection. According to *Provisional Measures on the Management of Municipal Financial Incentives for Prefabricated Buildings, Green Buildings and Green and Ecological Demonstration Areas in Beijing* released by Beijing Municipal Commission of Housing and Urban-Rural Development, Beijing Municipal Commission of Planning and Natural Resources and Beijing Municipal Finance Bureau, more incentive policies will be in place for construction companies and developers to build high-standard and quality green buildings.

As the central and local governments attach more importance to green building materials and green buildings, waterproofing enterprises will also be compelled to increase investment in environment friendly utilities and equipment, upgrade production process and minimize energy consumption. As the industry becomes more regulated with the transformation from extensive building to green and intensive building, small, poorly-managed, and heavily-polluting enterprises with high energy consumption and low efficiency will suffer squeezed space of development, outdated products and capacity will experience elimination, and excessive and disorderly competition will subside, pushing the industry to achieve green, orderly and healthy development. The Company cherishes the production of ecological and safe products and implements the strategy of green production as a provider of superior products and services and a key driver in the upgrade of the entire industry.

(3) Accelerating the Promotion of Application of Waterproof Materials for New Types of Buildings and Presenting Development Opportunities to Related Industries

As the enterprises are more aware of improving the capability and driving force of innovation, practice lean production and delicacy management, and explore the development of innovation drivers such as the transformation of operation mode and business models through enhanced technology exchange, process and production and management, waterproofing materials have witnessed enriched categories and refined quality with an extension of application from buildings to

infrastructure projects such as high-speed railways, highways, urban roads and bridges, metro and urban railways, airports and water conservancy facilities, public buildings as well as new infrastructure represented by intercity high-speed railways and intercity rail. With the urbanization drive, the building of municipal supporting facilities, and the introduction of strategies concerning rural revitalization, urban governance, ecological environment, livelihood security and structural reform of the supply-side of the building industry, leading waterproofing enterprises will embrace the enormous external demand to become better and stronger. Over the past two decades, the Company has been dedicated to the development of R&D strength, production technology, industry pattern, marketing model, standardized construction and brand influence and will see a revealing competitive edge in these areas.

① Infrastructure

According to the Opinions of the National Development and Reform Commission on the Implementation of the Strategy to Support Private Enterprises in the Participation of the Building of Transportation Infrastructure, we should break the barriers of market access, eradicate the pain points and challenges encountered by private enterprises in the participation of the building of transportation infrastructure, establish a participation mechanism that allows private enterprises to rear fair benefits, and give full play to the role of the enterprises in improving the quality and efficiency of transportation infrastructure and underpinning quality economic and social development. According to the *Guiding Opinions on Promoting the Building of New Infrastructure in Transport* released by the Ministry of Transport, by 2035, the building of new infrastructure in the field of transport should witness outstanding outcome. According to the *Guiding Opinion on Promoting the Building of Urban Underground Public Facilities* released by the Ministry of Housing and Urban-Rural Development, by the end of 2025, an information platform of integrated management, with an improved coordination mechanism and construction efficiency, will be set up to cover the entire network of urban underground public facilities.

② Urbanization

According to the *Notice of Bolstering Areas of Weakness and Advancing Urbanization* released by the National Development and Reform Commission, a number of projects including urban

transportation facilities, utility tunnels, medical facilities, education and elderly care facilities are unveiled to promote urbanization. As urbanization proceeds, people will bear higher expectations for supporting facilities and quality of living environment and more requirements for construction quality and building renovation, presenting more opportunities for the industry.

③ Rural Revitalization

According to *Strategic Plan for Rural Revitalization (2018-2022)* released by the General Office of the CPC Central Committee and the State Council, rural areas will be the priority for infrastructure building and more funds will be channeled to bolster areas of weakness so as to promote the connectivity of infrastructure in urban and rural areas and the upgrade of rural infrastructure. In an effort to benchmark the building of a moderately prosperous society in all respects and the strategy of rural revitalization, implement a batch of prospective major projects of modern agriculture and rural areas that are conducive to the dual upgrade of production and consumption and expand effective agricultural and rural investments, the Central Leading Group for Rural Affairs, the Ministry of Agriculture and Rural Affairs, the National Development and Reform Commission, the Ministry of Finance, the People's Bank of China, the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission jointly released *Opinions on Expanding Effective Agricultural and Rural Investments and Strengthening Weak links in the Work Related to Agriculture, Rural areas and Farmers*. The policy proposes that we should accelerate the building of major projects including high-standard farmlands, agro-product storage and cold chain facilities, modern agricultural parks, animal and plant protection, modern coastal fishing ports, improvement of rural living environment, water supply, sewage treatment, intelligent agriculture and digital village, rural roads and rural power grids.

④ Transformation of Old Residential Communities

According to the *List of Replicable Policies and Mechanisms on the Transformation of Old Residential Communities (First Batch)* published by the Ministry of Housing and Urban-Rural Development, we have summarized the experience drawn from the exploration and practices in project approval, integrated use of stock of resources and the mechanism of renovation funds shared by the government, residents and society in the acceleration of the transformation of old residential

communities. The renovation of old residential communities and upgrade of urban utilities will increase the demand for new and green waterproof materials.

⑤Characteristic Towns and Prefabricated Buildings

As a cluster of micro-enterprises, characteristic towns will play an important role in the transformation of economy and new type of urbanization. According to the *Notice on Promoting the Standardized and Healthy Development of Characteristic Towns* released by National Development and Reform Commission, we should focus on the development of leading industries, promote the integration of industry, town and people, highlight the dominating role of enterprises, improve incentive and constraint mechanism and regulate management mechanism so as to promote the quality development of characteristic towns in an orderly and effective way. With more regulated and quality development, characteristic towns will release new potential for the integrated development of urban and rural areas and increase domestic demand, fostering new growth areas for the waterproofing industry.

According to the *Guiding Opinions on Promoting the Coordinated Development of Intelligent Construction and Industrialized Building* released by the Ministry of Housing and Urban-rural Development and other Departments, prefabricated building will be promoted to establish a professional, massive and technology-based production system based on standardized components. According to the *Notice on the Pilot Work of Government Procurement to Support Green Building Materials to Promote the Improvement of Building Quality*, and *Basic Requirements for Green Buildings and Government Procurement to Green Building Materials (For Trial Implementation)* released by the Ministry of Finance and the Ministry of Housing and Urban-Rural Development, we should promote green building materials such as recycled and renewable building materials, high-strength and durable building materials, green component parts, green decoration and renovation materials, water and energy conservation building materials and utilize new types of construction methods such as prefabricated and intelligent buildings in government procurement. The development of prefabricated buildings will bound to boost the market demand of waterproof industry, civil building in particular.

ii. Company Development Strategy

1. Business Development

Continue to innovate and upgrade services that are based on China's large market, global development driven, and customer-oriented, strengthen the core competitiveness of the main waterproofing business, achieve deep integration of direct sales and channels through regional integrated management, integrate superior resources, strengthen market coverage, consolidate and improve market share, meanwhile further develop the partnership mechanism, and expand and strengthen the engineering market in a gradual manner; take the initiative to expand the field of building materials in civil engineering, and develop retail business with all efforts; cultivate and develop new business sectors such as architectural coatings relying on the core resources and capabilities of the main waterproofing business, to grow into the world's leading system service provider of building materials in a gradual manner, and to commit itself to becoming the most valuable company in the global building materials industry.

2. Risk Management

Establish risk management system in all respects with improving business operation at its core, control various business operation and management risks, increase risk awareness and achieve scientific management. Pay attention to advance risk management, continuous process management and accountability mechanism, and build a team with improved expertise in risk management. Strengthen management of contract upgrading and tracking of contract performance, enhance policy formulation and process management of the receivables, continuously improve receivables management system, and upgrade market management tools. By strengthening internal sales management and product tracing, crack down on counterfeiting, uphold market order as well as the rights and interests of the brand, safeguard safe operation and effectively protect the fundamental interests of the company.

3. Brand Development

With the vision of "the One and Only Oriental Yuhong", reshape brand recognition, optimize brand experience, achieve brand leadership, develop brand-oriented and distinctive system services, develop solid brand recognition, reputation and image for customers, transform from "brand led by

business” to “business led by brand”, improve brand value in all respects and build an international brand with global influence.

4. Production and Operation

Prioritize safety and quality, insist on cost leadership, improve Lean Production System, implement multiple initiatives to reduce costs and increase efficiency, and achieve standardization and modernization of production management; optimize the layout of production capacity, improve the efficiency of supply chain operations, and increase the radiation range of products and services; promote the informatization of production and operations, develop smart factories, and provide support for the company's strategic goals.

5. Technological Research and Development

Increase investment in R&D and promote R&D with full efforts to make R&D the real engine of the company's development. Build an efficient R&D platform and an open cooperation mechanism to lead the technological progress of the industry. Continuously develop new products, new technologies and new workmanship, improve the quality and performance of existing products, and improve product varieties and specifications to meet the market demand for the company's waterproofing products and other new business. Take product innovation as the leading drive for overall innovation of production workmanship, equipment and application technology, and construction technology, so as to create top-tier product quality.

6. Human Resource

Under the central guideline “creating and sharing for all” of human resource management, focus on talent training and management mechanism, continuously optimize departmental, organizational and staff structure, and gradually develop lean, efficient and elite talent management mode to meet the company's development and operation needs.

7. Financial Management

Refine budget management to reduce costs; strengthen accounting and make good decision support; achieve centralized funds and improve asset management; deepen financial management to all aspects of the value chain, promote the integration of financial management and business processes, develop a financial sharing center, and achieve comprehensive finance informatization.

8. Informatization

Establish comprehensive management system including informatization project management and assessment, and establish the project pre-approval system through the informatization expert committee. With ERP system as the core, optimize SRM, DMS, PMP, WMS, TMS, LIMS, HSE and other systems to realize CIS comprehensive project information management system and enhance the supply chain value through continuous optimization and upgrading of each system to create new competitiveness of the enterprise in the information environment.

9. Acquisition and Merger

Under the premise of maintaining rapid development of existing production and operation, carry out industry acquisitions and mergers when appropriate and in accordance with the strategic layout and planning of the company's development, so as to enhance the company's competitiveness and improve its industrial layout.

iii. Business Plan

1. Progress of previously disclosed business plans during the reporting period

(1) Upgrade the accounts receivable management system to strictly control business risks.

During the reporting period, the company gave priority to risk control, strictly controlled the risk of accounts receivable and continuously improved cash flow. The company optimized and upgraded credit management, contract management and accounts receivable control, implemented different credit policies according to customer classification, strengthened tracking and control of contract performance, quickened risk identification and enhanced risk control capacity; built a more professional risk control team, optimized and classified contract managers, assigned full-time credit control managers and strengthened the collection team; strengthened process management of accounts receivable, formulated special policies to resolve major and challenging project collections; fully implemented market-oriented financing within the company with market-oriented interest calculation and market-oriented management of credit placement, and established an inter-entity, inter-product, dynamic and coordinated management system to further reduce capital costs and improve management efficiency.

(2) Continuously optimized organization, fully empowered and improved efficiency.

During the reporting period, the company continued to optimize the organization and eliminate redundant staff; integrate departments by functions, remove departmental barriers, and reduce management levels and management positions; further promote sharing services, reduce staffing and improve service efficiency; continued to sort out and optimize processes, improve informatization, and focus on solving issues of supply chain and financial informatization; each unit operated independently and made efficient decisions based on the company's overall strategic priorities, key indicator targets, business off-limits, core policies of joint contribution and shared benefits, etc.

(3) Strengthened marketing efforts to improve business.

During the reporting period, the company insisted on leading the industry's development, promoting product and technological advancement in the industry, taking the initiative to develop leading products with value to customers and promote advancement in construction technologies; strengthening market management, formulating scientific rules for business segmentation, maintaining the market price system, establishing a benign internal competition system and cracking down on counterfeiting; establishing a wholesome product manager system, assigning full-time product general managers for the main products who are responsible for the management of the full cycle of products and improving the competitiveness of products in all aspects; improving the market map, implementing the development goals of key areas and high-quality customers in each unit, systematically rolling out marketing and improving high-quality market share.

(4) Piloted in the field of industrial construction to further expand the cutting edge of waterproofing business.

During the reporting period, the former Industrial Construction Group further allocated business and management functions, completed the business integration of provincial and regional organizations, fully integrated superior resources, improved staff efficiency, while the regional integrated companies focused on local markets, strengthened regional market coverage and increased market share through local business operation; strengthened marketing in key business

areas, established business departments for key areas or products, took the initiative to develop key government projects at all levels, such as railroads, rail transits, highways, etc., and enhanced advantages in industry standards, product systems, brand recognition, etc.; gave priority to partners and fully supported their development, protected the core interests of franchise partners, and provided support in brand development, technology, management, etc.; strengthened standardized construction management, continuously improved the quality of construction services, encouraged and guided partners to implement standardized construction, strengthened construction worker training and construction management training to improve the standardized construction services of partners.

(5) Deepened reform, rebuilt confidence and promoted the sound development of civil engineering.

During the reporting period, the Civil Building Material Group quickly made organizational changes, established operating units and functional centers including the northern, eastern and southern divisions, the Dingzhimei Company and the Hong Online Operation Center, and operated with flat management; fully empowered each business unit, and allocated managerial authority including human resources, market strategy, new product planning and channel strategy to the lower levels, improved the service support of functional centers; strengthened the advantages of waterproofing products, quickly restored the efficiency of channel circulation, strengthened terminal development, and continued to enhance brand influence; developed and promoted competitive products, and continued to enhance brand influence and improve service, focused on efficiency to improve business; steadily advanced the home waterproofing and repair services of the Dingzhimei Company, built up small achievements for bigger success, and attempted independent operation and innovation of the online center.

(6) Integrated resources, strengthened synergies, and developed new fields and segments represented by architectural coatings with all efforts.

During the reporting period, supported by the customer resources and sales channels built up by the main waterproofing business, the company gave full play to business synergies and achieved fast development in new fields and segments represented by architectural coatings; at the same time,

the quality of products in new business segments was further improved, while the costs of formulations, production, packaging and logistics were reduced, and the supporting system was better developed; in addition, the Building and Repair Company innovated its business model and explored a new development path which cultivated future core competitiveness and new business growth points for the company; Yanghe (energy saving in buildings), Tyvek (vapor-permeable film, vapor barrier film), anti-corrosion coatings, sealants and other units have implemented the business partnership system, fully mobilizing the initiative of business owners and laying a good foundation for further sustainable and sound development.

(7) Strengthened lean management and cost leadership.

During the reporting period, the company's technical support, procurement and supply, technologies and equipment, and production plants were coordinated, and product quality was improved while costs were further reduced by developing new raw materials and suppliers, making well-timed procurement and strengthening procurement negotiations, adopting new technologies, promoting technological innovation, and implementing Lean Production; initiated Yuhong Lean Production 2.0 to improve the pass rate of finished products and the turnover of inventory, reduce redundant products and eliminate waste; optimized organization and staff, adhered to "the Three Days", eliminated the false and retained the true, eliminated formalism as well as lavish over-consumption.

(8) Continued platform development and improved system services.

The company continued R&D platform development, provided funding and human resources for R&D, enhanced the research capacity of R&D personnel, and focused on the R&D of core technology of products, leading application technology, mechanized construction equipment and technological equipment. During the reporting period, the company focused its technological equipment innovation on production automation, workshop digitalization and smart factories, continuously improving production efficiency: independently developed a new generation of roll adhesion machine and polymer film self-adhesive asphalt coil production line which were leading at the international level; the overall efficiency was improved while the cost was significantly reduced, giving the company the cutting edge in technological equipment and breaking the dominance of

foreign technologies; strengthened the company's core competitiveness through technological innovation; continued to minimize logistics radius, and improve the efficiency and quality of logistics service, conducted detailed research for all types of orders, strict implemented service commitments; strengthened IT development, provided practical solutions to existing problems, and further improved the efficiency of internal operations, customer settlement and other services; continued to improve customer service management system, including customer satisfaction research, analysis management system for the objectives of various services, the actual achievement and improvement plans, and continued to improve the service capacity.

2. 2021 Business plan

Based on the analysis of the industry, related sectors, and core competitive edges of the Company, the business strategy of "seizing opportunities and reinforcing the leading position" is formulated, with the business plan for 2021 listed as below:

(1) Scale up business scope in a comprehensive way and elevate market share rapidly

The Company shall scale up business scope in a comprehensive way, and empower to integrate resources, collaborate, boost efficiencies and elevate the market share. The subsidiaries are encouraged to try out the innovative approaches to fulfill the strategic goals of the Company in accordance with related laws and regulations, scope of authority, and core interests of the Company. More efforts and resources should be invested in marketing. A lean and efficient marketing team shall be established to meet the marketing needs and elevate market share rapidly. The GMs shall also work as Chief Marketing Directors for marketing work. Each subsidiary shall be responsible for a region, covering all projects nationwide. The success rate shall be raised by focusing on businesses, in particular waterproof products and services. At the same time, the accounts and sales channels shall be expanded, laying foundation for the building coating, mortar powder, heat preservation and energy saving businesses, and turning the Company into a platform specializing in chemicals and construction materials. The head shall be responsible for manpower, keeping the per capita efficiency rising up. Additional manpower shall not be introduced unless out of the market and business needs. The employment standards shall be raised; no massive and abrupt manpower surge is allowed; and unqualified employees shall be eliminated timely.

(2) Put partners first and work to achieve co-development between partners and the Company

Greater efforts shall be made to engage the partners into businesses, foster their business operation and expansion capabilities, and boost their abilities to make profits. Priority shall be given to the partners' projects. It is forbidden to scramble for businesses and markets with the partners. In case of any business conflict with the partners, priority shall be given to the partners. The partners shall have access to the resource and manpower management platforms of the Company. The partners shall be encouraged to carry out standardized construction projects and develop their construction capabilities.

(3) Attach utmost attention to market and foster new competitive edge

The Company shall standardize the market, lead industrial upgrade and standardization, regulate market order, establish a sound competition system, and investigate and crack down on the production and sale of counterfeit products nationwide. More efforts shall be made to explore new businesses and markets, tap the potentials of the market at the county level, expand the marketing team and map, and adopt fine development strategy. Departments or subsidiaries specializing in underground projects, energy resources and hydraulic engineering shall be established in the form of partnership. More resources shall be invested to promote new and differentiated products, and launch marketing campaigns based on local conditions.

(4) Focus on waterproof systems and pavement systems, foster the auxiliary decoration material business and waterproof & maintenance business, and build the Company into a leader in civil construction

The Company shall focus on the waterproof systems and pavement systems, strengthen the absolute advantages of waterproof products, seize opportunities from the pavement sector, improve the terminal channel network, enhance the distribution capacity and marketability of the distributors, and help them develop member operating capabilities. We will develop the auxiliary decoration material business and waterproof & maintenance business, foster and engage service providers with construction abilities, and lay a solid foundation for civil construction projects. The Company shall continue to put our clients first, engage the GM of the civil construction department to lead R&D staff, manufacturing force, marketing staff, sales staff and Yuhong Academy to study, develop and

promote new products, and enhance the brand impact, services and competitiveness of the Company. Hongzhiwang will further integrate online and offline businesses, and develop a platform to support new business models.

(5) Expand channels, improve services, enhance brand impact, and boost architectural coating businesses

Caparol fully leverages the account resources of the integrated company, focuses on developing centralized purchasing clients, enhances construction capacity, builds up brand image, improves labor partnership and labor supply chain, and grows into an integrated solution provider in the coating sector. We will strive to expand retailing channels, boost brand impact, work with more retailing partners, invest more in advertising, and gain better recognition.

(6) Put people first and enhance the competitiveness of talents

The Company shall continue to upgrade the salary incentive system, performance assessment system, and co-creating and sharing system, aiming to inspire the creativity of all employees. The business partnership will be adopted in the new business sectors. Outstanding talents will be introduced and retained to enhance the talent quality; staff with unsatisfactory performance will be dismissed; a better system to engage the fresh graduates will be put in place to deepen enterprise-college cooperation and enhance company image. The Company shall review the positions with non-measurable performance and, update organizational structure, well-define the rights and duties of business and functional units, step up training and authorization, and work out an efficient “enterprise agent” mechanism. The reserve talents pool will be put in place based on interview and selection, and enhance the competence of the talent reserve. All staff will implement the general rules of Oriental Yuhong, and apply the rules in daily management.

(7) Upgrade risk management and control, and continue to improve operation quality

The Company shall establish the internal and external customer credit risk management and control system, track risks in real time and send warnings, strengthen process management and control, and prevent problems before they occur. We will standardize the contract review standards, establish a contract management and sharing platform, and achieve unified and standardized contract management across regions. We will work harder to eliminate major difficult projects,

formulate highly motivating collection policies; strengthen the management and control of major risks throughout business operations, sort out key risks and countermeasures by analyzing the causes of existing collection cases, define key control links, and form a close loop of major risk management and control.

(8) Continue to innovate, and strengthen technology and cost advantages

The Company shall increase R&D investment and enhance technical teams, build a national key laboratory for special functional waterproof materials, lead the healthy development of waterproof industry in China, and drive development with technology, research and development. We will continue to promote lean production, step up the link among procurement, technical support, process equipment and factories, extend the industrial chain upwards through self-construction and cooperation, overcome supply bottlenecks and regional resource shortages, and work with partners in the upstream part of the industrial chain. The Company will continue to optimize production capacity layout, expand the production scale of architectural coatings and powder, and gradually cover all provincial capitals and increase the coverage of independent logistics.

(9) Promote information reconstruction, improve operational efficiency, and build core competitiveness

The Company shall upgrade and reconstruct SAP, develop the master data platform, launch MRP, connect all business links, and establish a data standard system across the company. We will adjust the organizational structure to remove information islands among various business forms, establish a production-supply-marketing coordination mechanism, construct or reconstruct the SRM, TMS, WMS and MES systems, and create a complete production-supply chain information system. We will introduce a financial sharing and capital management platform, and improve financial management efficiency and control capabilities.

(10) Further improve internal control and management to eliminate risks

As an integrated company, we will abide by the bottom line of the negative list and standardize business operations and management. The Company shall continue to deepen reforms based on cases, and focus on the blank spots in institutional development, the risks in power exercise, and the

weak links in supervision and management, so as to improve the quality of management. In case of violations of disciplines, we will follow the primary principle of “learning from past mistakes to avoid future ones” to improve internal control and management, thus eliminating systemic risks.

iv. Possible risks

1. Industrial Policies

The government has issued a series of policies and guidelines to regulate and guide the sound and healthy development of the waterproof & building material industry. In recent years, as the nation and society place higher requirements on environmental protection, China has promulgated and adopted higher environmental protection standards. The energy-saving and environmental protection policies have doubled the pressure on the Company. In addition, the taxation policies are under adjustment. Changes in policies and laws pose risks to the Company as well.

The Company will continue to organize the management to learn relevant laws and regulations, study newly issued national policies and systems in real time, and evaluate the impact of the policies. Consequent strategy adjustments and business changes shall be promoted and carried out across the company in a timely manner. The Company will abide by national laws, respond to national policies, and contribute to the development of China by fulfilling the social responsibilities.

2. Macro-control policies of the real estate industry and industry fluctuations

The real estate industry is a major market of building waterproof materials and waterproof construction projects. It contributes to the Company's operating income and net profit. In recent years, as the supply-side structural reform continues, the real estate industry has undergone multiple rounds of policy adjustments such as de-leveraging, destocking, and capital tightening. The central and local governments have further clarified that houses are built to provide shelter, and reformed and improved the housing market system and security system. The real estate industry is undergoing structural changes. Both the Central Economic Work Conference at the end of 2020 and the Government Work Report 2021 have made it clear that houses are built to provide shelter, not for speculative investment. The government will promote the steady and healthy development of the real estate market by stabilizing the land prices, housing prices and expectations. In the future, the

Company may be subject to the impact from increasing downward pressure from domestic economy, macro-control policies of the real estate market and general industrial trend, thus experiencing adverse effects on operations.

As the waterproof & building material industry is highly concentrated, the products of the Company have been in short supply, thanks to superior brand impact and product quality. The Company has taken a number of measures to avoid the adverse effects from the fluctuations in the real estate industry: strengthen the long-term and stable strategic partnerships with well-known real estate companies, and expand the supply scope and amount to partners; retain existing accounts and develop other key real estate accounts by seizing the opportunities from the waterproof & building material market; give full play to the advantages of technology, quality, and system service to expand the non-real estate business scope in infrastructure construction, urban emerging infrastructure, and industrial warehousing logistics; and innovate to seek for collaborative development of architectural decoration coatings, special mortars, building energy-saving insulation materials, non-woven fabrics, building repairs, and building powders.

3. Fluctuations in raw material prices

The raw materials used in the Company's production activities include asphalt, polyether, polyester base, chain extenders, emulsions, MDI and SBS modifiers, among which the petrochemical products account for a large proportion. These products are easily affected by the changes in international crude oil prices and the supply-demand of petrochemical products. When global crude oil price fluctuates, there will be fluctuations in the price of related petrochemical products. Therefore, if the market prices of these raw materials experience major fluctuations, the company's profitability would be affected.

In order to cope with the risks resulted from raw material price fluctuations, the Company has introduced a sound and complete raw material procurement system: the procurement department follows market trends closely, makes reasonable arrangement about the procurement of key materials. All departments work together to lower the purchase prices through technological progress, centralized procurement of major raw materials, and enhanced bargaining power. The raw materials shall be replenished in the off-season to further reduce the purchase costs.

4. Market competition

As the pattern of "large industry, small enterprise" remains, market concentration is low. As the industrial transformation and upgrading accelerates, more enterprises begin to leverage social capital and fixed asset investment is growing at a faster pace. As the competitors develop rapidly, the Company is faced with fierce competition in some regional markets. In addition, as the waterproofing market in China is extensive, some major European and American building materials companies as well as domestic companies not specializing in waterproof materials are making presence in the waterproofing market. The Company is faced with risks in market expansion, product competitiveness and market share.

In the future, the Company will continue to give full play to its advantages in technological innovation, product optimization and upgrading, environmental protection and market development, and continue to enhance the Company's brand impact. At the same time, the Company will invest in the production and R&D projects, continue to optimize the production capacity, and well leverage the Company's advantages in R&D, manufacturing, products, application technology, construction, engineering and technical consulting, thus better meeting the market needs. The stricter industrial regulatory policies will accelerate the elimination of non-standard products and outdated processes and technologies. As the downstream consumer demands upgrade, the Company will continue to give full play to the strengths in technology, R&D, brand, quality, nationwide production capacity and multi-level marketing. We will lead to standardize the industry, enhance the concentration level, and further consolidate the Company's leading position in the industry.

5. Technology theft

Technological innovation is the core driver of enterprise growth. As a high-tech enterprise specializing in the production and sales of new building & waterproof materials and engineering construction, the Company has always attached importance to new products R&D, and developed many new applications and technologies to meet client needs. We have mastered the leading production and construction technologies in China. As the building & waterproof material industry evolves and industrial competition intensifies, the Company will be faced with potential loss of important technicians, new technologies, new products, and infringement of intellectual property

rights.

The Company has come up with a strict technical confidentiality system and corresponding management measures to prevent the loss of technicians and the leakage of core technologies. At the same time, the Company implements incentive measures to enhance the ties between the technology and management teams. In recent years, the Company's technical team remains grow at a steady pace.

6. Accounts receivable

As the Company makes presence nationwide, the market coverage continues to expand and the account size continues to grow. Our operating income is increasing year by year, and accounts receivable grow at the same time. In the future, accounts receivable could turn into bad debts, which could affect the Company's operations.

In order to prevent the accounts receivable from turning into bad debts, the Company holds "zero tolerance for overdue accounts receivable", introduces accounts receivable management and control strategies, carries out the whole process management of accounts receivable, and engages all employees in account collection. A special risk management and control center has been established to assess the clients' contractual capacities, monitor the whole process from contract review, engineering visas and payment collection, and follow up the collection of accounts receivable for each project in a timely manner. The risks resulted from accounts receivable shall be prevented by handling contract risks, managing the accounts receivable and credit certificates, and resorting to non-litigation and litigation approaches to collect accounts receivable.

X. Reception of Survey, Communication, Interview and Other Activities

1. Registration Form on Survey, Communication, Interview and Other Activities

Applicable Not applicable

Date of reception	Place of reception	Way of reception	Type of reception target	Reception target	Main content discussed and materials provided	Index of basic situation of survey
November	Multifunct	On-site	Institution	Guotai Junan Securities, Foresight Fund,	The company's current	Refer to

06, 2020	ional Hall, B1 Floor, Hampton by Hilton Hotel, No. 37 Jianguo Road, Chaoyang District, Beijing	survey	s	Hillhouse Capital, China Universal Asset Management, Lombarda China Fund, GF Fund, Fullgoal Fund, China Merchants Fund, New China Fund, ABC Life, ICBC Credit Suisse Asset Management, Zhongtai Securities Asset Management, Trivest Advisors, China Asset Management, China Post & Capital Fund, China Life Asset Management, Bank of Beijing Scotiabank Asset Management, JU Capital, Hanhe Capital, CCB Fund, Caitong Securities Asset Management, Bank of Communications Schroder Fund, BOB-CARDIF Life, BlackRock, Founder Securities, Beijing Zundao Asset Management, Minsheng Royal Fund, Bosera Asset Management, CCB Fund, Rongtong Fund, Brilland Capital, J.P.Morgan Asset Management, Beijing Jiuran Investment, Eastspring Investments, China Southern Fund, Yinhua Fund, Huachuang Securities, Shanghai Spring Capital, Harvest Fund, Yingda International Holdings Group, Qianhe Capital, Yan Sheng Investment, TaiKang Asset Management, Tenbagger Capital Management, Broad Vision Investment, CCB Fund, V-FUND, Landsea Investment, CMB Wealth Management, Xiangsheng Asset, Rochill Capital, ICBC-AXA Asset Management, HFT Investment Management, Industrial Securities Asset Management, China Post Life, Rockcheck Steel Group, Shanghai Sunsource Investment, Pearl Fund, CPIC Fund, Guotai Fund, Huatai-pinebridge Fund, Orient Securities Asset Management, Shanyuan Investment, Everbright Pramerica Fund, Hong Kang Life, Hongsheng Asset Management, ChengEn Capital, Bosera Funds, Chenjun Capital, Fullerton Investment, Hillview Capital, Nuode Asset Management, CCB Life Asset Management, Xingyin Fund,	development profile and future outlook; future net cash flow from operating activities; overview of 2020 corporate structure adjustment; development of the civil construction sector; development of the architectural coatings sector; development of the renovation business; possibility of full elimination of proposed new capacity under the 2020 private placement plan; R&D capability; controlling shareholder equity collateral; reasons for rapid growth.	www.cninfo.com.cn for more information
----------	---	--------	---	--	---	--



				Yanhang Fund, CICC Fund, Kaiyuan Securities, Value Investment, Pudao Fund, Shanghai Life, Fundamental & Beyond Asset Management, China International Fund, Bank of China Investment, China Wealth Management, Zhongrong Fund, Cephei Capital, Kaiyan Investment, WellSpring Capital, CCB Trust, Hengyue Fund, CICC Investment, CITIC Securities, Greenwoods Asset Management, CSC Fi...		
--	--	--	--	---	--	--



Chapter V Important Particulars

I. Distribution of return on common shares and conversion of capital reserve into equity of the Company

Policies concerning distribution of return on common shares during the reporting period, especially the formulation, implementation or adjustment of cash dividends distribution policies

Applicable Not applicable

Pursuant to “Notice in relation to Further Implementing Cash Dividend Distribution of Listed Companies” (Zheng Jian Fa [2012] No. 37), and “Regulatory Guidelines No. 3 for Listed Companies - Distribution of Cash Dividends of Listed Companies” (Zheng Jian Fa [2013] No. 43) issued by the China Securities Regulatory Commission, and provisions of the Articles of Association, while fully considering the opinions of small and medium shareholders and independent directors as well as the Company’s development strategies, operation plans, industry landscape, social capital costs and external financing environment, the Company formulated Shareholders’ Return Plan for the Next Three Years (2017-2019).

The Proposal on Shareholders’ Return Plan for the Next Three Years was reviewed and approved at the third extraordinary general meeting in 2016 on November 18, 2016. According to the Proposal, the Company shall take into account such factors as maximized shareholder value (esp. medium and small shareholders), its development strategies, latest operation plans, industry landscape and social capital costs as well as external financing environment, align the interests of major shareholders with small and medium shareholders, and widely solicit the opinions of small and medium shareholders and independent directors, in order to enable independent decision-making on profit distribution and adopt a sustainable and stable profit distribution policy. The Company may distribute dividend in cash, in shares, or in combination of both cash and shares. In particular, the Company shall craft and execute a sustainable, clear and transparent cash dividend policy and establish a mechanism for restrictions on cash dividends. The format, conditions and proportion of profit distribution are specified in the plan. The format, conditions and proportion of profit distribution are specified in the plan. For more details, please refer to the announcements

published on the designated platform for information disclosure: Securities Times, China Securities Journal and www.cninfo.com.cn.

During the reporting period, the Company has strictly followed the “Guideline of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies (2020 Revision)”, Articles of Association and other regulations and requirements in implementing the aforesaid Shareholders’ Return Plan, and fulfilled the work in crafting and implementing the profit distribution plan. Under the 2019 Annual Equity Distribution Plan reviewed and passed on the annual general meeting for the year 2019 held on May 15, 2020, and based on the total share capital of the Company, being 1,569,784,697 shares on the date of record (June 12, 2020) for the dividend distribution, the Company shall distribute cash dividends of RMB2.00 for every 10 shares to all shareholders amounting to RMB470,935,409.10 (tax included) in total as at June 15, 2020. Pursuant to the 2020 Semi-annual Equity Distribution Plan reviewed and approved in the first extraordinary general meeting of 2020 held on September 14, 2020, the Company shall, based on the total of 1,569,784,697 shares as at June 30, 2020, deliver to shareholders 784,892,348 new shares transferred from capital reserve at a rate of 5 new shares for every 10 shares held before October 22, 2020.

In addition, with a goal to maximize the value of shareholders, especially minority shareholders, the Company has complied with the “Notice in relation to Further Implementing Cash Dividend Distribution of Listed Companies” (Zheng Jian Fa [2012] No. 37) and “Regulatory Guidelines No. 3 for Listed Companies - Distribution of Cash Dividends of Listed Companies” (Zheng Jian Fa [2013] No. 43) issued by the China Securities Regulatory Commission, and provisions of the Articles of Association, and has given full consideration to the opinions of minority shareholders and independent directors as well as its development strategies, operation plans, industry landscape, social capital costs and external financing environment, in framing the 2020-2022 Shareholders’ Return Plan. The Plan will help build and improve a science-based, sustainable and stable dividend policy and supervision mechanism to deliver the best returns to investors, lead to stable return expectations among investors, and encourage them to pursue long-term and value investment.

On November 3, 2020, the company held the second extraordinary shareholder meeting for the

year 2020 at which the Proposal on the Company's Shareholders' Return Plan for the Next Three Years (2020-2022) was deliberated and passed. Please refer to the relevant announcements published on the designated platforms for information disclosure: Securities Times, China Securities Journal and www.cninfo.com.cn for more information.

Special Notes on Cash Dividend Distribution Policies	
Whether the provisions of the Company's Articles of Association or the requirements of the resolutions made at general meeting are satisfied:	Yes
Whether definite criteria and proportions of dividends distribution are set out:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether independent directors have performed their duties and played their due role:	Yes
Whether minority shareholders can fully express their opinions and appeals, and have their legitimate rights and interests fully protected:	Yes
Whether relevant conditions and procedures are compliant and transparent where any adjustment or change is made to cash dividends distribution policies:	Yes

Plan on the distribution of common stock dividend (pre-arranged planning) and on the transfer of capital reserve into equity (pre-arranged planning) of the Company for the past 3 years (including the current reporting period)

1. 2018 Annual Profit Distribution Plan

Based on the total share capital of 1,468,543,799 shares after deducting the repurchased shares (23,540,159) in the buyback account from the total issued capital on the record date for equity distribution of May 29, 2019, the Company shall distribute cash dividends of RMB3.00 (tax inclusive) to shareholders for every 10 shares held, or RMB440,563,139.70 in total (tax inclusive).

2. 2019 Annual Profit Distribution Plan

Based on the total share capital of 1,569,784,697 shares on the record date (June 12, 2020) when the Plan is carried out, the Company shall distribute cash dividends of RMB3.00 to shareholders for every 10 shares held, with the total amount of RMB470,935,409.10 (tax included).

3. 2020 Semi-annual Profit Distribution Plan

Based on the total share capital of 1,569,784,697 shares as of June 30, 2020, the Company shall deliver to shareholders 784,892,348 increased shares at a rate of 5 new shares for every 10 shares held.

4. 2020 Annual Proposed Profit Distribution Plan

Based on the total share capital of the Company on the record date for equity distribution when the proposed plan is implemented in the future, the Company will distribute to shareholders cash dividends of RMB3.00 (tax inclusive) for every 10 shares held. The Company will neither deliver bonus shares nor convert capital reserves into equity and retained earnings will be carried forward to the following year. Where the total share capital of the Company changes before the Plan is implemented, profit distribution will be made based on the total share capital on the record date when the Plan is implemented in the future, and the proportion of distribution remains unchanged.

Table of the Company's distribution of common stock cash dividends for the past three years (including the current reporting period)

Unit: RMB

Year of distribution	Amount of cash dividends distributed (tax included)	Net profit attributable to ordinary shareholders of the listed company in the consolidated statements for the year of distribution	Ratio of cash dividends to the net profit attributable to ordinary shareholders of the listed company in the consolidated	Amount of cash dividends distributed in other ways (i.e. repurchase of shares)	Ratio of cash dividends distributed in other ways to the net profit attributable to ordinary shareholders of the listed company in the consolidated statements	Total amount of cash dividends (incl. those distributed in other ways)	Ratio of total amount of cash dividends (incl. those distributed in other ways) to the net profit attributable to ordinary shareholders of the listed company in the consolidated
2020	757,068,423.60	3,388,870,065.01	22.34%	0.00	0.00%	757,068,423.60	22.34%
2019	470,935,409.10	2,065,944,687.98	22.80%	0.00	0.00%	470,935,409.10	22.80%
2018	440,563,139.70	1,508,221,286.20	29.21%	0.00	0.00%	440,563,139.70	29.21%

The Company has recorded profit and the parent company has reported positive profit available for distribution to ordinary shareholders during the Reporting Period but there is no proposal for cash profit distribution for ordinary shares

Applicable Not applicable

II. Profit Distribution and Transfer of Capital Reserve into New Shares During the Reporting Period

Applicable Not applicable

Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (RMB) (inclusive of tax)	3
Number of increased shares for every 10 shares (share)	0
Base number of shares for proposed distribution plan (shares)	2,523,561,412
Amount of cash dividends distributed (RMB) (inclusive of tax)	757,068,423.60
Amount of cash dividends distributed in other ways (i.e. repurchase of shares) (RMB)	0.00
Total amount of cash dividends (incl. those distributed in other ways) (RMB)	757,068,423.6
Profit distributable (RMB)	1,678,042,448.12
Total cash dividends (incl. those distributed in other ways) as % of the total profits distributed	100%
Cash dividend distribution for the period	
If the Company is at the growth stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 20% when the profit distribution is made.	
Detailed description of proposed plan for profit distribution or transfer of capital reserve	
<p>As audited by Zhitong Accounting Firm (Special General Partnership), the net profit attributable to owners of the parent company is RMB3,388,870,065.01, while the net profit of the parent company records RMB1,356,667,010.14 for the year of 2020. Pursuant to the Company Law and the Articles of Association, the Company appropriates statutory surplus reserve of RMB135,666,701.01 based on 10% of the net profits of the parent company, plus the retained earnings of RMB927,977,548.09 at year-beginning of the parent company and less the distributed cash dividends of RMB 470,935,409.10 for the year of 2019, leading to the profit available for distribution for this year of RMB1,678,042,448.12.</p> <p>In light of the Company's proposed plan on profit distribution for 2020:</p> <p>Based on the total share capital of the Company on the record date for equity distribution when the Proposed plan is implemented in the future, the Company will distribute to shareholders cash dividends of RMB3.00 (tax inclusive) for every 10 shares held. The Company will neither deliver bonus shares nor convert capital reserves into equity and retained earnings will be carried forward to the following year. Where the total share capital of the Company changes before the Plan is implemented, profit distribution will be made based on the total share capital on the record date when the Plan is implemented in the future, and the proportion of distribution remains unchanged.</p> <p>The proposed plan strictly complies with the Regulatory Guidelines for Listed Companies No. 3 –Distribution of Cash Dividends of Listed Companies issued by CSRC and the Articles of Association and is in line with the Proposal on Shareholders' Return Plan for the next three years (2020-2022) deliberated and approved in the second extraordinary shareholder meeting for the</p>	



year of 2020. It is thus lawful, compliant and reasonable. The amount of cash dividends specified in the table is calculated temporarily based on the Company's total share capital of 2,523,561,412 shares as of the disclosure date of this report. The company will distribute cash dividends to all shareholders based on the total share capital on the record date when the equity distribution plan is implemented in the future.

III. The Performance of Undertakings

1. The undertakings of the Company's controllers, Shareholders, related parties, buyers and the Company and other related parties performed during the Reporting Period and that continued to be valid as of the Period-end

√ Applicable □ Not applicable

Background of undertakings	Parties giving undertakings	Types of undertakings	Content of undertakings	Date of undertakings	Period of undertakings	Performance
Share-trading reform						
Undertakings specified in the Report of Acquisition or Report on Equity Changes						
Asset restructuring						
IPO or seasoned equity offering	Li Weiguo	Undertakings related to horizontal competition, connected transactions and uses of funds	About horizontal competition: the Company's controlling shareholder Mr. Li Weiguo promised: "Neither I nor any other holding subsidiaries (hereinafter referred to as "other subsidiaries") that I invest in except Oriental Yuhong have invested in any company, enterprise, or operating entity that engage in the same or similar businesses as Oriental Yuhong, or have operated or operated on others' behalf the same or similar businesses as Oriental Yuhong; neither I nor my other subsidiaries conduct horizontal competition with Oriental Yuhong; I will not and will guarantee to urge my other subsidiaries not to invest in the same or similar production and operation as Oriental Yuhong, establish or acquire operational institutions including subsidiaries and branches that engage in the same or	January 8, 2008	Permanent	Ongoing strict performance

			<p>similar businesses as Oriental Yuhong in the future, or initiate, operate and develop or help initiate, operate and develop any business, enterprise, project or any other activities that directly compete with or may compete with Oriental Yuhong in business in onshore or offshore China, so as to avoid new potential direct or indirect competition with Oriental Yuhong on production and operation; Oriental Yuhong is entitled to the right to first transfer or produce new technologies and products that are relevant with Oriental Yuhong's production and operation, and that are either in-house developed by me or my other subsidiaries or introduced from abroad or co-developed with others; where I or my other subsidiaries propose to sell any other assets, businesses or equity related to the production and operation of Oriental Yuhong, Oriental Yuhong has the right to purchase first; I guarantee that I myself will, and my other subsidiaries, as urged by me, will offer terms which are no less favorable than those offered to any independent third parties when selling or transferring relevant assets or businesses. For any violations of the undertakings above, I am ready to bear the direct or indirect economic losses, liability for claims and additional expenses incurred to Oriental Yuhong or its other shareholders other than myself."</p>			
	Beijing Oriental Yuhong Waterproof Technology Co.,Ltd.	Other undertakings	<p>The Board of Directors will strictly abide by the "Company Law", "Securities Law", "Administrative Measures for the Issuance of Securities by Listed Companies" and other laws and regulations as well as relevant CSRC regulations, and promise that starting from the date of listing of private placement shares: i. the Company will publish regular reports that are true, accurate, complete, fair and timely, disclose all information that has a significant impact on investors, and accept the supervision and administration of CSRC and Shenzhen Stock Exchange; ii. the Company will promptly release public clarification after noticing any misleading messages that may impact the stock price are circulated in any public media; iii. The directors, supervisors, and senior management of the company will carefully solicit input and criticism from the public and will not resort to any acquired inside information and other improper means to directly or indirectly engage in the stock trading of the Company.</p>	August 18, 2014	Permanent	Ongoing strict performance



Stock Incentive Plan						
Other undertakings to minority shareholders	<p>The Company's directors and senior management Li Weiguo, Xu Limin, Xiang Jinming, Liu Bin (resigned), Zhang Ying, Zhang Hongtao, Yang Haocheng, Zhang Zhiping, Hu Xiaoyuan (resigned), Xian Yongbiao (resigned), Su Jinqi (resigned), Qu Peihua, Wang Wenping, Lei Li (resigned), Wang Xin (resigned), Xu Wei, Zhang Bei</p>	<p>Undertakings to take remediable measures for the dilution of current return as a result of issuance of convertible bonds</p>	<p>1. None of the benefits will be transferred to other entities or individuals without any compensation or on unfair terms, and no other means will be taken to damage the Company's interests. 2. Restrictions will be imposed for the position-related consumption. 3. None of the Company's assets will be used to engage in investment and consumption activities unrelated to the performance of duties. 4. The compensation system formulated by the Board or the Compensation Committee is linked to the implementation of the Company's remediable measures. 5. If the Company implements equity incentive in the future, the exercise conditions of the Company's equity incentive to be announced will be linked to the implementation of the Company's remediable measures. For any violations of the undertakings above that cause losses to the company or shareholders, I shall bear corresponding liabilities in accordance with the law.</p>	<p>November 1, 2016</p>	<p>Permanent</p>	<p>Ongoing strict performance</p>
	<p>The Company's directors and senior management Li Weiguo, Xu Limin,</p>	<p>Undertakings to adopt remediable measures for the dilution of current returns as a result of</p>	<p>1. Do not interfere with the Company's business management activities exceeding the position and encroach on the Company's interests; 2. From the date of the undertakings to the completion of the Company's current private placement of A shares, if the CSRC makes other new regulatory requirements for remediable measures and undertakings, and the above</p>	<p>October 16, 2020</p>	<p>Permanent</p>	<p>Ongoing strict performance</p>

	Xiang Jinming, Zhang Zhiping, Zhang Ying, Zhang Hongtao, Yang Haocheng, Wang Xiaoxia, Cai Zhaoyun, Huang Qinglin, Chen Guangjin, Qu Peihua, Wang Wenping, Xu Wei, Zhang Bei	issuance of private placement shares	undertakings fail to meet the requirements of the CSRC, I promise that I will issue a supplementary commitment in accordance with the latest requirements of the CSRC. For any violations of or refusal to fulfill the undertakings above, I agree that regulatory authorities including the CSRC and SCE may impose relevant penalties on me or take relevant administrative measures in accordance with relevant regulations.			
	The Company's controlling shareholder and de facto controller Li Weiguo	Undertakings to adopt remediable measures for the dilution of current returns as a result of issuance of private placement shares	1. Do not interfere with the Company's business management activities exceeding the position and encroach on the Company's interests; 2. From the date of the undertakings to the completion of the Company's current private placement of A shares, if the CSRC makes other new regulatory requirements for remediable measures and undertakings, and the above undertakings fail to meet the requirements of the CSRC, I promise that I will issue a supplementary commitment in accordance with the latest requirements of the CSRC. For any violations of or refusal to fulfill the undertakings above, I agree that regulatory authorities including the CSRC and SCE may impose relevant penalties on me or take relevant administrative measures in accordance with relevant regulations.	October 16, 2020	Permanent	Ongoing strict perform ance
Timely performance of undertakings	Yes					
Detailed specific reason for not fulfilling all undertakings	Not applicable					



within the due period (if any) and the plan for next steps shall be provided	
--	--

2. If profitability is forecast for the Company's assets or projects and the reporting period is within profitability forecast period, the Company explains the assets or projects accounting for the original profitability forecast and its reasons.

Applicable Not applicable

IV. Non-operating capital occupation of listed companies by controlling shareholders and stakeholders

Applicable Not applicable

During the reporting period of the Company, no non-operating capital occupation of listed company occurs by controlling shareholders and stakeholders.

V. Explanations of the Board of Directors, the Board of Supervisors, and independent directors (if any) on the Non-Standard Audit Report of the accounting firm during the reporting period.

Applicable Not applicable

VI. Explanations of the changes in accounting policies, accounting estimates and accounting methods compared with the financial statement of the previous year.

Applicable Not applicable

(1) Changes in important accounting policies

① New Standards for Revenue

The Ministry of Finance issued the Accounting Standards for Enterprises No.14-Revenue (Revision) (hereinafter referred to as the New Standards for Revenue) in 2017 and the Group resolved to implement the standards from January 01, 2020 at the 11th meeting of the 7th Board of Directors and made adjustments to related accounting policies.

The revenue is confirmed when the Group has fulfilled the obligation stipulated in the contract, that is, the customers obtain control of the goods or services. The Group is considered to fulfill its obligations within a period of time when certain conditions are met, otherwise, it is considered to fulfill its obligations at a certain point in time. If the contract contains two or more obligations, the Group shall allocate the transaction price to individual obligation in accordance with the relative proportion of stand-alone selling price of goods or services promised by individual obligation on the starting date of the contract. Revenue is measured based on the transaction price allocated to individual obligation.

The Group adjusts relevant accounting policies in accordance with related issues or specific provisions on transaction of New Standards for Revenue. For example, contract asset, advance receipt, etc.

The Group has transferred goods to customers, consequently, has the right to receive consideration and the right, dependent on other factors than the passage of time, is presented as contract asset. The Group's obligation to transfer goods for consideration received or receivable is presented as contract liability.

The Group has adjusted the amount of retained earnings and other related items in financial statement at the beginning of 2020 according to the cumulative effect of first implementation of New Standards for Revenue, without adjusting comparative financial statement data. The Group adjusted the amount of retained earnings and other related items in financial statement at the beginning of 2020 based on cumulative effect of contract that has not completed by January 1, 2020.

Content and reasons for changes in accounting policy	Affected items in financial statement	Affected amount January 1, 2020
The completed yet unsettled provision of waterproof construction services that is ineligible for unconditional payment is included in contract assets. The settled yet unfinished provision of waterproof construction, advanced receipts from sales of such commodities as rolls, coating are reclassified as contract liabilities. The warranty payment related to sales of such commodities as rolls and coating and to waterproof construction services is included in contract assets. The loss from onerous contract to be executed is included in estimated liabilities and operating costs.	Accounts receivable	-134,002,787.46
	Contract assets	897,529,672.45
	Inventory	-789,674,139.43
	Deferred income tax assets	6,195,292.41
	Contract liabilities	1,352,612,834.95
	Advance receipts	-1,513,867,627.95
	Other current liabilities	161,254,793.00
	Undistributed profit	-33,567,549.05
	Estimated liabilities	13,615,587.02

The impact of implementing New Standards for Revenue on relevant items in financial statements, compared with previous standards, is as follows:



Affected items in Balance Sheet	Affected amount	December 31, 2020
Accounts receivable		-91,040,999.75
Contract assets		1,903,218,399.07
Inventory		-1,889,651,738.80
Deferred income tax assets		11,739,433.85
Contract liabilities		2,077,737,096.59
Advance receipts		-2,278,095,565.51
Other current liabilities		200,358,468.92
Estimated liabilities		16,899,970.10
Undistributed profit		-82,634,875.73

To be continued

Affected items in Income Statement	Affected amount in 2020
Operating costs	649,889,677.26
Sales expenses	-646,605,294.18
Credit impairment loss	-54,611,468.12
Asset impairment loss	-3,284,383.08
Income tax expense	-5,544,141.44
Net profit	-49,067,326.68
Including: net profit attributable to shareholders of parent company	-49,067,326.68

② Interpretation No. 13 of Accounting Standards for Enterprises

The Ministry of Finance issued *Interpretation No. 13 of Accounting Standards for Enterprises* (Caikuai [2019] No. 21) (hereinafter referred to as Interpretation No.13) December 2019.

Interpretation No.13 revises three elements that constitute business, specifies judgment for business conditions and introduces “Concentration Test” for purchaser of businesses merging from under different control when deciding if acquired business activity or asset combination constitute a business.

Interpretation No. 13 clarifies related parties of an enterprise including joint ventures or affiliated businesses of other business units under the same group (including parent company and subsidiaries) as well as joint ventures or affiliated business of investors in joint control over the enterprises.

Interpretation No. 13 came into effect from January 1, 2020, and the Group adopted prospective application for the above-mentioned changes in accounting policies.

The adoption of Interpretation No. 13 has not had a significant impact on the Group's financial position, operation results or related party disclosure.

③ The Ministry of Finance issued the *Notice on Distributing Accounting Regulations on Rent Concessions Related to New Coronary Pneumonia Epidemic* (Caikuai [2020] No. 10) in June 2020, and a simplified method for rent concessions related to new Coronary Pneumonia Epidemic can be adopted accordingly.

The Group adopted the simplified method stipulated in accounting regulations for rent concessions that occurred from January 1, 2020 onward (see Note 3, 29, (3)). During the reduction and exemption period or when reduction agreement is reached and relevant rights and obligations are released or waived, the reduced or exempted rent is included in profit and loss. The profit currently affected by the above-mentioned simplified method is RMB532,549.48.

The Group did not apply the above-mentioned simplified method to rent occurring before January 1, 2020.

(2) Important changes in accounting estimates

None.

(3) The first implementation of New Standards for Revenue adjusts related items in financial statements at the beginning of year of implementation.

Consolidated Balance Sheet

Items	December 31, 2019	January 01, 2020	Adjustment
Accounts receivable	5,636,056,135.06	5502053347.60	-134,002,787.46
Inventory	2016452159.26	1226778019.83	-789,674,139.43
Contract assets	-	897,529,672.45	897,529,672.45
Deferred income tax assets	266364031.92	272559324.33	6,195,292.41
Advance receipts	1513867627.95	-	-1,513,867,627.95
Contract liabilities	-	1,352,612,834.95	1,352,612,834.95
Other current liabilities	-	161,254,793.00	161,254,793.00
Estimated liabilities	-	13,615,587.02	13,615,587.02



Undistributed profit	6724405683.30	6690838134.25	-33,567,549.05
----------------------	---------------	---------------	----------------

Balance sheet of parent company

Items	December 31, 2019	January 01, 2020	Adjustment
Accounts receivable	2599230817.44	2599193052.62	-37764.82
Contract assets	-	37764.82	37764.82
Advance receipts	548146605.78	-	-548146605.78
Contract liabilities	-	485085491.84	485085491.84
Other current liabilities	-	63061113.94	63061113.94

VII. Explanation of major accounting error corrections requiring retrospective restatement in the reporting period.

Applicable Not applicable

No major accounting error corrections to be restated retrospectively in the reporting period.

VIII. Explanation of changes in the scope of consolidated statements, compared with financial statement of previous year

Applicable Not applicable

In this period, the company newly established Zhanjiang Oriental Yuhong Building Materials Co., Ltd., Beijing Oriental Yuhong Anticorrosive Technology Co., Ltd., Fuda Energy Saving Technology Co., Ltd., Wuhu Oriental Yuhong New Material Technology Co., Ltd., and Hainan Oriental Yuhong Building Technology Co., Ltd. Company, Guangdong Dongfang Yuhong Building Material Technology Co., Ltd., Hongyun Supply Chain Management Co., Ltd., Nantong Jinsinan Membrane Material Co., Ltd., Oriental Yuhong Building Materials Co., Ltd., Jiangxi Oriental Yuhong Construction Technology Co., Ltd., Liaoning Oriental Yuhong Construction Technology Co., Ltd., Chongqing Oriental Yuhong Construction Technology Co., Ltd., and those companies have been incorporated into the scope of consolidation at the end of this period.

In this period, the company cancelled 7 subsidiaries, namely, Changzhou Oriental Yuhong Waterproof Material Co., Ltd., Luzhou Oriental Yuhong Building Materials Co., Ltd., Hubei Oriental Yuhong Building Materials Co., Ltd., Zhejiang Hongyun New Material Technology Co., Ltd., Haian Hongde Real Estate Co., Ltd., Jiangsu Oriental Yuhong Building Materials Co., Ltd. and



Haian Hairun Real Estate Co., Ltd., which were not included in the scope of consolidation at the end of the period.

IX. Appointment and dismissal of accounting firms

The accounting firms currently employed

Name of domestic accounting firm	Grant Thornton Certified Public Accountants (Special General Partnership)
Remuneration for domestic accounting firms (RMB10,000)	288
Consecutive years of audit services from domestic accounting firms	14 years
Name of CPA in domestic accounting firm	Liang Yinan, Luo Zhiqiang
Consecutive years of CPA audit services from domestic accounting firms	Liang Yinan(2 years), Luo Zhiqiang(1 year)

Whether to change accounting firm in current period

Yes No

Employment of audit accounting firms under internal control, financial advisors or sponsors

Applicable Not applicable

During the reporting period, the company appointed Grant Thornton Certified Public Accountants (special general partnership) as the company's 2020 agent for annual financial and internally controlled audit. The above-mentioned service remuneration totaled RMB2.88 million as shown in the above table.

X. Faced with delisting after disclosure of annual statement

Applicable Not applicable

XI. Issues related to bankruptcy and reorganization

Applicable Not applicable

During the reporting period, no bankruptcy or reorganization related issues occur in the company.

XII. Major litigations and arbitrations

Applicable Not applicable

During the reporting period, no litigation or arbitration related issues occurred in the company.

XIII. Penalties and rectifications

Applicable Not applicable

No penalties or rectifications occurred during the reporting period.

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

Applicable Not applicable

XV. Implementation of Company's equity incentive scheme, employee stock holding scheme and other employee incentive scheme

Applicable Not applicable

(1). The Implementation of Stage II Restricted Share Incentive Scheme

1. The Company held the 2nd meeting of the 6th Board of Directors and the 2ed meeting of the 6th Board of Supervisors respectively on June 30, 2016, reviewed and passed *Beijing Oriental Yuhong Waterproof Technology Co., Ltd. Restricted Stock Incentive Scheme (Draft)* and its summary. The incentive scheme is in the form of restricted stock and the source of the stocks is Oriental Yuhong's buying back of the Company's stock from the secondary market and private equity placement to eligible participants; the scheme intends to grant 65,044 million restricted stocks, accounting for 7.83% of the total equity of 830,693,400 shares of Oriental Yuhong when the incentive scheme was signed. Among them, the number of initial grants was 58.54 million shares, accounting for 90.00% of the total grants; 65.04 million shares were reserved, accounting for 10.00% of the total grants. 1112 eligible participants were involved in the initial grant of the incentive scheme and the price of the restricted stock is RMB8.24/share.

2. The Company revised and improved the *Stage II Restricted Stock Incentive Scheme (Draft)*

of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. and its summary announced on July 1, 2016, finalizing the *Stage II Restricted Stock Incentive Scheme (Revised Draft) of Beijing Oriental Yuhong Waterproof Technology Co., Ltd.* (hereinafter referred to as the *Stage II Restricted Stock Incentive Scheme*) and its summary, and was deliberated and passed on July 27, 2016 at the Company's 4th meeting of the 6th Board of Directors and the 4th meeting of the 6th Board of Supervisors. The revised incentive scheme intended to grant 65 million restricted stocks, and the stocks involved account for 7.82% of the 830,693,400 share capital of Oriental Yuhong in total when the incentive scheme was signed. Among them, the number of first grant was 64.141 million shares, accounting for 98.68% of the total; 859,000 shares were reserved, accounting for 1.32% of the total. In the revised incentive scheme, the eligible participants involved in the first grant were adjusted from 1,112 to 1,263, and the price for the first grant of restricted stock was RMB8.24 / share.

3. On August 12, 2016, the Company held the 2nd extraordinary general meeting of shareholders in 2016 to deliberate on and pass the *Stage II Restricted Stock Incentive Scheme* and its summary, as well as the *Proposal on the Request to the General Meeting of Shareholders to Authorize the Board of Directors to Proceed the Company's Stage II Restricted Stock Proposal Incentive Scheme*. The Board of Directors is authorized to determine the date for granting restricted stocks, granting restricted stocks to eligible participants when the latter meet the conditions, and to handle all related issues.

4. On August 25, 2016, the Company held, respectively, the 6th meeting of the 6th Board of Directors and the 6th meeting of 6th Board of Supervisors to deliberate and pass the *Proposal on Adjusting the Eligible Participants for Stage II Restricted Stock Incentive Scheme, Quantity and Price for Granting*. Independent directors expressed their independent opinions. As some of the eligible participants resigned or gave up the restricted stocks granted for personal reasons, the Company's Board of Directors adjusted the eligible participants for initial grant of restricted stocks and the quantity of incentives granted. The number of eligible participants of initial grant was adjusted from 1,263 to 1,230, and the quantity of shares granted under the restricted stock incentive scheme was adjusted from 65 million shares (including initial 64.141 million shares and 859,000

shares reserved) to 64.355 million shares (including initial 63.496 million shares and 859,000 shares reserved). The Board of Directors of the Company believed that the conditions for granting restricted stocks was ready, and appointed August 25, 2016 as initial grant date. During the period of restricted stock payment after the grant date was confirmed, 33 eligible participants gave up a total of 370,000 shares due to resignation and insufficient funds. By September 29, 2016, the Company had granted a total of 63.126 million restricted stocks to 1,197 eligible participants (including the initial public offering of 53,149,909 shares, and the remaining 9,976,091 public shares bought back by the Company as part of the source of restricted stocks). The listing date of the granted shares was September 30, 2016. According to the relevant provisions of the *Accounting Standards for Enterprises*, the implementation of the Company's restricted stocks would have certain impact on the Company's financial position and operating results for the next few years. After calculation, it was estimated that the total incentive cost of 63.126 million restricted stocks initially granted to eligible participants was RMB391,439,600. The cost amortization of restricted stocks from 2016 to 2020 is shown in the following chart:

Restricted shares granted (10,000 shares)	Total amortized expenses (RMB10,000)	2016 (RMB10,000)	2017 (RMB10,000)	2018 (RMB10,000)	2019 (RMB10,000)	2020 (RMB10,000)
6312.6	39143.96	8696.06	20475.85	7230.72	2331.44	409.89

The amortization costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The final impact of the above on the Company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

5. On June 13, 2017, the Company held the 22nd meeting of the 6th Board of Directors and the 12th meeting of 6th Board of Supervisors, deliberated on and passed *Proposals on the Adjustment of Buying Back Prices of the Restricted Shares Granted for the First Time in Stage II Restricted Shares Incentive Scheme*. Considering the fact that the company's 2016 annual general meeting of shareholders reviewed and passed the 2016 Equity Distribution Scheme: based on the company's existing total share capital of 882,686,848 shares, RMB1.50 in cash was distributed to all shareholders for every 10 shares. The rights and interests had all been distributed on June 1, 2017.

Since the cash bonus in 2016 that the eligible participants should have received through the

restricted shares granted in Stage II has been transferred into their capital account by shareholder custodian securities company (or other custodian institutions). As stipulated by Stage II Restricted Shares Incentive Scheme, the Company shall make corresponding adjustments to the buying back price of the restricted shares after excluding the dividends of the company's share price while distributing stock dividends. Therefore, the buying back price of restricted stock granted for the first time is adjusted from RMB8.24/share to RMB8.09/share.

6. On June 13, 2017, the Company held the 22nd meeting of the 6th Board of Directors and the 12th meeting of 6th Board of Supervisors respectively, deliberated on and passed *Proposals on Buying Back and Writing off Part of the Restricted Shares Reserved to the Subjects of Incentive Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements*. Meanwhile, based on the authorization by the 2nd Extraordinary General Meeting in 2016, due to the resignation, under qualification, and changes in job of some eligible participants, the Board of Directors decided to buy back and write off 1,190,000 restricted shares granted for the first time yet to be unlocked, and have completed relevant procedures for the aforesaid restricted shares on July 12, 2017. As a result, the cost amortization of the restricted shares from 2016 to 2020 are shown in the following chart.

Total amortization expenses (RMB10,000)	2016 (RMB10,000)	2017 (RMB10,000)	2018 (RMB10,000)	2019 (RMB10,000)	2020 (RMB10,000)
38406.05	8532.13	20089.86	7094.42	2287.49	402.17

The amortization costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The final impact of the above on the Company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

7. On July 17, 2017, the Company held the 23rd meeting of the 6th Board of Directors and the 13th meeting of the 6th Board of Supervisors, deliberated on and passed *Proposal to Grant Eligible Participants Stage II Restricted Stock of Incentives Scheme Reserved*. The independent directors of the company expressed independent opinions on matters related to the 23rd meeting of the 6th Board of Directors, and decided that the date for granting of the company's reserved part of restricted stocks is July 17, 2017. The quantity of restricted stocks reserved for the restricted stock incentive scheme granted to eligible participants is 859,000 shares, accounting for 0.0975% of the

total share capital issued of Oriental Yuhong, and the grant price is RMB18.31/share. During the stock fund payment period after the grant date is confirmed, 6 eligible participants voluntarily gave up subscribing to a total of 5,000 restricted stocks that the Company schemes to grant to them due to insufficient funds. Therefore, the number of eligible participants granted in stage II restricted stock incentive scheme was adjusted to 24, the quantity of grant is adjusted to 854,000 shares, and the listing date of the granted shares was August 31, 2017. After calculation, it was estimated that the total amount of incentive costs of stage II reserved restricted stocks in the the restricted stock incentive scheme was RMB7,804,500. The amortization of the reserved restricted stocks from 2017 to 2021 is shown in the following chart:

Total expenses to be amortized (RMB 10,000)	2017 (RMB 10,000)	2018 (RMB 10,000)	2019 (RMB 10,000)	2020 (RMB 10,000)	2021 (RMB 10,000)
780.45	232.22	358.59	133.78	46.35	9.51

The amortization costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The final impact of the above on the Company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

8. On September 21, 2018, the company held the 49th meeting of the 6th Board of Directors and the 21st meeting of the 6th Board of Supervisors, deliberated on and passed *Proposals on the Adjustment of Buying Back Prices of the Restricted Shares Granted for the First Time in Stage II Restricted Shares Incentive Scheme and Proposals on the Adjustment of Buying Back Prices of the Restricted Shares Reserved in Stage II Restricted Shares Incentive Scheme*. Given that the Company's 2017 annual equity distribution scheme is: The total share capital of 881,863,218 shares on the registration date of equity distribution on the 19th June, 2018 is the baseline, and RMB1.499980 in cash is distributed to all shareholders for every 10 shares. At the same time, 6.999907 shares are transferred to all shareholders from the capital reserve for every 10 shares. The rights and interests had all been distributed on June 20, 2018.

Since the cash bonus in 2017 that the eligible participants should have been received through the restricted shares granted in Stage II has been transferred into their capital account by shareholder custodian securities company (or other custodian institutions). As stipulated by *Stage II*

Restricted Shares Incentive Scheme, the Company shall make corresponding adjustments to the buying back price of the unlocked restricted shares after excluding the dividends of the company's share price while distributing stock dividends. At the same time, according to the Company's Stage II Restricted Stock Incentive Scheme, after the company's capital reserve is converted to share capital and the company's stock price is ex-righted, the company should also adjust the buying back price of the restricted stock that has not been unlocked. Therefore, the buying back price of restricted stocks granted for the first time in Stage II restricted stock incentive scheme was adjusted from RMB8.09 /share to RMB4.6706 /share; The buying back price of reserved part of restricted stocks Stage II restricted stock incentive scheme adjusted from RMB18.31/share to RMB10.6824/share.

9. On September 21, 2018, the Company held the 49th meeting of the 6th Board of Directors and the 21st meeting of 6th Board of Supervisors, approved and passed *Proposals on Granting for the First Time the Achievements in Unlocking Requirements in the First Unlocking Stage in Stage II Restricted Share Scheme*, and *Proposals on Buying Back and Writing off the Restricted Shares Granted to the Eligible Participants For the First Time Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements*. As stipulated in Stage II Restricted Stock Incentive Scheme, the Board of Directors believes that 1015 eligible participants meet the unlocking requirements in the first unlocking stage for granting part of the incentive share for the first time, and went through relevant procedures for granting 23.170615 million restricted shares. Based on the authorization by the 2nd Extraordinary General Meeting, the Board of Directors went through relevant formalities, and the restrictions on the sale of a total of 23.170615 million shares have been unlocked on November 9, 2018 for circulation on the market. Meanwhile, based on the authorization by the 2nd Extraordinary General Meeting in 2016, in circumstances where some eligible participants change their posts due to resignation, underqualification and disqualification, and disqualification or underqualification in 2017, the Board of Directors decided to buy back or write off part of the restricted shares granted for the first time in Stage II restricted share incentive scheme granted to 312 eligible participants yet had not been unlocked, totaling 6.880438 million shares on December 17, 2018, and have gone through relevant procedures for the aforesaid restricted shares, the cost

amortization of the restricted shares granted for the first time from 2016 to 2020 are shown in the following chart.

Total amortization expenses (RMB 10,000)	2016 (RMB10,000)	2017 (RMB10,000)	2018 (RMB10,000)	2019 (RMB10,000)	2020 (RMB10,000)
35340.49	7703.94	18296.26	6772.63	2183.73	383.93

The amortized costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The above-mentioned ultimate impact on the company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

10. On September 21, 2018, the Company held the 49th meeting of the 6th Board of Directors and the 21st meeting of 6th Board of Supervisors respectively, deliberated on and passed *Proposals on Buying Back and Writing off Part of the Restricted Shares Reserved to Eligible Participants Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements*. Meanwhile, based on the authorization by the 2nd Extraordinary General Meeting in 2016, due to the resignation of some eligible participants, the Board of Directors decided to buy back and write off all the 169,999 restricted shares reserved in Stage II Restricted Stock Incentive Scheme granted to three eligible participants yet had not been unlocked after their resignation, and have gone through relevant procedures for the aforesaid restricted shares on December 17, 2018, the cost amortization of the restricted shares reserved from 2017 to 2021 are shown in the following chart.

Total expenses to be amortized (RMB10,000)	2017 (RMB10,000)	2018 (RMB10,000)	2019 (RMB10,000)	2020 (RMB10,000)	2021 (RMB10,000)
689.60	205.19	316.84	118.21	40.95	8.41

The amortized costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The above-mentioned ultimate impact on the company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

11. On August 22, 2019, the Company held the 3rd meeting of the 7th Board of Directors and the 3rd meeting of 7th Board of Supervisors, deliberated on and passed *Proposals on Achievements in Unlocking Requirements in the First Unlocking Stage of the Reserved Shares in Stage II Restricted Share Incentive Scheme*. As stipulated in *Stage II Restricted Share Incentive Scheme*, the

Board of Directors believes that 19 eligible participants meet the unlocking requirements in the first unlocking stage for restricted shares reserved, and went through relevant procedures for unlocking 290,913 such shares. Based on the authorization by the 2nd Extraordinary General Meeting, the Board of Directors went through relevant formalities, and the restrictions on the sale of a total of 290,913 million shares have been lifted on September 2, 2019 for circulation on the market.

12. On September 12, 2019, the Company held the 4th meeting of the 7th Board of Directors and the 4th meeting of 7th Board of Supervisors, deliberated on and passed *Proposals on the Adjustment of Repurchase Prices of the Restricted Shares Granted for the First Time in Stage II Restricted Share Incentive Scheme*, and *Proposals on the Adjustment of Repurchase Prices of the Restricted Shares Reserved in Stage II Restricted Shares Incentive Scheme*. According to the Company's dividend plan in 2018, a cash dividend of RMB3.00 (tax included) per 10 shares is to be distributed to all shareholders based on the total share capital of 1,468,543,799 shares after the repurchased shares in the Company's special repurchase account (23,540,159 shares) is deducted from the total share capital at the record date (May 29, 2019) when the scheme is implemented. Moreover, the Company does not grant bonus shares, or converts into share capital with capital reserve. The equity has all been distributed on May 30, 2019.

Since the cash bonus in 2018 that the eligible participants should have been received through the restricted shares granted in Stage II has been transferred into their capital account by shareholder custodian securities company (or other custodian institutions), as stipulated by *Stage II Restricted Share Incentive Scheme*, the Company shall make corresponding adjustments to the repurchase price of the unlocked restricted shares after excluding the dividends of the company's share price while distributing stock dividends. Therefore, the repurchase price of the restricted shares granted for the first time in Stage II Restricted Shares Incentive Plan has been adjusted from RMB4.6706 per share to RMB4.3706 per share; the repurchase price of the restricted shares reserved in Stage II Restricted Shares Incentive Plan has been adjusted from RMB10.6824 per share to RMB10.3824 per share.

13. On September 12, 2019, the Company held the 4th meeting of the 7th Board of Directors and the 4th meeting of 7th Board of Supervisors, approved and passed *Proposals on Achievements*

in *Unlocking Requirements in the Second Unlocking Stage of the Shares Granted for the First Time in Stage II Restricted Stock Incentive Plan*, and *Proposals on Buying Back and Writing off Part of the Restricted Shares Reserved to the Subjects of Incentive Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements*. As stipulated in Stage II Restricted Stock Incentive Scheme, the Board of Directors believes that 953 eligible participants meet the unlocking requirements in the second unlocking stage for granting part of the incentive shares for the first time, and went through relevant procedures for unlocking 20.539642 million such shares. Based on the authorization by the 2nd Extraordinary General Meeting, the Board of Directors went through relevant formalities to unlock a total of 20.539642 shares on September 30, 2019 for circulation on the market. Meanwhile, as stipulated by the *Stage II Restricted Share Incentive Scheme*, in circumstances where some eligible participants change their posts due to resignation, underqualification and disqualification in 2018, the Board of Directors decided to buy back or write off all or part of the restricted shares first granted in Stage II restricted share incentive scheme to 368 eligible participants yet had not been unlocked, totaling 7.926103 million shares, based on the authorization by the 2nd Extraordinary General Meeting, and went through repurchase and cancellation procedures of the aforesaid restricted shares on November 20, 2019, the cost amortization of the restricted shares granted for the first time from 2016 to 2020 is shown in the following table:

Total amortization expenses (RMB10,000)	2016 (RMB10,000)	2017 (RMB10,000)	2018 (RMB10,000)	2019 (RMB10,000)	2020 (RMB10,000)
32545.53	7273.59	17005.19	5852.44	2053.31	361.00

The amortized costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The above-mentioned ultimate impact on the company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

14. On September 12, 2019, the Company held the 4th meeting of the 7th Board of Directors and the 4th meeting of 7th Board of Supervisors respectively, deliberated on and passed *Proposals on Buying Back and Writing off the Restricted Shares Reserved to Eligible Participants Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements*. Meanwhile, as stipulated by the

Stage II Restricted Share Incentive Scheme, due to resignation, underqualification and disqualification in 2018, the Board of Directors decided to buy back or write off all or part of the restricted shares reserved in Stage II restricted share incentive scheme granted to six eligible participants yet had not been unlocked, totaling 246,285 shares, based on the authorization by the 2nd Extraordinary General Meeting in 2016, and went through repurchase and cancellation procedures of the aforesaid restricted shares on November 20, 2019, the cost amortization of the restricted shares reserved from 2017 to 2021 is shown in the following table:

Total Expenses To Be Amortized (RMB10,000)	2017 (RMB10,000)	2018 (RMB10,000)	2019 (RMB10,000)	2020 (RMB10,000)	2021 (RMB10,000)
550.94	160.96	251.67	97.57	33.80	6.94

The amortized costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The above-mentioned ultimate impact on the company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

15. On August 28, 2020, the Company held the 15th meeting of the 7th Board of Directors and the 12th meeting of 7th Board of Supervisors, deliberated on and passed *Proposals on Achievements in Unlocking Requirements in the Second Unlocking Stage of the Reserved Shares in Stage II Restricted Stock Incentive Scheme*. As stipulated in *Stage II Restricted Stock Incentive Scheme*, the Board of Directors believes that 19 eligible participants meet the unlocking requirements in the second unlocking stage for restricted shares reserved, and went through relevant procedures for unlocking 246,925 such shares. Based on the authorization by the 2nd Extraordinary General Meeting, the Board of Directors went through relevant formalities to unlock a total of 246,925 restricted shares on September 7, 2020 for circulation on the market.

16. On September 17, 2020, the Company held the 17th meeting of the 7th Board of Directors and the 13th meeting of 7th Board of Supervisors, deliberated on and passed *Proposals on Achievements in Unlocking Requirements in the Third Unlocking Stage for Shares Granted For the First Time in Stage II Restricted Stock Incentive Scheme*. As stipulated in *Stage II Restricted Stock Incentive Scheme*, the Board of Directors believes that 897 objects of incentive meet the unlocking requirements in the third unlocking stage for granting restricted shares for the first time, and agreed

to go through relevant procedures for unlocking 20.731160 million such shares. Based on the authorization by the 2nd Extraordinary General Meeting, the Board of Directors went through relevant formalities to unlock a total of 20.731160 restricted shares on September 30, 2020 for circulation on the market.

17. On October 26, 2020, the Company held the 21st meeting of the 7th Board of Directors and the 15th meeting of 7th Board of Supervisors, deliberated on and passed *Proposals on the Adjustment of Repurchase Prices of the Restricted Shares Granted for the First Time in Stage II Restricted Share Incentive Scheme*, and *Proposals on the Adjustment of Repurchase Prices of the Restricted Shares Reserved in Stage II Restricted Shares Incentive Scheme*. According to the Company's dividend plan in 2018, a cash dividend of RMB3.00 (tax included) per 10 shares is to be distributed to all shareholders based on the total share capital of 1,569,784,697 shares at the record date (June 12, 2020) when the dividend plan is implemented, with no bonus issue from either profit or capital reserves. The dividend plan was implemented on June 15, 2020. Since the cash bonus in 2019 that the eligible participants should have been received through the restricted shares granted in Stage II has been transferred into their capital account by shareholder custodian securities company (or other custodian institutions), as stipulated by *Stage II Restricted Share Incentive Scheme*, the Company shall make corresponding adjustments to the repurchase price of the unlocked restricted shares after excluding the dividends of the company's share price while distributing stock dividends. Therefore, the repurchase price of the restricted shares granted for the first time in Stage II Restricted Shares Incentive Scheme has been adjusted from RMB4.3706 per share to RMB4.0706 per share; the repurchase price of the restricted shares reserved in Stage II Restricted Shares Incentive Scheme has been adjusted from RMB10.3824 per share to RMB10.0824 per share.

According to the Company's biannual dividend plan in 2020, based on the total share capital of 1,569,784,697 shares, five shares are increased by transferring to all the shareholders with capital reserve for every 10 shares, involving a total of 784,892,348 shares. After such a move, the Company's total share capital reached 2,354,677,045, with no bonus issue from either profit or capital reserves. The dividend plan was implemented on October 22, 2020. Since the shares transferred in the first half of 2020 that the eligible participants should have been received through

the restricted shares granted in Stage II has been transferred into the shareholder's security account, as stipulated by *Stage II Restricted Share Incentive Scheme*, the Company shall make corresponding adjustments to the repurchase price of the unlocked restricted shares after excluding the rights of the company's share price following the capital reserve's conversion into share capital. Therefore, the repurchase price of the restricted shares granted for the first time in Stage II Restricted Shares Incentive Scheme has been adjusted from RMB4.0706 per share to RMB2.7137 per share; the repurchase price of the restricted shares reserved in Stage II Restricted Shares Incentive Scheme has been adjusted from RMB10.0824 per share to RMB6.7216 per share.

18. On October 26, 2020, the Company held the 21st meeting of the 7th Board of Directors and the 15th meeting of 7th Board of Supervisors respectively, deliberated on and passed *Proposals on Buying Back and Writing off the Restricted Shares Granted to the Eligible Participants For the First Time Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements*. As stipulated by *Stage II Restricted Share Incentive Scheme*, in circumstances where some eligible participants change their posts due to resignation, underqualification and disqualification, and disqualification or underqualification in 2019, the Board of Directors decided to buy back or write off the restricted shares in Stage II restricted share incentive scheme granted to 289 eligible participants for the first time yet had not been unlocked, totaling 5.510646 million shares, based on the authorization by the 2nd Extraordinary General Meeting, and went through repurchase and cancellation procedures of the aforesaid restricted shares on December 24, 2020, the cost amortization of the restricted shares granted for the first time from 2016 to 2020 is shown in the following table:

Total Amortization Expenses (RMB10,000)	2016 (RMB10,000)	2017 (RMB10,000)	2018 (RMB10,000)	2019 (RMB10,000)	2020 (RMB10,000)
31687.93	7180.90	16727.12	5574.36	1860.13	345.41

The amortized costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The above-mentioned ultimate impact on the company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

19. On October 26, 2020, the Company held the 21st meeting of the 7th Board of Directors

and the 15th meeting of 7th Board of Supervisors respectively, deliberated on and passed *Proposals on Buying Back and Writing off the Reserved Restricted Shares Granted to the Eligible Participants Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements*. Meanwhile, as stipulated by *Stage II Restricted Share Incentive Scheme*, due to some eligible participants' underqualification in 2019, the Board of Directors decided to buy back or write off the reserved restricted shares granted to one eligible participant in Stage II restricted share incentive scheme yet had not been unlocked, totaling 1912 shares, based on the authorization by the 2nd Extraordinary General Meeting in 2016, and went through repurchase and cancellation procedures of the aforesaid restricted shares on December 24, 2020, the cost amortization of the reserved restricted shares from 2017 to 2021 is shown in the following table:

Total Expenses To Be Amortized (RMB10,000)	2017 (RMB10,000)	2018 (RMB10,000)	2019 (RMB10,000)	2020 (RMB10,000)	2021 (RMB10,000)
550.13	160.77	251.26	97.35	33.80	6.94

The amortized costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The above-mentioned ultimate impact on the company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

ii. The Implementation of Stage III Restricted Share Incentive Scheme

1. The Company held the 5th meeting of the 7th Board of Directors and the 5th meeting of 7th Board of Supervisors respectively, deliberated on and passed *Stage III Restricted Share Incentive Scheme of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (Draft)* and its abstract. This incentive scheme provides incentives through restricted shares, which is sourced from shares bought back by the Company from the secondary market and common A-shares issued targeting eligible participants; this scheme intends to grant no more than 32.966129 million restricted shares to eligible participants, around 2.21% of the total share capital of 1492,087,952 shares when the draft of this incentive scheme is made public. The scheme granted 2,189 eligible participants restricted shares at RMB10.77 per share.

2. The Company has revised and improved “the content of performance evaluation at the company level” and “statement on setting science-based and reasonable evaluation indicators” of “6.

Conditions for granting restricted shares and lifting restrictions on sales” of “the specific content of the Incentive Scheme in Chapter Five” in *Stage III Restricted Share Incentive Scheme of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (Draft)* and its abstract released on September 21, 2019 based on realities, and formulated *Stage III Restricted Share Incentive Scheme of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (Revised Draft)*, which has been deliberated on and passed at the 6th meeting of the 7th Board of Directors and the 6th meeting of the 7th Board of Supervisors held by the Company.

3. From September 27, 2019 to October 8, 2019, the Company made an internal public announcement of the names and positions of the eligible participants of the Third Restricted Share Scheme through the internal office system. No objection has been raised with regard to the contents of the announcement at the end of the notice period.

4. On October 15, 2019, the Company held the 3rd Extraordinary General Meeting, deliberated on and passed *Stage III Restricted Share Incentive Scheme* and its abstract and *Proposals on Submitting to Shareholders Meeting Authorization of the Board of Directors for Handling Matters Concerning Stage III Restricted Share Incentive Scheme*, and the Board of Directors has been authorized to set the date for granting restricted shares, and granting restricted shares to eligible participants provided that they meet the requirements and handling all the matters regarding granting restricted shares.

5. The Company held the 8th meeting of the 7th Board of Directors and the 8th meeting of 7th Board of Supervisors respectively on November 11, 2019, deliberated on and passed *Proposals of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. on Granting Stage III Restricted Shares to Eligible Participants*. Based on the authorization by the 3rd Extraordinary General Meeting in 2019, the Board of Directors believes that the Company met all the requirements stipulated in *Stage III Restricted Share Incentive Scheme*, set November 11, 2019 as the date of granting restricted shares, and granted 2189 eligible participants 32.966129 million restricted shares for the first time. In paying for the restricted shares after setting the granting date, 437 eligible participants gave up the subscription of 5.603601 million shares due to resignation and undersubscribed fund. Therefore, the Company granted a total of 27.362528 million restricted shares to 1752 eligible participants

(3.822369 million shares of which were newly issued and the remaining 23.540159 million shares are part of the source of the restricted shares as public shares repurchased by the Company). The granted shares went public on December 12, 2019. As stipulated by *Accounting Standards for Business Enterprises*, the implementation of the Company's restricted shares would somewhat influence the Company's financial conditions and operating results in the following years. It is estimated after calculation that the cost of 27.362528 million restricted shares granted to eligible participants is expected to total RMB353.2947 million, the cost amortization of the restricted shares from 2019 to 2023 is shown in the following table:

Granted restricted shares (10,000 shares)	Total amortization expenses (RMB10,000)	2019 (RMB10,000)	2020 (RMB10,000)	2021 (RMB10,000)	2022 (RMB10,000)	2023 (RMB10,000)
2736.25	35329.47	2504.55	17198.58	8967.31	4751.49	1907.55

The amortized costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The above-mentioned ultimate impact on the company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

6. On October 26, 2020, the Company held the 21st meeting of the 7th Board of Directors and the 15th meeting of 7th Board of Supervisors, deliberated on and passed *Proposals on the Adjustment of Repurchase Prices of the Restricted Shares in Stage III Restricted Shares Incentive Scheme*. According to the Company's dividend plan in 2019, RMB3.00 (tax included) cash shall be paid to all shareholders for every 10 shares based on the total share capital of 1,569,784,697 shares at the record date (June 12, 2020) when the dividend plan is implemented, with no bonus issue from either profit or capital reserves.. The dividend plan was implemented on June 15, 2020. Since the cash bonus in 2019 that the eligible participants should have been received through the restricted shares granted in Stage III has been transferred into their capital account by shareholder custodian securities company (or other custodian institutions), as stipulated by *Stage II Restricted Share Incentive Scheme*, the Company shall make corresponding adjustments to the repurchase price of the unlocked restricted shares after excluding the dividends of the company's share price while distributing stock dividends. Therefore, the repurchase price of the restricted shares in Stage III Restricted Shares Incentive Scheme has been adjusted from RMB10.77 per share to RMB10.47 per share.

Meanwhile, according to the Company's biannual dividend plan in 2020, based on the total share capital of 1,569,784,697 shares, five shares are increased by transferring to all the shareholders with capital reserve for every 10 shares, involving a total of 784,892,348 shares. After such a move, the Company's total share capital reached 2,354,677,045, with no bonus issue from either profit or capital reserves. The dividend plan was implemented on October 22, 2020. Since the shares transferred in the first half of 2020 that the eligible participants should have been received through the restricted shares granted in Stage III has been transferred into the shareholder's security account on October 22, 2020, as stipulated by *Stage III Restricted Share Incentive Scheme*, the Company shall make corresponding adjustments to the repurchase price of the unlocked restricted shares after excluding the rights of the company's share price following the capital reserve's conversion into share capital. Therefore, the repurchase price of the unlocked restricted shares in Stage III Restricted Share Incentive Scheme has been adjusted from RMB10.47 per share to RMB6.98 per share.

7. On October 26, 2020, the Company held the 21st meeting of 7th Board of Directors and 15th meeting of the 7th Board of Supervisors, deliberated on and passed *Proposals on Buying Back and Writing off the Restricted Shares in Stage III Restricted Share Incentive Scheme Granted to the Eligible Participants Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements*, at stipulated by *Stage III Restricted Share Incentive Scheme*, in circumstances where some eligible participants change their posts due to resignation, underqualification and disqualification, based on the authorization by the 3rd Extraordinary General Meeting in 2019, the Board of Directors decided to buy back and write off all of the restricted shares granted in Stage III yet had not been unlocked, totaling 1.427250 shares.

8. On December 7, 2020, the Company held the 3rd Extraordinary General Meeting, deliberated on and passed *Proposals on Buying Back and Writing off Part of the Restricted Shares in Stage III Restricted Share Incentive Scheme Granted to the Eligible Participants Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements*, at stipulated by *Stage III Restricted Share Incentive Scheme*, in circumstances where some eligible participants change their posts due to resignation, underqualification or disqualification, the Shareholder Meeting decided to buy back

and write off all of the restricted shares granted in Stage III yet had not been unlocked, totaling 1.427250 million shares, and has gone through relevant procedures for the aforesaid restricted shares, the cost amortization of the restricted shares from 2019 to 2023 are shown in the following chart.

Granted Restricted Shares (10,000 shares)	Total Amortization Expenses (RMB10,000)	2019 (RMB10,000)	2020 (RMB10,000)	2021 (RMB10,000)	2022 (RMB10,000)	2023 (RMB10,000)
2593.53	33486.66	2373.91	16301.49	8499.56	4503.65	1808.05

The amortized costs will be listed in recurrent profit and loss, which will reduce current net profit accordingly. The above-mentioned ultimate impact on the company's financial position and operating results shall be subject to the annual audit report issued by the accounting firm.

iii. The Implementation of 2021 Incentive Stock Option Scheme

1. The Company held the 30th meeting of the 7th Board of Directors and the 16th meeting of 7th Board of Supervisors respectively, deliberated on and passed *2021 Incentive Stock Option Scheme of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (Draft)* and its abstract. This incentive scheme provides incentives through stock option, which is sourced from common A-shares issued targeting eligible participants; this scheme intends to grant 52.0045 million stock options to eligible participants, and the underlying stock involved account for around 2.22% of the total share capital of 2,377,737,237 shares when the draft of this incentive scheme is made public. Every stock option is entitled to purchase the Company's one common A-share with strike price during the validity period. The scheme granted 4,160 eligible participants stock options at a strike price of RMB48.99 per share.

2. From March 27, 2021 to April 5, 2021, the Company made an internal public announcement of the names and positions of the eligible participants of 2021 Incentive Stock Option Scheme through the internal office system. No objection has been raised with regard to the contents of the announcement at the end of the notice period.

3. On April 12, 2021, the Company held the 2nd Extraordinary General Meeting in 2021, deliberated on and passed *2021 Incentive Stock Option Scheme of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (Draft)* and its abstract and Proposals on Submitting to

Shareholders Authorization of the Board of Directors for Handling Matters Concerning 2021 Incentive Stock Option Scheme, and the Board of Directors has been authorized to set the date for granting incentive stock options, grant stock options to eligible participants provided that they meet the requirements and handle all the matters regarding granting stock options.

iv. The Implementation of 2021 Employee Stock Ownership Plan

1. The Company held the 30th meeting of the 7th Board of Directors and the 16th meeting of 7th Board of Supervisors respectively on March 26, 2021, deliberated on and passed *2021 Employee Stock Ownership Plan of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (Draft)* and its abstract. The Company intends to set up Employee Stock Ownership Plan (hereinafter referred to as ESOP), involving a total of 1611 participants. The plan's funding for participants comes from employee's legal payments, self-raised funds, financing from financial institutions, and other approaches approved by laws and regulations, with a capital capped at RMB1700 million. After setting up ESOP, asset management/trust products will be introduced for management, and the upper limit of 3400 million of the asset management/trust products and closing price of 50.00/share on March 26, 2021 will be used for calculation. The total number of underlying shares that the ESOP may purchase and hold shall not exceed 68 million, or no more than 2.90% of the Company's total share capital as of the date of announcement of the ESOP draft.

2. On March 31, 2021, Mr. Li Weiguo, the Company's controlling shareholder, submitted to the Board of Directors the *Letter on Adding Temporary Proposals to the 2nd Extraordinary General Meeting in 2021*, and *Proposals on Financing Through Securities Margin Trading for the Company's 2021 Employee Stock Ownership Plan* was submitted to the Board of Directors as a temporary proposal for deliberation on the Company's 2nd Extraordinary General Meeting in 2021. To increase financing channels and implement 2021 ESOP more effectively, the Company is allowed to select asset management organizations for management and introducing corresponding asset management plans, and securities margin trading and other approaches permitted by laws and regulations are intended to be adopted for a ratio of the financing fund and self-raised fund less than 1:1, i.e., the financing fund does not exceed RMB1.7 billion. The above-mentioned Proposal has been deliberated on and passed at the 31st meeting of the 7th Board of Directors and the 17th

meeting of the 7th Board of Supervisors held on March 31, 2021.

3. On April 12, 2021, the Company held the 2nd Extraordinary General Meeting, deliberated on and passed *2021 Employee Stock Ownership Plan of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (Draft)* and its abstract, *Proposals on Submitting to the Shareholders Meeting Authorization of the Board of Directors for Handling Matters Concerning 2021 ESOP*, and *Proposals on Financing Through Securities Margin Trading for the Company's 2021 ESOP*, the Board of Directors are authorized to handle all the matters concerning ESOP including its alteration and termination.

Summary of Main Items	Disclose Date	Disclose Index
Equity Incentive Items See above description	August 29, 2020	www.cninfo.com.cn
	September 4, 2020	www.cninfo.com.cn
	September 18, 2020	www.cninfo.com.cn
	September 29, 2020	www.cninfo.com.cn
	October 27, 2020	www.cninfo.com.cn
	December 8, 2020	www.cninfo.com.cn
	December 12, 2020	www.cninfo.com.cn
	December 26, 2020	www.cninfo.com.cn
	January 6, 2021	www.cninfo.com.cn
	March 27, 2021	www.cninfo.com.cn
	April 7, 2021	www.cninfo.com.cn
	April 13, 2021	www.cninfo.com.cn
ESOP items (See above description)	March 27, 2021	www.cninfo.com.cn
	April 1, 2021	www.cninfo.com.cn
	April 8th, 2021	www.cninfo.com.cn
	April 13th, 2021	www.cninfo.com.cn

XVI. Major and Connected Transaction

1. Connected Transaction Related to Day-to-day Operations

√ Applicable □ Not applicable

Party of Connected Transaction	Association Relationship	The Types of Connected	The Content of Connected	Pricing Principle of Connected	Connected Transaction Price	Connected Transaction Amount	Percent age in Same Type of	Approved Transaction Amount	Exceeding the Approved Amount	Settlement Method of Connected	The Market Price of Same Type of	Disclose Date	Disclose Index



		Transact ion	Transact ion	Transact ion		(RMB 10,000)	Transact ion		Yes/No	ed Transact ion	Transact ion Availabl e		
Beijing GeoEnvir on Engineeri ng & Technolo gy, Inc.	Same Controll er	Sell Goods and Provide Services	Material Sales and Enginee ring Constru ction	Adopt Fair and Just Market- based Principl es	Market Price	2,194.2 8	0.09%	2,100	Yes	Bank Wire	RMB 2,1942, 800	April 8, 2020	www.c ninfo.c om.cn
Beijing GeoEnvir on Engineeri ng & Technolo gy, Inc.	Same Controll er	Purchas e Goods and Receive Services	Purchas e Material s and Comple te Sets of Equipm ent	Adopt Fair and Just Market- based Principl es	Market Price	22,007. 12	2.00%	30200	No	Bank Wire	RMB 220.071 2 million	April 8, 2020	http://w ww.cni nfo.co m.cn
Total				--	--	24201.4	--	32300	--	--	--	--	--
Details of Large Sales Return				No									
Actual performance during the reporting period (if any) of the estimated total amount of the upcoming day-to-day connected transactions in the current period by category				It is expected that the Company and its wholly-owned company sold products, provided labor services, purchased goods and received labor services to Beijing GeoEnviron Engineering & Technology, Inc. in 2020 with a total transaction volume of no more than RMB323 million, and the actual total transaction amount stood at RMB242,014 million (tax included) by 2020.									
Reasons for the Huge Gap Between the Transaction Price and Market Reference Price (If Applicable)				No									

2. Connected Transactions Occurred During the Acquisition and Sale of Assets or Shares

Applicable Not applicable

No connected transaction of the acquisition and sale of assets or shares occurred during the reporting period.



3. Connected Transaction for Joint Foreign Investment

Applicable Not applicable

No connected transaction of joint foreign investment occurred during the reporting period.

4. Associated Rights of Credit And Liabilities

Applicable Not applicable

No associated rights of credit and liabilities occurred in the Company's reporting period.

5. Other Substantial Connected Transaction

Applicable Not applicable

No other substantial connected transaction occurred in the Company's reporting period.

XVII. Major Contracts and Their Performance

1. Trust, Contract and Lease Items

(1) Trust

Applicable Not applicable

No trust occurred in the reporting period.

(2) Contract

Applicable Not applicable

No contract occurred in the reporting period.

(3) Lease

Applicable Not applicable

No lease occurred in the reporting period.



2. Major Guarantee

√ Applicable □ Not applicable

(1) Guarantee

Unit: RMB10,000

External guarantees of the Company and its subsidiaries (excluding guarantees provided to subsidiaries)								
Name of the guarantee object	Disclosure date of guarantee amount's relevant announcement	Guarantee amount	Actual date of guarantee	Actual guarantee amount	Guarantee Type	Guarantee Period	Fulfillment Yes/No	Related party guarantee Yes/No
Anhui Lingrui Construction Engineering Co., Ltd.	October 28, 2020	350	October 28, 2020	350		One Year	No	No
Cangzhou Oriental Yuhong Waterproof Technology Co., Ltd.	November 11, 2020	439	November 9, 2020	400	Joint liability guarantee	One Year	No	No
Linyi Tairui Construction Engineering Co., Ltd.	November 28, 2020	170	November 28, 2020	170	Joint liability guarantee	One Year	No	No
Ningbo Yuhong Waterproof Technology Co., Ltd.	December 8, 2020	3000	December 8, 2020		Joint liability guarantee	One Year	No	No
Zhejiang Yuqing Waterproof Technology Co., Ltd.	December 8, 2020	3000	December 8, 2020	3000	Joint liability guarantee	One Year	No	No
Hangzhou Yueyang Waterproof Engineering Co., Ltd.	December 17, 2020	1000	December 17, 2020	790	Joint liability guarantee	Two Years	No	No
Jiaxing Junkai Construction Waterproof Engineering Co., Ltd.	December 17, 2020	200	December 17, 2020		Joint liability guarantee	Two Years	No	No
Shaoxing Xunhong Roof Construction Co., Ltd.	December 17, 2020	200	December 17, 2020		Joint liability guarantee	Two Years	No	No



Hangzhou Shangming Waterproof and Thermal Insulation Engineering Co., Ltd.	December 17, 2020	600	December 17, 2020		Joint liability guarantee	Two Years	No	No
Hangzhou Zhiyoumei Construction Engineering Co., Ltd.	December 17, 2020	200	December 17, 2020		Joint liability guarantee	Two Years	No	No
Hangzhou Yunlang Construction Waterproof Engineering Co., Ltd.	December 17, 2020	800	December 17, 2020		Joint liability guarantee	Two Years	No	No
Zhejiang Oriental Yuhong Waterproof Technology Co., Ltd.	December 17, 2020	300	December 17, 2020		Joint liability guarantee	Two Years	No	No
Wenzhou Oriental Yuhong Waterproof Technology Co., Ltd.	December 17, 2020	300	December 17, 2020		Joint liability guarantee	Two Years	No	No
Taizhou Youju Waterproof Engineering Technology Co., Ltd.	December 17, 2020	200	December 17, 2020		Joint liability guarantee	Two Years	No	No
Zhejiang Jiasheng Construction Engineering Co., Ltd.	December 17, 2020	200	December 17, 2020		Joint liability guarantee	Two Years	No	No
Ningbo Yuhong Waterproof Technology Co., Ltd.	December 26, 2020	3000	December 26, 2020	3000	Joint liability guarantee	Two Years	No	No
Total amount of external Guarantee approved in the reporting period (A1)		500,000		Total actual amount of external guarantee in the reporting period (A2)		7710		
Total amount of external guarantee approved by the end of the reporting period (A3)		500000		Total actual balance of external guarantee by the end of the reporting period (A4)		6249		
Guarantee provided by the Company to its subsidiaries								
Name of the guarantee object	Disclosure date of guarantee amount's relevant announcement	Guarantee amount	Actual date of guarantee	Actual guarantee amount	Guarantee Type	Guarantee Period	Fulfillment Yes/No	Related party guarantee Yes/No



	ent							
Shanghai Oriental Yuhong Waterproof Technology Co. Ltd.	June 17, 2020	5000	June 16, 2020	469.34	Joint liability guarantee	One Year	No	Yes
Shanghai Oriental Yuhong Waterproof Technology Co. Ltd.	April 24, 2018	16,800	March 25, 2019	10850.18	Joint liability guarantee	Five Years	No	Yes
Shanghai Oriental Yuhong Waterproof Technology Co. Ltd.	March 28, 2019	5000	March 29, 2019	200	Joint liability guarantee	Five Years	No	Yes
Shanghai Oriental Yuhong Waterproof Technology Co. Ltd.	March 28, 2019	7200	May 15, 2019		Joint liability guarantee	Five Years	No	Yes
Shanghai Oriental Yuhong Waterproof Technology Co. Ltd.	March 28, 2019	5000	December 3, 2019	3932.94	Joint liability guarantee	One Year	Yes	Yes
Shanghai Oriental Yuhong Waterproof Technology Co. Ltd.	March 28, 2019	11000	December 3, 2019		Joint liability guarantee	One Year	Yes	Yes
Shanghai Oriental Yuhong Waterproof Technology Co. Ltd.	October 28, 2020	18000	October 28, 2020		Joint liability guarantee	Six Months	No	Yes
Shanghai Oriental Yuhong Waterproof Technology Co. Ltd.	December 14, 2020	2000	December 14, 2020		Joint liability guarantee	One Year	No	Yes
Shanghai Oriental Yuhong Waterproof Engineering Co., Ltd.	June 17, 2020	2000	June 16, 2020	850.85	Joint liability guarantee	One Year	No	Yes
Shanghai Oriental Yuhong Waterproof Engineering Co., Ltd.	March 28, 2019	5000	March 29, 2019	200	Joint liability guarantee	Five Years	No	Yes
Qingdao Oriental Yuhong Building Materials Co., Ltd.	April 24, 2018	10000	March 25, 2019	10000	Joint liability guarantee	Two Years	No	Yes
Qingdao Oriental Yuhong Building Materials Co., Ltd.	March 28, 2019	10000	June 14, 2019	10000	Joint liability guarantee	Two Years	No	Yes
Qingdao Oriental Yuhong Building Materials Co., Ltd.	March 28, 2019	20000	February 24, 2020	10000	Joint liability guarantee	Four Years	No	Yes



Qingdao Oriental Yuhong Building Materials Co., Ltd.	March 28, 2019	6000	February 26, 2020	1654	Joint liability guarantee	One Year	No	Yes
Qingdao Oriental Yuhong Building Materials Co., Ltd.	October 28, 2020	10000	October 28, 2020		Joint liability guarantee	One Year	No	Yes
Xuzhou Woniushan New Waterproof Materials Co., Ltd.	March 28, 2019	10000	December 1, 2019	335.42	Joint liability guarantee	Three Years	No	Yes
Xuzhou Woniushan New Waterproof Materials Co., Ltd.	June 17, 2020	4000	June 3, 2020	4000	Joint liability guarantee	One Year	No	Yes
Xuzhou Woniushan New Waterproof Materials Co., Ltd.	September 18, 2020	8000	September 18, 2020	8000	Joint liability guarantee	One Year	No	Yes
Xianyang Oriental Yuhong Building Materials Co., Ltd.	June 17, 2020	7000	June 17, 2020	7000	Joint liability guarantee	One Year	No	Yes
Xianyang Oriental Yuhong Building Materials Co., Ltd.	March 28, 2019	3000	September 12, 2019		Joint liability guarantee	One Year	Yes	Yes
Xianyang Oriental Yuhong Building Materials Co., Ltd.	June 2, 2020	5000	May 29, 2020	5000	Joint liability guarantee	Two Years	No	Yes
Tangshan Oriental Yuhong Waterproof Technology Co. Ltd.	March 28, 2019	5000	July 29, 2019		Joint liability guarantee	One Year	Yes	Yes
Tangshan Oriental Yuhong Waterproof Technology Co. Ltd.	March 28, 2019	8000	March 28, 2019	4000	Joint liability guarantee	One Year	Yes	Yes
Tangshan Oriental Yuhong Waterproof Technology Co. Ltd.	June 11, 2020	10000	June 9, 2020	2683	Joint liability guarantee	Three Years	No	Yes
Tangshan Oriental Yuhong Waterproof Technology Co., Ltd.	April 24, 2018	10000	November 30, 2018		Joint liability guarantee	Two Years	Yes	Yes
Tangshan Oriental Yuhong Waterproof Technology Co. Ltd.	June 11, 2020	5000	June 9, 2020		Joint liability guarantee	One Year	No	Yes
Yueyang Oriental	April 23,	40000	March 10, 2017	88.45	Joint liability	Five Years	No	Yes



Yuhong Waterproof Technology Co. Ltd.	2016				guarantee			
Yueyang Oriental Yuhong Waterproof Technology Co. Ltd.	August 8, 2020	10000	August 7, 2020	6000	Joint liability guarantee	One Year	No	Yes
Huizhou Oriental Yuhong Building Materials Co., Ltd.	April 21, 2017	15000	July 3rd, 2017	6000	Joint liability guarantee	Five Years	No	Yes
Huizhou Oriental Yuhong Building Materials Co., Ltd.	April 24, 2018	3000	July 16, 2018		Joint liability guarantee	One Year	Yes	Yes
Hangzhou Oriental Yuhong Building Materials Co., Ltd.	August 7, 2020	28000	August 7, 2020		Joint liability guarantee	One Year	No	Yes
Hangzhou Oriental Yuhong Building Materials Co., Ltd.	June 17, 2020	20000	June 15, 2020		Joint liability guarantee	One Year	No	Yes
Wuhu Oriental Yuhong Building Materials Co., Ltd.	March 28, 2019	4000	February 17, 2020		Joint liability guarantee	One Year	No	Yes
Wuhu Oriental Yuhong Building Materials Co., Ltd.	June 11, 2020	13000	June 9, 2020	6000	Joint liability guarantee	Three Years	No	Yes
Wuhu Oriental Yuhong Building Materials Co., Ltd.	March 28, 2019	5000	July 5, 2019	4200	Joint liability guarantee	Three Years	No	Yes
Wuhu Oriental Yuhong Building Materials Co., Ltd.	March 28, 2019	12000	February 24, 2020	7000	Joint liability guarantee	Three Years	No	Yes
Wuhu Oriental Yuhong Building Materials Co., Ltd.	March 28, 2019	5000	April 26, 2019		Joint liability guarantee	One Year	Yes	Yes
Wuhu Oriental Yuhong Building Materials Co., Ltd.	September 18, 2020	12000	September 18, 2020		Joint liability guarantee	One Year	No	Yes
Wuhu Oriental Yuhong Building Materials Co., Ltd.	November 28, 2020	13000	November 28, 2020	3000	Joint liability guarantee	One Year	No	Yes
Henan Oriental Yuhong Building	June 11, 2020	8000	June 9, 2020		Joint liability guarantee	One Year	No	Yes



Materials Co., Ltd.								
Henan Oriental Yuhong Building Materials Co., Ltd.	June 11, 2020	5220	June 15, 2020		Joint liability guarantee	Two Years	No	Yes
Henan Oriental Yuhong Building Materials Co., Ltd.	December 14, 2020	10000	December 14, 2020		Joint liability guarantee	Three Years	No	Yes
Henan Oriental Yuhong Building Materials Co., Ltd.	December 14, 2020	8000	December 14, 2020		Joint liability guarantee	One Year	No	Yes
Jingmen Oriental Yuhong Building Materials Co., Ltd.	March 28, 2019	8000	February 25, 2020	8000	Joint liability guarantee	One Year	No	Yes
Jingmen Oriental Yuhong Building Materials Co., Ltd.	March 28, 2019	19000	August 20, 2019	5900	Joint liability guarantee	Five Years	No	Yes
Tiandingfeng Non-woven Fabrics Co., Ltd.	March 28, 2019	5000	July 16, 2019		Joint liability guarantee	One Year	Yes	Yes
Tiandingfeng Non-woven Fabrics Co., Ltd.	March 28, 2019	5500	September 24, 2019	3000	Joint liability guarantee	Three Years	No	Yes
Chuzhou Tiandingfeng Non-woven Fabrics Co., Ltd.	March 28, 2019	5000	February 20, 2020	4000	Joint liability guarantee	Three Years	No	Yes
Chuzhou Tiandingfeng Non-woven Fabrics Co., Ltd.	March 28, 2019	39000	March 25, 2020	32000	Joint liability guarantee	Seven Years	No	Yes
Chuzhou Tiandingfeng Non-woven Fabrics Co., Ltd.	March 28, 2019	5300	August 1, 2019		Joint liability guarantee	Three Years	No	Yes
Jiangsu Wonewsun Building Energy Efficiency Technology Co., Ltd.	March 28, 2019	10000	November 8, 2017	430.99	Joint liability guarantee	Five Years	No	Yes
Jiangsu Wonewsun Building Energy Efficiency Technology Co., Ltd.	June 9, 2020	2500	June 9, 2020	2500	Joint liability guarantee	One Year	No	Yes



Co., Ltd.								
Jiangsu Wonewsun Building Energy Efficiency Technology Co., Ltd.	March 28, 2019	7000	May 29, 2019	304.04	Joint liability guarantee	Two Years	No	Yes
Jiangsu Wonewsun Building Energy Efficiency Technology Co., Ltd.	November 28, 2020	1900	November 28, 2020		Joint liability guarantee	Two Years	No	Yes
Jiangsu Wonewsun Building Energy Efficiency Technology Co., Ltd.	December 14, 2020	6000	December 14, 2020		Joint liability guarantee	One Year	No	Yes
Guangzhou Fuda Insulation Materials Co., Ltd.	June 29, 2020	2500	June 23, 2020	2274.36	Joint liability guarantee	Two Years	No	Yes
Nanjing Hongshan Construction and Development Co. Ltd.	March 28, 2019	10000	December 16, 2019		Joint liability guarantee	Four Years	No	Yes
Guangdong Oriental Yuhong Waterproof Technology Co., Ltd.	December 15, 2020	16500	December 14, 2020		Joint liability guarantee	Two Years	No	Yes
Guangdong Oriental Yuhong Waterproof Technology Co., Ltd.	March 28, 2019	15000	September 2, 2019		Joint liability guarantee	One Year	Yes	Yes
Guangdong Oriental Yuhong Waterproof Technology Co., Ltd.	March 28, 2019	6500	November 13, 2019		Joint liability guarantee	Three Years	No	Yes
Shenzhen Oriental Yuhong Waterproof Technology Co., Ltd.	March 28, 2019	3000	June 17, 2019	3000	Joint liability guarantee	One Year	Yes	Yes
Shenzhen Oriental Yuhong Waterproof Technology Co., Ltd.	November 28, 2020	3000	November 27, 2020	3000	Joint liability guarantee	One Year	No	Yes
Shenzhen Oriental Yuhong Waterproof Technology Co., Ltd.	September 24, 2020	2000	September 24, 2020		Joint liability guarantee	One Year	No	Yes
Sichuan Oriental Yuhong Waterproof Technology Co., Ltd.	March 28, 2019	3000	September 20, 2019		Joint liability guarantee	One Year	Yes	Yes



Jinzhou Oriental Yuhong Building Materials Co., Ltd.	April 24, 2018	12200	July 28, 2018		Joint liability guarantee	Three Years	No	Yes
Shanghai Yueda Construction Engineering Co., Ltd.	March 28, 2019	1200	March 13, 2020		Joint liability guarantee	One Year	No	Yes
Total amount of guarantee approved to subsidiaries in the reporting period (B1)		1200000		Total actual amount of guarantee approved to subsidiaries in the reporting period (B2)		175873.57		
Total amount of guarantee approved to subsidiaries by the end of the reporting period (B3)		1200000		Total actual balance of guarantee approved to subsidiaries by the end of reporting period (B4)		432446.43		
The guarantee provided by subsidiaries to subsidiaries								
Name of the guarantee object	Disclosure date of guarantee amount's relevant announcement	Guarantee amount	Actual date of guarantee	Actual guarantee amount	Guarantee Type	Guarantee Period	Fulfillment Yes/No	Related party guarantee Yes/No
Total amount guaranteed by the Company (i.e., the sum of the first three items)								
Total amount of guarantee approved in the reporting period (A1+B1+C1)		1700000		Total actual amount of guarantee in the reporting period (A2+B2+C2)		183583.57		
Total amount of guarantee approved by the end of the reporting period (A3+B3+C3)		1700000		Total actual balance of guarantee by the end of the reporting period (A4+B4+C4)		438695.43		
The proportion of total actual amount of guarantee (A4+B4+C4) in the Company's net asset				30.02%				
Among which								

Specifics on Adopting Multiple Ways of Guarantee

No

(2) Illegal External Guarantee

Applicable Not applicable



No illegal external guarantee in the Company's reporting period

3. Entrusted cash asset management

(1) Entrusted financial management

Applicable Not applicable

There was no entrusted financial management during the reporting period.

(2) Entrusted Loans

Applicable Not applicable

There was no entrusted loan during the reporting period.

4. Major contracts in daily operations

Applicable Not applicable

5. Other major contracts

Applicable Not applicable

There were no other major contracts during the reporting period.

XVIII. Social Responsibility

1. Fulfillment of social responsibility

The Company has compiled and disclosed the 2020 Sustainable Development Report. For details, please refer to Juchao Information Network (www.cninfo.com.cn, April 16, 2021), an information disclosure website designated by China Securities Regulatory Commission.

2. Fulfillment of the social responsibility of targeted poverty alleviation

(1) Targeted poverty alleviation planning

The *Communist Party of China (CPC) Central Committee's Decision on Some Major Issues Concerning How to Uphold and Improve the System of Socialism with Chinese Characteristics and Advance the Modernization of China's System and Capacity for Governance* adopted by the Fourth Plenary Session of the 19th Central Committee of the CPC stated that (China will) “resolutely win the fight against poverty, consolidate the achievements of poverty alleviation, and establish a long-effect mechanism to address relative poverty”, clearly indicating the key tasks at the turning point. People's well-being is the corner stone of people's happiness and the essence of social harmony. 2020 is the final year to completely win the fight against poverty. In response to the challenges brought by the COVID-19 pandemic, the Company launched consumption-based poverty alleviation actions to support the recovery and development of poverty alleviation industries, and we also fully focused on targeted and education-based poverty alleviation, actively innovated our poverty alleviation methods and formulated reasonable and effective targeted poverty alleviation plans, and fulfilled our social responsibility as a Chinese enterprise to contribute to the final victory in the fight against poverty.

In 2020, the Company took coordinated measures to promote counter-COVID-19 and poverty alleviation efforts with the aim to resolutely win both “battles”. We made full use of the characteristics of the sectors in which we operate, the advantages of our industry, and our management capabilities and social resources, and comprehensively supported the construction of medical facilities. At the same time, we aligned with local governments to support the living of financially challenged households and help the development of impoverished areas. Starting with industrial assistance and education support, we focused on helping impoverished areas to solve the most direct, realistic, and pressing issues for the underprivileged, strived to make up for the shortcomings in people's well-being in the fight against poverty, and continuously enhanced the sense of gain, sense of happiness and security of the underprivileged.

The Company made utmost efforts to contribute to the building of harmonious residence, and

enhanced our safeguard measures in the organization and services in poverty alleviation efforts, strengthened the ability to implement policies, set up targeted poverty alleviation teams and assigned specialists to carry out targeted actions and follow up the actual implementation, put in place late-stage supervision by the supervision department to ensure the functioning of a linkage mechanism between different levels of the Company, and comprehensively implemented the planning and measures of targeted poverty alleviation. As the first private enterprise in the sector to promote social responsibility management and disclose social responsibility reports, the Company earnestly fulfilled its corporate social responsibility. On the one hand, the Company integrated targeted poverty alleviation efforts into our strategic development, developed our corporate culture, regulated the Company's moral conduct, and proactively carried out activities to support poverty alleviation efforts; On the other hand, the Company called on all sectors of society to take part in poverty alleviation and to do their best to create a healthy and benign living environment. The Company was awarded the “2020 Social Responsibility Model in Targeted Poverty Alleviation” in the 3rd Social Responsibility Conference for our outstanding performance in continuously fulfilling corporate responsibility over the years. As a service provider of building material systems, we have submitted our “poverty alleviation answer sheet” to the people with persistent efforts and concrete actions in the fight against poverty.

(2) Annual summary of targeted poverty alleviation

During the reporting period, the Company insisted on guiding poverty alleviation efforts with “six precisions”. We ensured sustainable development of the Company through stable and orderly business operation, and took concrete actions to contribute to the stabilization of employment and the promotion of income growth, thus setting up a favorable situation for exploiting the advantages of the Company and making collaborative efforts in poverty alleviation. At the same time, the Company focused on targeted poverty alleviation, vigorously implemented training programs on vocational skills, made one-on-one assistance plans, and actively promoted the targeted poverty alleviation efforts of the year. The Company signed a new type of apprenticeship-based school-business cooperation agreement with the Xuzhou Technician Institute and supported the cultivation of technicians by conducting construction training for 80 students. The Company

participated in the “Love Changes Destiny” student aid program organized by the Yunxi District Charity Federation, and provided financial aid to Linyi No. 1 Middle School in Dezhou City for 9 consecutive years to support the education of underprivileged students. The Company and Fengnan Town, Liushuhuan Town and Heiyanzi Town of Tangshan carried out charity activities under the theme of “practicing corporate responsibility and supporting targeted poverty alleviation”, and implemented the “linking a hundred of companies and a hundred of villages with the aim of common development” and provided targeted poverty alleviation aid to 6 underprivileged households in Liuzhai Village, Yaowan town, Xinyi city, Xuzhou, and took an active part in the “collaboration between a hundred of companies and villages for common development” organized by Yunxi District Charity Federation. We also provided targeted poverty alleviation donation to Yueyang Charity Federation. In providing poverty alleviation support, the Company helped underprivileged people to register their information for targeted poverty alleviation. Company representatives conducted field visits to bring our care to the underprivileged people so as to do our bit in the fight against poverty.

(3) Effect of targeted poverty alleviation

Indicators	Unit	Quantity/details
I. General situation	—	—
Among which 1. Funds	RMB10 thousand	46.48
3. Number of underprivileged people registered with the government who have been lifted out of poverty	persons	8
II. Investment by items	—	—
1. Poverty alleviation through industrial development	—	—
2. Poverty alleviation through transfer employment	—	—
3. Poverty alleviation through resettlement	—	—
4. Poverty alleviation through education	—	—
Among which 4.1 Amount of investment in financial aid to underprivileged	RMB10 thousand	20.3
5. Poverty alleviation through health care	—	—

6. Poverty alleviation through ecological protection	—	—
7. Catch-all guarantee	—	—
7.3 Amount invested in underprivileged and disabled people	RMB10 thousand	8
8. Society-based poverty alleviation	—	—
8.2 Amount invested in targeted poverty alleviation efforts	RMB10 thousand	2.98
8.3 Amount invested in public welfare fund for poverty alleviation	RMB10 thousand	15.2
9. Other items	—	—
III. Awards (details and level)	—	—
		“2020 Social Responsibility Model in Targeted Poverty Alleviation” in the 3rd Social Responsibility Conference

(4) Follow-up targeted poverty alleviation plan

The Company integrated targeted poverty alleviation into our strategic development and treated it as a long-term task. In the future, the Company will actively take advantage of the collaboration with governments, communities, associations and schools, etc., and give full play to the market's decisive role in the allocation of resources to implement the targeted poverty alleviation plan effectively. Going forward, the Company will strengthen our role as a vehicle of poverty alleviation and support the impoverished areas to carry out joint development activities in addition to ensuring effective development, management, funding, human resources, etc. By active involvement in the joint development of social organizations, and by enhancing the joint development of volunteer service groups, mass culture and grassroots Party governance, and aiming at economic prosperity and social progress, the company will establish friendly cooperation with the impoverished areas in in technology, human resources, education and culture.

3. Information related to environmental protection

The Company is required to comply with the disclosure requirements presented in the *Guidelines of the Shenzhen Stock Exchange for Industrial Information Disclosure No.13 – Listed Companies Engaged in the Non-Metal Building Materials Business*.

Policies and industry standards related to environmental protection

1. Waste gas

For Tiandingfeng Nonwovens Co., Ltd., the organized waste gas emission of gas-fired boilers (hereinafter referred to as "Tiandingfeng Company") shall be subject to the standards for key control areas in Table 2 of the *Emission Standard of Air Pollutants for Boilers of Shandong Province* (DB37/2374-2018) (nitrogen oxides shall not exceed 100mg/m³); The organized waste gas emission of production workshops shall be subject to Part VII of the *Emission Standard of Volatile Organic Compounds* (DB37/2801. 7-2019): Other Industrial Requirements (the emission concentration of non-methane hydrocarbons (NMHC) shall not exceed 40mg/m³); The unorganized NMHC and particulate matters at the factory boundary shall be subject to the standard in Table 2 of the *Integrated Emission Standard of Air Pollutants* (GB16297-1996) (particulate matters shall not exceed 1.0 mg/m, and NMHC shall not exceed 4.0 mg/m³).

2. Noise

Tiandingfeng Company shall be subject to the Class 2 standard under the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348--2008) (no exceeding 60 dB in daytime and no exceeding 50 dB at night).

3. Wastewater

Tiandingfeng Company does not generate any industrial wastewater, and its domestic wastewater shall be subject to the Grade A standard under the *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015) (PH: 6.5-9.5, BOD₅ does not exceeding 350mg/L, COD not exceeding 500mg/L, ammonia nitrogen not exceeding 45 mg/L, and suspended solids not exceeding 400 mg/L).

4. Solid waste

General industrial solid waste shall be subject to the *Standard for Pollution Control on the Storage and Disposal Site for General Industrial Waste* (GB18599-2001) and the standard set out in its 2013 revision sheet; Hazardous wastes shall be subject to the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001) and the provisions of its revision sheets.

Environmental Protection Administrative License

In accordance with the guiding standards and requirements of the *National Environmental*

Protection Standard of the People's Republic of China HJ1102-2020: Technical Specification for Application and Issuance of Pollutant Permit for Chemical Fibers Manufacturing Industry issued and implemented by the Ministry of Ecology and Environment on February 28, 2020, Tiandingfeng Company has conducted strict self-examination and inspection in basic production facilities, product output, points of pollution generation, treatment facilities, permitted discharge volume of major pollutants, self-monitoring, environmental management records, etc., and submitted an application for pollutant discharge permit in July 2020, and received a pollutant discharge permit in December of the same year.

During the reporting period, Tiandingfeng Company commissioned Shandong Barui Testing Co., Ltd. and Shandong Beiguo Testing Technology & Service Co., Ltd. to carry out monitoring operations. The online boiler monitoring equipment went through a comparative acceptance inspection and passed the same.

Industry emission standards and details of pollutant emission involved in production and business activities

Name of company or subsidiary	Names of main pollutants and characteristic pollutants	Emission mode	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards implemented	Total emission volume	Total approved emission volume	Excessive emission
Tiandingfeng Nonwovens Co., Ltd	Nitrogen oxides (NOx)	Organized emission through flue	3	The flue gas emission outlet is located in the flue gas discharge outlet of the boiler workshop	The NOx emission concentration of the gas-fired boiler is 25 mg/m ³ , and the nitrogen oxide emission concentration will reach 29.75 mg/m ³ after the semi-coke-fired boiler	<i>Emission Standard of Air Pollutants for Boilers of Shandong Province (DB37/2374-2018)</i>	Gas-fired boiler: 5.18 tons/year; semi-coke-fired boiler: 0.528 tons/year	Gas-fired boiler: 17.362 tons/year; semi-coke-fired boiler: 48.6 tons/year	None

					is put into use in the second half of the year; the emission volume complies with the standard				
Tiandingfeng Nonwovens Co., Ltd	Sulfur dioxide (SO ₂)	Organized emission through flue	3	The flue gas emission outlet is located in the flue gas discharge outlet of the boiler workshop	The SO ₂ emission concentration is 16.7 mg/m ³ ; which complies with the emission standard	Emission Standard of Air Pollutants for Boilers of Shandong Province (DB37/2374-2018)	Semi-coke-fired boiler: 0.274 tons/year	Semi-coke-fired boiler: 25.92 tons/year	None
Tiandingfeng Nonwovens Co., Ltd	Smoke	Organized emission through flue	3	The flue gas emission outlet is located in the flue gas discharge outlet of the boiler workshop	The smoke emission concentration is 3.78 mg/m ³ ; which complies with the emission standard	Emission Standard of Air Pollutants for Boilers of Shandong Province (DB37/2374-2018)	Semi-coke-fired boiler: 0.0591 tons/year	Semi-coke-fired boiler: 5.53 tons/year	None

Disposal of pollutants

Ultra-low NO_x burners are used to treat nitrogen oxide (NO_x) pollutants in gas-fired boilers. After treatment, the NO_x emission concentration is reduced from 58 mg/m³ to 25 mg/m³.

During the reporting period, the Company replaced its boilers with semi-coke-fired boilers, and applied the low nitrogen combustion + SCR denitration technology to remove NO_x, and the electric bag dust collecting technology to remove smoke, and limestone-gypsum method to remove sulfur dioxide. After treatment, the emission of all the pollutants met the relevant standards.

Environmental internal monitoring program

At present, Tiandingfeng Company conducts internal monitoring at a 4 times/year frequency, and the implementation of the monitoring program shall be subject to the requirements of the pollutant permit.

Contingency plan for environmental emergencies

Tiandingfeng Company completed the preparation of the *Contingency Plan for Environmental Emergencies of Tiandingfeng Nonwovens Co., Ltd.* in accordance with the standards and specifications and registered the same with the local environmental protection bureau under the registration number 371424-2018-016-L; the company also completed the preparation of the *Multi-Level Emergency Response Measures of Tiandingfeng Nonwovens Co., Ltd. for Heavy Pollution Weather* and registered the same with the local environmental protection bureau under the registration number ZWR2020-138.

Risk assessment: Tiandingfeng Company did not use dangerous chemical processes. It has installed automatic control valves and other automatic control facilities in relevant positions, and established strict operating procedures; substances potentially causing atmospheric (or water) environmental risk are mainly heat transfer oil, etc. They were stored and used in accordance with the specifications; the alarming devices, fire-control facilities and monitoring equipment for storage tanks and pipelines were complete; Necessary emergency materials were in position; there were environmental protection management units and personnel, and a complete environmental management and emergency management system with emergency personnel. Therefore, after implementing rectification measures, the company's environmental risks are controllable and acceptable.

Precautions:

1. Strengthen emergency preparedness, and inspect and maintain, on a regular basis (once a month), the emergency equipment of Tiandingfeng Company, such as surveillance cameras, transmission cables, monitors, explosion-proof emergency tools, liquid level gauges, etc., to ensure normal functioning of equipment, and regularly update emergency equipment as necessary.
2. Inspect and maintain the emergency facilities on a regularly basis (once every half year) to ensure that the facilities are in good condition.

3. Strictly check the qualification and certificates of transport vehicles and personnel to ensure safe unloading.

4. Strengthen institutional development and establish and improve the responsibilities and systems for all positions, and strengthen training, improve the environmental awareness of employees, require staff members to pass relevant exams before taking their positions, so as to prevent human errors.

5. Carry out regular emergency drills and training and require all emergency personnel to familiarize themselves with their responsibilities and the actions and measures they should take in relation to emergency response, and to master the use of emergency equipment, and know well about basic knowledge of self-protection and first aid and rescue.

6. Register and keep record of hazardous substances and environmental risk sources, and conduct regular testing and evaluation. Strengthen the inspection and management of production facilities and storage sites, gain real-time knowledge of and collect information on the types and latest developments of environmental pollution sources in the work area within its authority, and put forward corresponding countermeasures and opinions.

7. Use products with reliable tightness and safety features, and carry out regular inspection and maintenance.

8. Prepare fire hydrants, sand, carbon dioxide fire extinguishers, trolley mounted foam (or dry powder) fire extinguishers, etc. and regularly inspect, maintain and replace them and keep the fire engine access clear.

9. Environmental Emergency Database

1) Establish a database of environmental risk substances and chemical substances that might cause abrupt environmental risk incidents, covering physical and chemical properties, storage data, leakage treatment methods, first aid treatment, hygiene standards and precautions.

2) Emergency Rescue Network System for Abrupt Environmental Incidents

Establish an emergency rescue network system for abrupt environmental incidents, including the communication network of emergency command centers, emergency offices and emergency groups. Keep communication with the abrupt environmental emergency response centers of the

environmental protection bureaus of cities, districts and counties, which is conducive to timely consultation in the event of an accident, so as to provide technical guidance for accident rescue and reserve rescue materials at different levels.

Relevant information on investment in environmental treatment and protection and payment of environmental protection tax

In the area of environmental treatment, Tiandingfeng Company has completed the operation of the third-party online monitoring equipment in strict accordance with the requirements of the Environmental Protection Bureau. Meanwhile, the company has reduced pollution in every step of the input and output process by purchasing environmental protection materials and regular equipment maintenance. In the reporting period, over RMB1 million was invested to carry out ultra-low nitrogen modification on the gas boiler, achieving remarkable effects.

Circumstances of administrative punishment by environmental protection authorities

Name of company or subsidiary	Reason of punishment	Circumstances	Punishment	Impact on the production and operation of listed companies	Rectification measures of the companies
Tiandingfeng Nonwovens Co., Ltd	None	None	None	None	None

Other environmental information that should be made public

None

Relevant information on environmental accidents of the listed companies

None

XIX. Notes on Other Material Matters

Applicable Not applicable

i. Public Issue of Convertible Corporate Bonds

With the approval of the China Securities Regulatory Commission (CSRC) (CSRC [2017] No. 894), the Company publicly issued 18.4 million convertible corporate bonds on September 25, 2017, each with a face value of RMB 100, reaching a total issuance of RMB 1.84 billion. With the approval of the Shenzhen Stock Exchange (SZSE) (SZSE [2017] No. 645), the Company's RMB

1.84 billion convertible corporate bonds were listed for trading on October 20, 2017. The bonds are referred to as "Yuhong Convertible Bonds", with a bond code of 128016. Subject to the relevant provisions and the *Prospectus of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. for Public Offering of Convertible Corporate Bonds* (hereinafter referred to as the "Prospectus"), the convertible bonds issued by the Company can be converted into shares of the company starting from March 29, 2018, and the conversion price is RMB38.48/share. The *Indicative Announcement on the Commencement of Debt-to-Equity Conversion for Yuhong Convertible Bond* was disclosed on March 27, 2018.

On July 3, 2019, China Linahe Credit Rating Co., Ltd. (Lianhe Rating) issued the *Long-Term Credit Rating Report of Beijing Oriental Yuhong Waterproof Technology Co., Ltd.*, and affirmed the company's AA+ main body long-term credit rating with a "stable" rating outlook. On January 2, 2020, Lianhe Rating issued the *Follow-Up Long-Term Credit Rating Report of Beijing Oriental Yuhong Waterproof Technology Co., Ltd.*, which maintained the AA+ main body long-term credit rating on the Company with a "stable" rating outlook.

During the reporting period, 82,049,188 shares were converted from "Yuhong Convertible Bonds". As of April 14, 2020, when the debt-to-equity conversion of "Yuhong Convertible Bonds" ended, a total of 82,070,737 shares were converted from "Yuhong Convertible Bonds", and the unconverted balance of "Yuhong Convertible Bonds" was RMB1,399,800.

Given that the Company's A-share stock (stock abbreviation: Oriental Yuhong; stock code: 002271) closing price in at least 15 trading days within the 30 consecutive trading days from January 17, 2020 to March 6, 2020 was no less than 130% of the current RMB22.40/share conversion price of "Yuhong Convertible Bonds" (i.e. RMB29.12/share), the conditional redemption clause stipulated in the Prospectus has been triggered. In other words, during the debt-to-equity conversion period, the company has the right to redeem all or part of the convertible corporate bonds which has not been converted at the par value of the bonds plus the interest accrued in the current period when either of the following circumstances occur: 1) During the debt-to-equity conversion period, where the closing price of the stock in at least 15 trading days within any 30 consecutive trading days is no less than 130% (including 130%) of the current share conversion

price; 2) Where the unconverted balance of the convertible corporate bonds issued in the current period is less than RMB30 million. Therefore, the 9th meeting of the 7th Board of Directors and the 9th meeting of the 7th Board of Supervisors of the Company deliberated and adopted the Proposal on Early Redemption of “Yuhong Convertible Bonds”, and decided to exercise the conditional redemption privilege of “Yuhong Convertible Bonds” and redeem all unconverted “Yuhong Convertible Bonds” at the par value of the bonds plus the accrued interest in the current period. Trading in “Yuhong Convertible Bonds” stopped on March 30, 2020, and debt-equity conversion of the bonds stopped on April 14, 2020. April 17, 2020 was the date when the redemption funds reached the account of the issuer (company) paid, and April 21, 2020 was the date when the redemption funds were paid into the accounts of the holders of “Yuhong Convertible Bonds”. The redemption funds of “Yuhong Convertible Bonds” were transferred into the accounts of the holders of “Yuhong Convertible Bonds” through the custodian broker. As of the closing of the stock market on April 13, 2020 (the registration date of convertible bond redemption), 82,070,737 shares had been converted from “Yuhong Convertible Bonds”, and there were 13,998 unconverted bonds. 13,998 bonds were redeemed at a price of RMB100.55/piece (including current accrued interest, annual interest rate of the current period was 1.00%, and the current interest included tax). The Company paid a total of RMB1,407,498.90 for the redemption. As the bonds were redeemed in full, there will be no “Yuhong Convertible Bonds” for further circulation or trading after the redemption is completed, and the "Yuhong Convertible Bonds" no longer meets the listing requirements and needs to be delisted. Therefore, the "Yuhong Convertible Bonds" (bond code: 128016) issued by the Company was delisted from the Shenzhen Stock Exchange from April 22, 2020.

ii. Progress of cooperative investments between the Company and specialized institutional investors

Guangdong Oriental Yuhong Waterproof Engineering Co., Ltd. (Guangdong Oriental Yuhong), a wholly-owned subsidiary of the Company, plans to indirectly invest in the “Poly-Country Garden Industry Chain Empowerment Fund” in which Poly (Hengqin) Capital Management Co., Ltd. (“Poly Capital”) and Shenzhen Country Garden Innovation Investment Co., Ltd. are general partners and Poly Capital is the fund manager, through subscribing for the shares of Zhuhai Poly

Capital-Country Garden Investment Enterprise Management Partnership (limited partnership). On July 31, 2020, Guangdong Oriental Yuhong and Tibet Bohua Investment Management Co., Ltd., Zhuhai Mojia Enterprise Management Partnership (limited partnership), Foshan Shunde Country Garden Property Development Co., Ltd., OPPLE Lighting Co., Ltd, CANNY Elevator Co., Ltd., Guangdong Piano Customized Furniture Co., Ltd., Zhuhai Hengqin Yidong Investment Management Partnership (limited partnership) and Yin Jianrong signed the Partnership Agreement of the Zhuhai Poly Capital-Country Garden Investment Enterprise Management Partnership (Limited Partnership). As a limited partner, Guangdong Oriental Yuhong participated in the subscription of the partnership shares of Zhuhai Poly Capital-Country Garden Investment Enterprise Management Partnership (limited partnership), with a capital subscription of RMB70 million. As of the disclosure date of this report, Guangdong Oriental Yuhong has paid an actual amount of RMB70 million to Zhuhai Poly Capital-Country Garden Investment Enterprise Management Partnership (limited partnership) as capital contribution.

iii. The Company's application for non-public offering of A share stocks

On October 15, 2020, the 20th Meeting of the 7th Board of Directors of the Company deliberated and adopted the proposals relating to the non-public offering of A-share stocks, including the *Proposal on the Company's Compliance with the Conditions for Non-Public Issuance of A-share Stocks*, the *Proposal on the Program for the Company's Non-Public Offering of A-Share Stocks*, the *Proposal on the Company's Preliminary for Non-Public Offering of A-Share Stocks*, the *Proposal on Diluted Immediate Return, Compensatory Measures and Relevant Main Body Commitments of Non-Public Offering of A-share Stocks*, the *Proposal on the Company's Feasibility Study Report on the Use of Funds Raised by Non-Public Offering of A-Share Stocks* and the *Proposal on Requesting the Shareholders' General Meeting to Authorize the Board of Directors and Authorized Persons of the Board of Directors to Handle Matters Related to the Non-Public Offering of A-share Stocks*. The type of shares to be issued this time are domestically-listed and RMB-denominated common shares (A-shares), each with a par value of RMB1.00, and the shares will be issued to no more than 35 specific investors. All the investors subscribe for this non-public offering at the same price and in cash. The issue price is determined through inquiry, and the pricing

benchmark date is the first day of the offering period of this non-public offering. The total amount of funds to be raised in this offering (including the costs of the offering) will not exceed RMB8 million (including RMB 8million), and the number of shares to be issued will be calculated by dividing the total amount of funds raised in this offering by the issue price, and will not exceed 30% of the total share capital of the Company before this offering. On November 3, 2020, the Company held the second extraordinary shareholders' meeting in 2020 to review and adopted the above proposals.

On December 18, 2020, the Company received the Acceptance Form of Applications for Administrative Approval issued by China Securities Regulatory Commission (hereinafter referred to as "CSRC") (Acceptance Serial Number: 203406). On December 29, 2020, the Company received the *Letter on Preparing for the Public Offering Review Committee Meeting on the Non-Public Stock Offering by Oriental Yuhong* (hereinafter referred to as the "Letter of Notification") issued by the CSRC. The Company carefully checked and verified the issues listed in the Letter of Notification in conjunction with relevant intermediaries, and explained and answered the relevant questions as required. On January 18, 2021, the Public Offering Review Committee of CSRC examined and approved the Company's application for non-public issuance of A shares. On February 7, 2021, the Company obtained the approval document from CSRC (CSRC [2021] No.344), which approved the Company's non-public offering of no more than 704,321,171 new shares.

As of the disclosure date of this report, the Company has completed this non-public offering of A share stocks, The Company and the joint lead underwriters, China International Capital Corporation Limited (CICC), CITIC Securities Co., Ltd. and Goldman Sachs Gao Hua Securities Co., Ltd., finally determined the issue price to be RMB45.5/share. A total of 175,824,175 shares will be issued to 13 subscribers, raising a total amount of RMB7,999,999,962.50 and a net amount of RMB7,993,097,087.78. The newly issued shares were listed on April 8, 2021.

iv. The Company's investment in the development of manufacturing and R&D bases and headquarters

1. Investment in Yueyang City, Hunan Province, to develop the Company's Central-Southern China Regional Headquarters and Yueyang new materials manufacturing base project

On August 29, 2017, the Company signed a Project Entry Agreement with the Management Committee of Yueyang Economic and Technological Development Zone, which stipulated that the Company will invest in the development of the Oriental Yuhong's Central-Southern China Regional Headquarters and Yueyang new materials manufacturing base project in Yueyang Economic and Technological Development Zone. The 38th meeting of the 6th Board of Directors held on February 6, 2018 reviewed and adopted the *Proposal on Investing in the Development of the Central-Southern China Regional Headquarters and Yueyang New Materials Manufacturing Base Project in Yueyang City, Hunan Province*. In order to further integrate resources, improve the Company's logistics system, improve the Company's office environment and research and development (R&D) environment in Central-Southern China, enhance staff stability and the Company's core competitiveness; At the same time, in order to further expand the Company's production capacity in the field of special coatings, continuously optimize the distribution of production capacity, promote the achievement of the strategic goal of "nationwide penetration", the Company plans to invest RMB2 billion in Yueyang Economic and Technological Development Zone to develop the Oriental Yuhong Central-Southern China Headquarters and Yueyang New Materials Manufacturing Base Project. The proposed amount of investment in the Oriental Yuhong Central-Southern China Headquarters Project is RMB1 billion and that of Yueyang New Material Manufacturing Base Project is RMB1 billion. As of the disclosure date of this report, the Central-Southern China Regional Headquarters Project is under development; the main body of the Yueyang New Materials Manufacturing Base Project has been completed and accepted, and some production lines have been put into operation.

2. Investment in the development of the Southwestern China Regional Headquarters Base and Southwestern China manufacturing base projects in Deyang City, Sichuan Province

On April 19, 2018, the Company signed an Investment Agreement with the Management Committee of Deyang Economic and Technological Development Zone, which stipulates that the Company plans to invest in the development of the Oriental Yuhong's Southwestern China Regional Headquarters and Southwestern China Manufacturing Base projects in Deyang City, Sichuan Province. On April 23, 2018, the 41st meeting of the 6th Board of Directors held by the Company

reviewed and adopted the *Proposal on Investing in the Development of the Southwestern China Regional Headquarters and Southwestern China Manufacturing Base Projects in Deyang City, Sichuan Province*. In order to further expand the Company's brand influence and business scale, increase the Company's production and supply capacity in Southwestern China, create a whole-industry layout of R&D, manufacturing and sales of waterproof coiled material and coating, special mortar, thermal insulation materials and other products and promote the continued improvement of production capacity distribution, and for the purpose of improving the company's office and R&D environment in Southwestern China, enhancing staff stability and increasing the core competitiveness of the Company, the Company has planned to invest in the development of the Southwestern China Headquarters and Southwestern China manufacturing base projects in Deyang City, Sichuan Province with an investment of RMB2 billion raised by the Company itself. On May 16, 2018, the 2017 Annual General Meeting of Shareholders of the Company reviewed and adopted the above proposal. As of the disclosure date of this report, the land for the Southwestern China Regional Headquarters Base Project has been acquired through auction and the project is being progressed; all production lines of the Southwest production base project have been put into production.

3. Investment in the development of the Tangshan Manufacturing Base Phase II Project and the Northern China Regional Headquarters Project.

On May 24, 2018, the Company signed an Investment Cooperation Agreement with the Government of Fengnan District of Tangshan City. On the same day, the 45th meeting of the 6th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Development of the Tangshan Manufacturing Base Phase II Project and the Northern China Regional Headquarters Project in Fengnan District of Tangshan City*. In order to further expand the Company's production and supply capacity in Northern China, create a whole-industry layout of R&D, manufacturing and sales of waterproof materials, thermal insulation materials and special mortar, and promote the continued improvement of production capacity distribution and the achievement of the strategic goal of "nationwide penetration", the Company has planned to invest a total amount of RMB2 billion with its own funds to develop the Tangshan Manufacturing Base

Phase II Project and the Northern China Regional Headquarters Project in Fengnan District of Tangshan City. As of the disclosure date of this report, some production lines of the Phase II Project of the Manufacturing Base have been put into production.

4. Investment in the development of the Green Building Materials (Wuhu) Industrial Demonstration Park Project in Wuhu City, Anhui Province

On June 30, 2020, the Company signed a Project Investment Agreement with the Government of Sanshan District, Wuhu City, Anhui Province, which stipulated that the Company planned to invest RMB1 billion in the development of a new energy-saving thermal insulation and sealing material manufacturing project in Sanshan District, Wuhu City (Phase I Project); a new waterproof building materials and new functional coating materials manufacturing project (Phase II Project); and a green civil building materials and functional filler manufacturing project (Phase III Project). The total construction period of the project is expected to be 48 months. On August 17, 2020, The 14th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Establishment of Wholly-owned Subsidiaries and the Development of the Green Building Materials (Wuhu) Industrial Demonstration Park Project in Sanshan District, Wuhu City, Anhui Province*. Focusing on the positioning of the Company as a building materials system service provider, in order to fully implement the national strategies in relation to green buildings, green building materials and energy-saving buildings, constantly enrich product categories and improve product quality, optimize and upgrade product structure, and at the same time to further expand the Company's production and supply capacity in Eastern China, meet the market demand of Eastern China, increase the Company's market share in Eastern China, and continuously optimize the distribution of production capacity, the Company has planned to invest RMB 500 million in Sanshan District, Wuhu City with its own funds to establish Anhui Oriental Yuhong Building Materials Co., Ltd. (Anhui Oriental Yuhong), a wholly-owned subsidiary of the Company (subject to the approval of and registration with the industrial and commercial administration authority). Anhui Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB1 billion with self-raised funds in the development of the Oriental Yuhong Green Building Materials (Wuhu) Industrial Demonstration Park in Sanshan

District, Wuhu City. In the same month, the Wuhu Oriental Yuhong New Materials Technology Co., Ltd., an entity responsible for the implementation of the project, was established. As of the disclosure date of this report, the project is still under development, and the construction of some main structures has been completed and the project has entered the equipment installation stage.

5. Investment in the development of the Green Building Materials Industrial Park Project in Huadu District, Guangzhou

On July 14, 2020, the Company signed a *Cooperation Agreement* with the Government of Huadu District, Guangzhou, which stipulated that the Company planned to invest RMB3 billion in the development of the Oriental Yuhong Greater Bay Area Green Building Materials Industrial Park and the International Green Building Materials Center in Huadu District of Guangzhou, with an estimated development period of 36 months. On August 7, 2020, the 13th meeting of the 7th Board of Directors of the Company reviewed and adopted the *Proposal on Investing in the Establishment of Wholly-owned Subsidiaries and the Development of the Green Building Materials Industrial Park Project in Huadu District, Guangzhou*. In order to fully implement the national strategies in relation to green buildings and green building materials, constantly improve the product system of green building materials and optimize and upgrade product structure, and at the same time to further expand the Company's production and supply capacity in Southern China, meet the market demand of Southern China, increase the Company's market share in Southern China, and continuously optimize the distribution of production capacity, the Company has planned to establish in the Huadu District of Guangzhou three wholly-owned subsidiaries, namely the Guangdong Oriental Yuhong Building Materials Co., Ltd, the Guangdong Oriental Yuhong Building Technologies Co., Ltd., and the Fuda Energy Saving Technologies Co., Ltd. (hereinafter referred to as "Relevant Project Companies"), each with an investment of RMB100 million from the Company's own funds. The Relevant Project Companies will be responsible for the development of the Oriental Yuhong Greater Bay Area Green Building Materials Industrial Park and the International Green Building Materials Center in Huadu District of Guangzhou with self-raised funds in the amount of RMB3 billion. As of the disclosure date of this report, the Relevant Project Companies have been established successively, and the Oriental Yuhong Greater Bay Area Green Building Materials Industrial Park is

under development and is being progressed continually.

6. Investment in the development of the Green Building Materials Industrial Park Project in Xushui District, Baoding City, Hebei Province

On August 7, 2020, the Company signed an *Investment Cooperation Agreement* with the Government of Xushui District, Baoding City, Hebei Province, which stipulated that the Company planned to invest RMB1 billion in the development of the Oriental Yuhong Green Building New Materials Industrial Park in Xushui District, Baoding City. The estimated development period of the project is 18 months from the commencement date. On August 28, 2020, The 15th meeting of the 7th Board of Directors held by the Company reviewed and adopted the Proposal on Investing in Development of the New Green Building Materials Industrial Park Project in Xushui District, Baoding City, Hebei Province. In order to fully implement the national strategies in relation to green buildings and green building materials, constantly improve the product system of green building materials and optimize and upgrade product structure, and at the same time to further expand the Company's production and supply capacity in Northern China, meet the market demand of Northern China, increase the Company's market share in Northern China, and continuously optimize the distribution of production capacity, the Company has planned to invest RMB500 million in Xushui District, Baoding City with its own funds to establish Baoding Oriental Yuhong Building Materials Co., Ltd. (Baoding Oriental Yuhong), a wholly-owned subsidiary of the Company. Baoding Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB1 billion with self-raised funds in the development of the Green Building New Materials Industrial Park in Xushui District, Baoding City. On September 14, 2020, the first extraordinary shareholders' meeting of the Company in 2020 reviewed and approved the above matters. In the same month, Baoding Oriental Yuhong was established as the entity responsible for the implementation of the project. As of the disclosure date of this report, the construction of some of the main structures of the New Green Building Materials Industrial Park Project have been completed, and some of the production lines went through trial operation and have been put into production.

7. Investment in the development of the New Green Building Materials Comprehensive

Industrial Park Project in Yangpu, Hainan Province

On August 13, 2020, the Company signed a *Project Investment Agreement* with the Management Committee of Hainan Yangpu Economic Development Zone, which stipulated that the Company plans to invest RMB1 billion in the construction of Oriental Yuhong Hainan Yangpu Green New Materials Comprehensive Industrial Park Project in Hainan Yangpu Economic Development Zone. On August 28, 2020, the 15th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in Development of the New Green Building Materials Comprehensive Industrial Park Project in Yangpu, Hainan Province*. In order to fully implement the national strategies in relation to green buildings and green building materials, constantly improve product quality and optimize and upgrade product structure, and at the same time to further expand the Company's production and supply capacity in Southern China, meet the market demand of Southern China, increase the Company's market share in Southern China, and continuously optimize the distribution of production capacity, the Company has planned to invest RMB 500 million in Yangpu, Hainan, with its own funds, to establish Yangpu Oriental Yuhong Building Materials Co., Ltd. (Yangpu Oriental Yuhong), a wholly-owned subsidiary of the Company. Yangpu Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB1 billion with self-raised funds in the development of the Oriental Yuhong Hainan Yangpu Green New Materials Comprehensive Industrial Park Project in Yangpu, Hainan. On September 14, 2020, the first extraordinary shareholders' meeting of the Company in 2020 reviewed and approved the above matters. In the same month, Yangpu Oriental Yuhong was established as the entity responsible for the implementation of the project. As of the disclosure date of this report, the Hainan Yangpu Green New Materials Comprehensive Industrial Park is under construction.

8. Investment in the development of the New Building Materials Manufacturing Base Project in Qidong City, Nantong, Jiangsu Province

On August 21, 2020, the Company signed an *Investment Agreement* with the Government of Qidong city, Nantong, Jiangsu Province, which stipulated that the Company planned to invest RMB2 billion to build a new building materials manufacturing base project in Qidong, which deals with the manufacturing of modified asphalt waterproof coiled material, waterproofing paint

(water-soluble), special mortar, green building materials for civil engineering and Hongyun logistics and warehousing. The project is carried out in accordance with the principle of one-time planning and phased implementation. The estimated development period of the first phase is 18 months from the commencement date. On August 28, 2020, the 15th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in Development of the New Building Materials Manufacturing Base Project in Qidong City, Nantong, Jiangsu Province*. In order to expand the Company's production and supply capacity in Eastern China, continuously optimize the distribution of production capacity, meet the market demand of Eastern China, and in the meantime to better develop the Company's warehousing and logistical system so as to ensure the Company's coverage in Eastern China and national markets with relatively lower warehousing and logistical costs, and to further expand the Company's core competitiveness, the Company has planned to invest RMB100 million in Qidong City, Nantong, Jiangsu Province, with its own funds, to establish Nantong Oriental Yuhong Building Materials Co., Ltd. (Nantong Oriental Yuhong), a wholly-owned subsidiary of the Company. Nantong Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB2 billion with self-raised funds in the development of the New Building Materials Manufacturing Base in Qidong City, Nantong, Jiangsu Province. On September 14, 2020, the first extraordinary shareholders' meeting of the Company in 2020 reviewed and adopted the above matters. In the same month, Nantong Oriental Yuhong Building Materials Co., Ltd. was established as the entity responsible for the development of the project. As of the disclosure date of this report, the New Building Materials Manufacturing Base is under construction.

9. Investment in the development of the Green Building Materials Manufacturing Base and the Chengdu-Chongqing Regional Headquarters Projects.

On September 3, 2020, the Company signed a *Project Investment Agreement* with the Government of Jiangjin District, Chongqing Municipality, which stipulated that the Company planned to invest RMB1.4 billion in the development of the Green Building Materials Manufacturing Base and the Chengdu-Chongqing Regional Headquarters Projects in Jiangjin District, Chongqing. On September 14, 2020, the 16th meeting of the 7th Board of Directors held

by the Company reviewed and adopted the *Proposal on Investing in the Establishment of Wholly-Owned Subsidiaries and the Development of the Green Building Materials Manufacturing Base and the Chengdu-Chongqing Regional Headquarters Projects in Jiangjin District, Chongqing*. In order to fully implement the national strategies in relation to green buildings, green building materials and energy-saving buildings, constantly enrich product categories of green building materials and improve product quality, optimize and upgrade product structure, and in the meantime meet the market demands brought about by the strategic development planning of the Company and the continuously expanded application fields of the products, to further enhance the Company's production and supply capacity in Southwestern China and continuously optimize the distribution of production capacity, and for the purpose of better introducing production and technical talents, strengthening the building of human resources, improving the office and R&D environments for the local employees, increasing staff stability and core competitiveness of the Company, Tianjin Hongzhi New Materials Co., Ltd., a wholly-owned subsidiary of the Company, has planned to invest RMB50 million in Jiangjin District, Chongqing, with its own funds, to establish Chongqing Oriental Yuhong Building Materials Co., Ltd. (Chongqing Oriental Yuhong), a wholly-owned subsidiary of the Company. Chongqing Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB1.4 billion with self-raised funds in the development of the Oriental Yuhong Green Building Materials Manufacturing Base and the Chengdu-Chongqing Regional Headquarters in Jiangjin District, Chongqing. In September 2020, Chongqing Oriental Yuhong was established as the entity responsible for the implementation of the project. As of the disclosure date of this report, the Environmental Impact Assessment (EIA) Report for the Oriental Yuhong Green Building Materials Manufacturing Base has been completed, and the Land Use Permit and the Planning Permit on Land for Construction Use for the project have been obtained.

10. Changde Tiandingfeng Nonwovens Project.

On September 18, 2020, Tiandingfeng Holding Co., Ltd., a wholly-owned subsidiary of the Company, signed a *Project Investment Agreement* with Xidongting Management District, Changde City, Hunan Province. The agreement stipulated that the Company planned to invest approximately RMB1.6 billion in the development of Changde Tiandingfeng Nonwovens Project in Changde

Xidongting Management District Industrial Park, which deals with the production of various types of nonwovens, roofing carrier and related raw materials, and involves the development of 18 polyester spunbond roofing carrier production lines. On September 22, 2020, the 18th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Development of the Changde Tiandingfeng Nonwoven Project in Changde City, Hunan Province*. In order to fully synchronize upstream and downstream business, increase the production capacity of the nonwovens manufacturing base, so as to better serve the production need of the Company for waterproof coiled materials, support the market demands brought about by the strategic development planning of the Company and the continuously expanded application fields of the products, to better serve the Company's need and lower costs in relation to raw materials procurement, enhance the Company's risk-taking capabilities and provide a solid foundation for stable future development of the Company, the Company has planned that Changde Tiandingfeng Nonwovens Co., Ltd., a wholly-owned second-tier subsidiary of the Company, will be the entity responsible for the implementation of the project and invest no more than RMB1.6 billion with self-raised funds in the development of the Changde Tiandingfeng Nonwovens Project in the Changde Xidongting Management District Industrial Park. As of the disclosure date of this report, Changde Tiandingfeng Nonwovens Co., Ltd. has been established as the entity implementing the project, and the Changde Tiandingfeng Nonwovens Project is under construction.

11. Green Building Materials Manufacturing Base and Regional Headquarters Projects in Jiutai District, Changchun City

On September 22, 2020, the Company signed a *Project Investment Agreement* with the Government of Jiutai District, Changchun City, which stipulated that the Company planned to invest RMB1.8 billion in the development of the Oriental Yuhong Green Building Materials Manufacturing Base and Regional Headquarters Projects in Jiutai District of Changchun City. The development period is as follows: the construction of the first phase of the manufacturing base project is planned to commence in April 2021, and it will be put into production within the year. The next phase of the project will commence within 6 months after the first phase project is put into production, and it will be put into production 9 months after commencement. On September 23,

2020, The 19th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Establishment of Wholly-Owned Subsidiaries and the Development of the Green Building Materials Manufacturing Base and Regional Headquarters Projects in Jiutai District, Changchun City, Jilin Province*. In order to fully implement the national strategies in relation to green buildings, green building materials and energy-saving buildings, constantly enrich product categories of green building materials and improve product quality, optimize and upgrade product structure, meet the market demands brought about by the strategic development planning of the Company and the continuously expanded application fields of the products, further enhance the Company's production and supply capacity in Northern China and continuously optimize the distribution of production capacity, and for the purpose of better introducing production and technical talents, strengthening the building of human resources, improving the office and R&D environments for the local employees, increasing staff stability and core competitiveness of the Company, Tianjin Hongzhi New Materials Co., Ltd., a wholly-owned subsidiary of the Company, has planned to invest RMB50 million in Jiutai District, Changchun City, with its own funds, to establish Jilin Oriental Yuhong Building Materials Co., Ltd. (Jilin Oriental Yuhong), a wholly-owned subsidiary of the Company. Jilin Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB1.8 billion with self-raised funds in the development of the Oriental Yuhong Green Building Materials Manufacturing Base and Regional Headquarters in Jiutai District, Jilin City. In September 2020, Jilin Oriental Yuhong was established as the entity responsible for the implementation of the project. As of the disclosure date of this report, the Land Use Permit and the Planning Permit on Land for Construction Use for the Oriental Yuhong Green Building Materials Manufacturing Base project have been obtained; the land for the Regional Headquarters project has been purchased through auction and the project is in progress.

12. Green Building Materials Manufacturing Base and Liaoning Regional Headquarters Projects in Shenbei New District, Shenyang City

On September 22, 2020, the Company signed a *Project Investment Agreement* with the Management Committee of the Shenyang Huishan Economic and Technological Development Zone, which stipulated that the Company planned to invest RMB450 million in the development of the

Oriental Yuhong Green Building Materials Manufacturing Base and Liaoning Regional Headquarters Projects in Shenbei New District of Shenyang City. In the two projects, the Manufacturing Base, which has a total investment of RMB350 million, is planned to commence construction three months after acquiring the Construction Permit and be put into production 12 months after commencement; the Liaoning Regional Headquarters project has an estimated total investment of RMB100 million. On January 13, 2021, the 26th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Development of the Green Building Materials Manufacturing Base and Liaoning Regional Headquarters Projects in Shenbei New District, Shenyang City, Liaoning Province*. In order to fully implement the national strategies in relation to green buildings, green building materials and energy-saving buildings, constantly enrich product categories of green building materials and improve product quality, optimize and upgrade product structure, meet the market demands brought about by the strategic development planning of the Company and the continuously expanded application fields of the products, and for the purpose of better introducing production and technical talents, strengthening the development of human resources, improving the office and R&D environments for the local employees, increasing staff stability and core competitiveness of the Company, Shenyang Oriental Yuhong Building Materials Co., Ltd., and Liaoning Oriental Yuhong Building Technologies Co., Ltd., both wholly-owned subsidiary of the Company, were designated as the entities developing the Oriental Yuhong Green Building Materials Manufacturing Base and Liaoning Regional Headquarters in Shenbei New District, Shenyang City, with investment from raised funds in a total amount no more than RMB450 million. As of the disclosure date of this report, the relevant project companies have been established successively and relevant works are being progressed.

13. Manufacturing Base Project in Xinjian District, Nanchang City, Jiangxi Province

On December 18, 2020, the Company signed a *Project Agreement* with the Government of Xinjian District of Nanchang City, which stipulated that the Company planned to invest RMB2 billion in the development of the Oriental Yuhong Jiangxi Manufacturing Base in Xinjian District of Nanchang City, Jiangxi Province. The construction covers the waterproof materials manufacturing workshops, thermal insulation materials manufacturing workshops, the general manufacturing

workshops and supporting warehousing facilities, comprehensive office building and research and development building, etc. The project will be put into production in 12 months and be completed in 18 months after obtaining the Construction Permit. On January 4, 2021, the 25th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Establishment of Wholly-Owned Subsidiaries and the Development of Oriental Yuhong Jiangxi Manufacturing Base in the Xinjian District of Nanchang City, Jiangxi Province*. In order to constantly enrich product categories of new environmentally friendly building materials and improve product quality, optimize and upgrade product structure, meet the market demands brought about by the strategic development planning of the Company and the continuously expanded application fields of the products, further enhance the Company's production and supply capacity in Eastern China and continuously optimize the distribution of production capacity, ensure the Company's coverage in Eastern China and national markets with relatively lower warehousing costs, and further expand the Company's core competitiveness, Oriental Yuhong Building Materials Co., Ltd., a wholly-owned subsidiary of the Company, has planned to invest RMB50 million in Xinjian District, Nanchang City, with its own funds, to establish Jiangxi Oriental Yuhong Building Materials Co., Ltd. (Jiangxi Oriental Yuhong), a wholly-owned subsidiary of the Company. Jiangxi Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB2 billion with self-raised funds in the development of the Oriental Yuhong Jiangxi Manufacturing Base in Xinjian District, Nanchang City. As of the disclosure date of this report, Jiangxi Oriental Yuhong has been established as the entity responsible for the implementation of the project, and relevant works are being progressed.

14. Shandong Regional Headquarters and Green Building Materials Manufacturing Base Projects in Tianqiao District, Jinan City.

On December 21, 2020, the company signed a *Cooperation Framework Agreement* with the Government of Tianqiao District, Jinan City. The Company and the Government of Tianqiao District, Jinan City further discussed and refined the project investment plan through amicable discussions, and signed a Project Entry Agreement on January 4, 2021 in addition to the Cooperation Framework Agreement. According to the agreement, the company plans to invest

RMB900 million yuan in the development of the Oriental Yuhong Shandong Regional Headquarters and Green Building Materials Manufacturing Base Projects in Tianqiao District, Jinan City, Shandong Province. The regional headquarters project has a planned investment of RMB100 million and deals with the construction of facilities for office, meeting, training, R&D, exhibition, reception, financial settlement and residence functions of the Company, its subsidiaries and brands; The manufacturing base has a planned investment of RMB800 million, covering the R&D and production of new waterproof materials for buildings, energy-saving thermal insulation materials, special mortar and green building materials for civil engineering. On January 4, 2021, the 25th meeting of the 7th board of directors held by the company reviewed and adopted the *Proposal on Investing in the Establishment of Wholly-Owned Subsidiaries and the Development of the Green Building Materials Manufacturing Base and Shandong Regional Headquarters Projects in Tianqiao District, Jinan City, Shandong Province*. In order to fully implement the national strategies in relation to green buildings, green building materials and energy-saving buildings, constantly enrich product categories of green building materials and improve product quality, optimize and upgrade product structure, meet the market demands brought about by the strategic development planning of the Company and the continuously expanded application fields of the products, further enhance the Company's production and supply capacity in Eastern China and continuously optimize the distribution of production capacity, and for the purpose of improving the office and R&D environments for the local employees, increasing staff stability and core competitiveness of the Company, the Company has planned to invest RMB100 million in Tianqiao District, Jinan City with its own funds to establish Shandong Oriental Yuhong Building Technologies Co., Ltd. (Shandong Oriental Yuhong), a wholly-owned subsidiary of the Company (subject to the approval of and registration with the industrial and commercial administration authority). Shandong Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB100 million with self-raised funds in the development of the Shandong Regional Headquarters; Oriental Yuhong Building Materials Co., Ltd., a wholly-owned subsidiary of the Company, has planned to invest RMB100 million in Tianqiao District, Jinan City with its own funds to establish Jinan Oriental Yuhong Building Materials Co., Ltd. (Jinan Oriental Yuhong), a wholly-owned subsidiary of the Company (subject to the approval of and registration with the industrial and commercial

administration authority). Jinan Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB800 million with self-raised funds in the development of the Oriental Yuhong Green Building Materials Base Project. As of the disclosure date of this report, Shandong Oriental Yuhong and Jinan Oriental Yuhong have been established and the project is being progressed.

15. New Materials Manufacturing Project in Shaoyang Economic Development Zone, Hunan Province

On December 25, 2020, the Company signed the *Investment Contract of Oriental Yuhong New Materials Manufacturing Project* with the Management Committee of Shaoyang Economic Development Zone, which stipulated that the Company planned to invest RMB700 million in the development of the Oriental Yuhong New Materials Manufacturing Project in Shaoyang Economic Development Zone, Hunan Province. The project deals with the manufacturing of new materials and supporting projects, and will be implemented in two phases. The first phase has a proposed investment of RMB200 million, and the second phase project will commence after the first phase project is completed and has a proposed investment amount of RMB500 million. On January 13, 2021, the 26th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Establishment of Wholly-Owned Subsidiaries and the Development of the Oriental Yuhong New Materials Manufacturing Project in Shaoyang City, Hunan Province*. In order to constantly enrich product categories of new environmental friendly building materials and improve product quality, optimize and upgrade product structure, explore and foster new engines for innovation-driven development in the field of new materials, meet the market demands brought about by the strategic development planning of the Company and the continuously expanded application fields of the products, further enhance the Company's production and supply capacity in Central China and continuously optimize the distribution of production capacity, so as to further meet the market demands of the Central China region and provide solid foundation for continuous and stable development of the Company in the future, the Company has planned to invest RMB10 million in Shaoyang Economic Development Zone with its own funds to establish Shaoyang Oriental Yuhong Building Materials Co., Ltd. (Shaoyang Oriental Yuhong), a wholly-owned

subsidiary of the Company (subject to the approval of and registration with the industrial and commercial administration authority). Shaoyang Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB700 million with self-raised funds in the development of the Oriental Yuhong New Materials Manufacturing Project. As of the disclosure date of this report, relevant works are being progressed.

16. New Green Building Materials Manufacturing Base Project in Shangjie District, Zhengzhou City, Henan Province

On December 31, 2020, The Company signed a Project Investment Agreement with the Government of Shangjie District, Zhengzhou City. According to the agreement, the company plans to invest RMB1 billion in the development of Oriental Yuhong New Green Building Materials Manufacturing Base Project in Shangjie District, Zhengzhou City, Henan Province. The project deals with the R&D and manufacturing of waterproof, energy-saving and thermal insulation materials, civil building materials, special mortar, architectural coatings and other products. The project will be implemented in two phases. The development of each phase is planned to commence within 6 months after the delivery of the land, and each phase of the project will be put into production within 24 months from the date of commencement. On January 13, 2021, the 26th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Development of the New Green Building Materials Manufacturing Base Project in Shangjie District, Zhengzhou City, Henan Province*. In order to fully implement the national strategies in relation to green buildings, green building materials and energy-saving buildings, constantly enrich product categories of green building materials and improve product quality, optimize and upgrade product structure, explore and foster new engines for innovation-driven development in the field of new materials, meet the market demands brought about by the strategic development planning of the Company and the continuously expanded application fields of the products, further enhance the Company's production and supply capacity in Central China and continuously optimize the distribution of production capacity, and provide a solid foundation for the stable future development of the Company, Oriental Yuhong Building Materials Co., Ltd., a wholly-owned subsidiary of the Company, has planned to invest RMB50 million in Shangjie

District, Zhengzhou City, with its own funds, to establish Zhengzhou Oriental Yuhong Building Materials Co., Ltd. (Zhengzhou Oriental Yuhong), a wholly-owned subsidiary of the Company. According to the arrangements under the agreement, the Board of Directors agreed that Zhengzhou Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB1 billion with self-raised funds in the development of the Oriental Yuhong New Green Building Materials Manufacturing Base Project in Shangjie District, Zhengzhou City, Henan Province. On January 29, 2021, the first extraordinary shareholders' meeting of the Company in 2021 reviewed and approved the above matters. As of the disclosure date of this report, Zhengzhou Oriental Yuhong has been established as the entity responsible for the implementation of the project, and relevant works are being progressed.

17. Shanxi (Taiyuan) New Building Materials Intelligent Manufacturing Base Project in Shanxi Transformation and Comprehensive Reform Demonstration Area

On January 13, 2021, The Company signed a *Project Investment Agreement* with the Management Committee of Shanxi Transformation and Comprehensive Reform Demonstration Area. According to the agreement, the company planned to invest RMB1.5 billion in the development of Oriental Yuhong Shanxi (Taiyuan) New Building Materials Intelligent Manufacturing Base Project in Shanxi Transformation Comprehensive Reform Demonstration Zone. The project deals with the manufacturing facilities of modified asphalt waterproof coiled materials with an annual capacity of 30 million m²/year, waterproofing paint with the capacity of 40,000 tons/year, special mortar with the capacity of 100,000 tons/year, thermal insulation and energy saving materials, green building materials for civil engineering, powder products for construction and supporting facilities. The project will be carried out in two phases, the construction period for each phase is 24 months after the signing of the Contract for State-Owned Construction Land Use Right Assignment. In particular, each project will be commenced within 3 months after acquiring the Land Use Permit, and will be put into production 9 months after commencement. On February 1, 2021, the 27th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Establishment of Wholly-Owned Subsidiaries and the Development of Shanxi (Taiyuan) New Building Materials Intelligent Manufacturing Base Project in Shanxi*

Transformation and Comprehensive Reform Demonstration Area. Focusing on the core positioning of the Company as a building materials system service provider, in order to leverage the efficient, energy saving and automatic manufacturing system to constantly enrich product categories of new environmental friendly building materials and improve product quality, optimize and upgrade product structure, explore and foster new engines for innovation-driven development in the field of new materials, meet the market demands brought about by the strategic development planning of the Company and the continuously expanded application fields of the products, further enhance the Company's production and supply capacity in Northern China and continuously optimize the distribution of production capacity, ensure the Company's coverage in Eastern China and national markets with relatively lower warehousing costs, so as to further meet the market demands of the Central China region and provide solid foundation for continuous and stable development of the Company in the future, the Company has planned to invest RMB50 million in Shanxi Transformation and Comprehensive Reform Demonstration Area with its own funds, to establish Taiyuan Oriental Yuhong Building Materials Co., Ltd. (Taiyuan Oriental Yuhong), a wholly-owned subsidiary of the Company (subject to the approval of and registration with the industrial and commercial administration authority). Taiyuan Oriental Yuhong will be responsible for the implementation of the project and invest no more than RMB1.5 billion with self-raised funds in the development of the Shanxi (Taiyuan) New Building Materials Intelligent Manufacturing Base Project in Shanxi Transformation and Comprehensive Reform Demonstration Area. As of the disclosure date of this report, Taiyuan Oriental Yuhong has been established as the entity responsible for the implementation of the project, and relevant works are being progressed.

18. Zhengzhou Oriental Yuhong Building, Store, Research and Warehouse Integration Base Project and Henan Regional Headquarters Project in Zhongyuan District, Zhengzhou City

On February 8, 2021, The Company signed a *Project Investment Agreement* with the Government of Zhongyuan District, Zhengzhou City. According to the agreement, the company planned to invest RMB800 million in Zhongyuan District, Zhengzhou City, Henan Province to development the Zhengzhou Oriental Yuhong Building, Store, Research and Warehouse Integration Base and the Henan Regional Headquarters Projects. The integration base project mainly deals with

the development of a building, store, research and warehouse integration base to support the new materials R&D, sales, financial settlement, product R&D (including pilot test) and warehousing for the new products of Oriental Yuhong with building materials as the main body. The project is planned to commence 6 months after the delivery of the land and will be put into production around 12 months after the commencement date. The development of the Henan Regional Headquarters Project deals with the realization of office, meeting, training, R&D, exhibition, reception, financial settlement and residence functions of the Company, its subsidiaries and brands, and the project development period is 2 years. On February 22, 2021, the 28th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Establishment of Wholly-Owned Subsidiaries and the Development of Zhengzhou Oriental Yuhong Building, Store, Research and Warehouse Integration Base Project and Henan Regional Headquarters Project in Zhongyuan District, Zhengzhou City, Henan Province*. Focusing on the core positioning of the Company as a building materials system service provider, in order to enhance R&D capabilities and improve product quality, optimize and upgrade product structure, ensure the Company's coverage in Central China and national markets with relatively lower warehousing and transport costs to continuously improve customer experience, explore and foster new engines for innovation-driven development in the field of new materials, and for the purpose of better introducing production and technical talents, strengthening the building of human resources, improving the office and R&D environments for the local employees, increasing staff stability and core competitiveness of the Company, Oriental Yuhong Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, has planned to invest RMB50 million in Zhongyuan District, Zhengzhou City, Henan Province with its own funds, to establish Henan Oriental Yuhong Industry Development Co., Ltd., a wholly-owned subsidiary of the company (subject to the approval of and registration with the industrial and commercial administration authority) which will be responsible for the implementation of the project and invest in the development of the Zhengzhou Oriental Yuhong Building, Store, Research and Warehouse Integration Base Project. The Company has planned to invest RMB50 million in Zhongyuan District, Zhengzhou City, Henan Province with its own funds to establish Henan Oriental Yuhong Building Materials Technology Co., Ltd., a wholly-owned subsidiary of the Company (subject to the approval of and registration with the

industrial and commercial administration authority) which will be responsible for the implementation of the project and invest in the development of Oriental Yuhong Henan Regional Headquarters in Zhengzhou. As of the disclosure date of this report, Henan Oriental Yuhong Building Materials Technology Co., Ltd. has been established as the entity responsible for the implementation of the project, and relevant works are being progressed.

19. Oriental Yuhong Green Building Materials Manufacturing Base in Suqian Hi-tech Industrial Development Zone, Jiangsu Province

On February 8, 2021, The Company signed a *Project Investment Agreement* with the Management Committee of Suqian High-tech Industrial Development Zone. The agreement stipulated that the company planned to invest RMB1 billion in the development of Oriental Yuhong Green Building Materials Manufacturing Base Project in the Suqian High-tech Industrial Development Zone, Jiangsu Province. The project mainly covers the R&D and production of waterproof, energy-saving and thermal insulation materials, civil building materials, water-soluble coatings and other products. The first phase of the project is planned to be put into production 3 months after the project agreement is signed, and the whole project will be put into production in around 24 months. On February 22, 2021, the 28th meeting of the 7th Board of Directors held by the Company reviewed and adopted the *Proposal on Investing in the Establishment of Wholly-Owned Subsidiaries and the Development of Green Building Materials Manufacturing Base in Suqian High-tech Industrial Development Zone, Jiangsu Province*. Focusing on the core positioning of the Company as a building materials system service provider, in order to fully implement the national strategies in relation to green buildings , green building materials and energy-saving buildings, constantly enrich product categories of green building materials and improve product quality, optimize and upgrade product structure, explore and foster new engines for innovation-driven development in the field of new materials, meet the market demands brought about by the strategic development planning of the Company and the continuously expanded application fields of the products, further enhance the Company's production and supply capacity in Eastern China and continuously optimize the distribution of production capacity, so as to further meet the market demands of the Eastern China market and provide a solid foundation for the stable

future development of the Company, and in the meantime for the purpose of improving the implementation efficiency of the Green Building Materials Manufacturing base and pushing forward the project, Oriental Yuhong Building Materials Co., Ltd., a wholly-owned subsidiary of the Company, and Suqian Gaofeng Assets Operation and Management Co., Ltd. have planned to jointly invest in the establishment of a controlling subsidiary Suqian Oriental Yuhong Building Materials Co., Ltd. (hereinafter referred to as “Suqian Oriental Yuhong”) to serve as the entity responsible for the implementation of the green building materials manufacturing base. Suqian Oriental Yuhong has a registered capital of RMB 100 million. Oriental Yuhong Building Materials Co., Ltd., a wholly-owned subsidiary of the Company, will invest RMB70 million (70% of Suqian Oriental Yuhong’s registered capital) from its own funds and Suqian Gaofeng Assets Operation and Management Co., Ltd will invest RMB30 million (30% of Suqian Oriental Yuhong’s registered capital) from its own funds. As of the disclosure date of this report, Suqian Oriental Yuhong has been established as the entity responsible for the implementation of the project, and relevant works are being progressed.

20. Oriental Yuhong New Green Materials Manufacturing Base, Horqin Left Back Banner (Kezuohouqi), Tongliao City, Inner Mongolia

On March 31, 2021, The Company signed an *Investment Agreement* with the Government of Horqin Left Back Banner (Kezuohouqi). The agreement stipulated that the company planned to invest RMB2 billion in Kezuohouqi, Tongliao City, Inner Mongolia Autonomous Region to development the Oriental Yuhong Tongliao New Green Material Production Base Project. The investment and construction will be carried out in three phases. In the first phase, RMB600 million will be invested to build the production lines of energy-saving and environmentally friendly wall materials from silica sand and environment-friendly building coatings. The project is planned to commence in June 2021 and be put into production in August 2022; With an investment of RMB600 million and RMB800 million, respectively, the second and third phases of the project will involve the increase of production capacity on the basis of the scale of the first phase project. The investment on the second and third phases is planned to be completed in June. The project must be approved by a meeting of the Board of Directors or the shareholders’ meeting in order to become

effective.

Summary of material matters	Date of disclosure	Search index for disclosure of temporary reports
Public issue of convertible corporate bonds	January 3, 2020	www.cninfo.com.cn
	January 4, 2020	www.cninfo.com.cn
	March 7, 2020	www.cninfo.com.cn
	March 10, 2017	www.cninfo.com.cn
	March 12, 2020	www.cninfo.com.cn
	March 13, 2020	www.cninfo.com.cn
	March 18, 2020	www.cninfo.com.cn
	March 20, 2020	www.cninfo.com.cn
	March 24, 2020	www.cninfo.com.cn
	March 27, 2020	www.cninfo.com.cn
	March 28, 2020	www.cninfo.com.cn
	March 31, 2020	www.cninfo.com.cn
	April 2, 2020	www.cninfo.com.cn
	April 3, 2020	www.cninfo.com.cn
	April 7, 2020	www.cninfo.com.cn
	April 8, 2020	www.cninfo.com.cn
	April 9, 2020	www.cninfo.com.cn
	April 10, 2020	www.cninfo.com.cn
	April 11, 2020	www.cninfo.com.cn
April 22, 2020	www.cninfo.com.cn	
Cooperative investment between the Company and institutional investors	August 1, 2020	www.cninfo.com.cn
Application for non-public offering of A-share stocks	October 16, 2020	www.cninfo.com.cn
	November 4, 2020	www.cninfo.com.cn
	December 19, 2020	www.cninfo.com.cn
	January 12, 2021	www.cninfo.com.cn
	January 19, 2021	www.cninfo.com.cn
	February 8, 2021	www.cninfo.com.cn
	April 2, 2021	www.cninfo.com.cn



The Company's investment in developing manufacturing and R&D bases and headquarters	July 2, 2020	www.cninfo.com.cn
	July 15, 2020	www.cninfo.com.cn
	August 8, 2020	www.cninfo.com.cn
	August 13, 2020	www.cninfo.com.cn
	August 18, 2020	www.cninfo.com.cn
	August 21, 2020	www.cninfo.com.cn
	August 29, 2020	www.cninfo.com.cn
	September 4, 2020	www.cninfo.com.cn
	September 15, 2020	www.cninfo.com.cn
	September 19, 2020	www.cninfo.com.cn
	September 23, 2020	www.cninfo.com.cn
	September 24, 2020	www.cninfo.com.cn
	November 11, 2020	www.cninfo.com.cn
	December 22, 2020	www.cninfo.com.cn
	December 25, 2020	www.cninfo.com.cn
	December 31, 2020	www.cninfo.com.cn
	January 5, 2021	www.cninfo.com.cn
	January 14, 2021	www.cninfo.com.cn
	January 30, 2021	www.cninfo.com.cn
	February 2, 2021	www.cninfo.com.cn
February 8, 2021	www.cninfo.com.cn	
February 9, 2021	www.cninfo.com.cn	
February 23, 2021	www.cninfo.com.cn	
April 1, 2021	www.cninfo.com.cn	

The Company is required to comply with the disclosure requirements presented in the *Guidelines of the Shenzhen Stock Exchange for Industrial Information Disclosure No.13 – Listed Companies Engaged in the Non-Metal Building Materials Business*.

In the reporting period, there were no other material matters which need to be explained.

XX. Material Matters of Subsidiaries of the Company

Applicable Not applicable

Chapter VI Changes in Shares and Information on Shareholders

I. Changes in shares

1. Changes in shares

Unit: Share

	Before this change		Changes during the period					After this change	
	Amount	Proportion	New shares	Bonus issue	Bonus issue from capital reserves	Others	Subtotal	Amount	Proportion
I. Shares with trading limited conditions	497,126,315	33.41%	0	0	224,322,855	-53,993,155	170,329,700	667,456,015	28.41%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state legal entity	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic entities	497,062,565	33.41%	0	0	224,322,855	-53,929,405	170,393,450	667,456,015	28.41%
Including: Shares held by domestic legal entity	0	0.00%	0	0	0	1,427,250	1,427,250	1,427,250	0.06%
Shares held by domestic natural person	497,062,565	33.41%	0	0	224,322,855	-55,356,655	168,966,200	666,028,765	28.35%
4. Shares held by foreign entity	63,750	0.00%	0	0	0	-63,750	-63,750	0	0.00%
Including: Shares held by foreign legal entity	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural person	63,750	0.00%	0	0	0	-63,750	-63,750	0	0.00%
II. Shares without trading limited conditions	990,609,194	66.59%	0	0	560,569,493	130,529,785	691,099,278	1,681,708,472	71.59%
1. Common stock (RMB Denominated)	990,609,194	66.59%	0	0	560,569,493	130,529,785	691,099,278	1,681,708,472	71.59%
2. Domestically-listed shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
3. Overseas-listed shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%



4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,487,735,509	100.00%	0	0	784,892,348	76,536,630	861,428,978	2,349,164,487	100.00%

Reasons for changes in shares

Applicable Not applicable

1. During the reporting period, the accumulative amount of convertible bonds publicly issued by the company was 82,049,188 shares. The company's total share capital thus changed.

2. During the reporting period, shares locked by senior executives were relieved annually. It was six full months after part of senior executives' applications for resignation due to expiry. The stock structure changed.

3. During the reporting period, the examined and approved 2020 Proposal on Company's Semi-annual Equity Distribution was completed on October 22, 2020. By June 30, 2020, based on the total share capital of 1,569,784,697 shares, the company increased 5 shares per 10 shares to all shareholders with capital reserves. After the implementation, the total increased share capital was 784,892,348 shares. The company's total share capital thus changed.

4. During the reporting period, 2,0731,160 shares of restricted stock that actually could be unlocked in that year were released from trading restrictions for 897 incentive objects, part of whom have satisfied the conditions for the third unlocking period under the first award of the company's Phase II Restricted Stock Incentive Scheme. 5,510,646 shares were repurchased and cancelled, which were all or part of locked restricted stock for 289 incentive objects under the first award of Phase II Restricted Stock Incentive Scheme. Furthermore, 246,925 shares of restricted stock that actually could be unlocked in that year were released from trading restrictions for 19 incentive objects who fulfilled the conditions for the second unlocking period under the reservation of Phase II Restricted Stock Incentive Scheme. 1,912 shares restricted stock awarded to an incentive object that remained locked as part of restricted stock under Phase II Restricted Stock Incentive Scheme were repurchased and cancelled. The company's total share capital and stock structure thus changed.

5. During the reporting period, altogether 1,427,250 shares of Phase III all locked restricted stock were repurchased and cancelled for 46 incentive objects under Phase III Restricted Stock Incentive Scheme. By the end of the reporting period, the company has submitted business



application for buyback and cancellation to China Securities Depository and Clearing Co., Ltd (hereinafter referred to as CSDC) Shenzhen Branch and the shares were listed provisionally in the securities account special for buyback of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. The company's stock structure thus changed.

The Approval of Stock Change

Applicable Not applicable

1. As approved by ZJXX [2017] No.894 of China Securities Regulatory Commission ("CSRC"), the company publicly offered 18.4 million convertible bonds on September 25, 2017, with face value of RMB100 each. The total bonds issued amounted to 1.84 billion yuan. On September 26, 2017, the company held the 31st Meeting of the 6th board of directors at which *The Company's Proposal on Public Issuance of Convertible Bonds* was examined and approved. As approved by SZS [2017] No. 645 of Shenzhen Stock Exchange("SZSE"), 1.84 billion yuan of convertible bonds have been listed for trading on the SZSE since October 20, 2017 and can be converted to shares since March 29, 2018.

2. On March 6, 2020, *The Proposal on Early Redemption of Oriental Yuhong-CB* was adopted on the 9th Meeting of the 7th board of directors and the 9th Meeting of the 7th board of supervisors. The company decided to exercise Oriental Yuhong-CB's conditional redemption rights and redeemed all the unconverted Oriental Yuhong-CB at the price of plus current accrued interests. The trading status of Oriental Yuhong-CB was suspended since March 30,2020 and transfer of shares was restricted since April 14, 2020. The arrival date for redemption money was on April 17, 2020. The arrival date for redemption money into Oriental Yuhong-CB holder's capital account was on April 21, 2020. The redemption money of Oriental Yuhong-CB can be directly transferred to its holder's capital account through trust companies of convertible bonds. After this redemption, no hare of Oriental Yuhong-CB was in circulation or transaction. It had to be delisted for lack of listing requirements. Therefore, Oriental Yuhong-CB (Bond Code:128016) offered by the company was delisted on the SZSE on April 22,2020.

3. On August 28, 2020, the Company held the 15th meeting of the 7th board of directors and the 12th meeting of the 7th board of supervisors, deliberated on and passed *Proposals on*

Achievements in Unlocking Requirements in the Second Unlocking Stage of the Reserved Shares in Stage II Restricted Stock Incentive Scheme. Board of directors held that incentive objects had made achievements in unlocking requirements in the second unlocking stage of the reserved restricted shares held by incentive objects. 246,925 shares of restricted stock could be unlocked by 19 incentive objects in the company in the second unlocking stage. Based on the authorization by the second extraordinary general meeting in 2016, the board of directors went through relevant unlocking formalities.

4. On September 14, 2020, the company's first extraordinary general meeting in 2020 passed the proposal on 2020 semi-annual equity distribution, by June 30, 2020, based on the total share capital of 1,569,784,697 shares, five shares are increased by transferring to all the shareholders with capital reserves for every 10 shares, involving a total of 784,892,348 shares.

5. On September 17, 2020, the Company held the 17th meeting of the 7th board of directors and the 13th meeting of the 7th board of supervisors, deliberated on and passed *Proposals on Achievements in Unlocking Requirements in the Third Unlocking Stage for Shares Granted for the First Time in Stage II Restricted Stock Incentive Scheme.* Board of directors held that achievements have been made in unlocking requirements in the third unlocking stage for part of restricted shares granted for the first time held by eligible participants. A total of 897 eligible participants in the company could unlock 20,731,160 shares of restricted stock in the third unlocking stage. Based on the authorization by the company's second extraordinary general meeting in 2016, the board of directors went through relevant unlocking formalities.

6. On October 26, 2020, the Company held the 21st meeting of the 7th board of directors and the 15th meeting of 7th board of supervisors respectively, deliberated on and passed *The Proposal on Buying Back and Writing off Part of Restricted Shares First Granted to Eligible Participants Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements in Stage II Restricted Stock,* and *The Proposal on Buying Back and Writing Off Part of Restricted Stock Granted to Eligible Participants Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements in Stage II Restricted Stock.* Based on the authorization by the 2nd Extraordinary General Meeting in 2016, in circumstances where some eligible participants changed their posts due to resignation,



incompetence and disqualification, and disqualification or under-qualification in 2019 Annual Personal Performance Appraisal, the Board of Directors decided to buy back or write off all or part of restricted shares granted for the first time yet had not been unlocked in Stage II restricted share incentive scheme, totaling 5,510,646 shares. Furthermore, based on the authorization by the 2nd extraordinary general meeting in 2016, due to under-qualification of some eligible participants in 2019 Annual Personal Performance Appraisal, the board of directors decided to buy back and write off part of restricted shares granted yet had not been unlocked in the reserved part of Stage II Restricted Stock Incentive Scheme, totaling 1,912 shares.

7. On October 26, 2020, the company held the 21st meeting of the 7th board of directors and the 15th meeting of the 7th board of supervisors, deliberated on and passed *Proposals on Buying Back and Writing off Part of the Restricted Shares in Stage III Restricted Share Incentive Scheme Granted to Eligible Participants Yet Had Not Been Unlocked Due to Failure to Meet Incentive Requirements*. As stipulated by *Stage III Restricted Share Incentive Scheme*, in circumstances where some eligible participants changed their posts due to resignation, incompetence and disqualification, based on the authorization by the 3rd Extraordinary General Meeting in 2019, the Board of directors decided to buy back and write off all the restricted shares granted yet had not been unlocked in Stage III, totaling 1,427,250 shares. By the end of the reporting period, the aforesaid matters had been deliberated on and passed on the 3rd extraordinary general meeting in 2020 held on December 7, 2020.

Status of Transfer for Shareholdings' Movements

Applicable Not applicable

1. 2020 Proposal on Semi-annual Equity Distribution was completed on October 22, 2020. An increase of 784,892,348 shares had gone through relevant registrations at CSDC Shenzhen Branch after closing on the SZSE on October 21, 2020.

2. On December 24, 2020, all or part of restricted stock in the first granted part and reserved part of Phase II Restricted Stock Incentive Scheme granted but had not been unlocked due to failure to meet unlocking requirements, totaling 5,512,558 shares had been repurchased, transferred and cancelled.

3. The company planned to buy back and write off a total of 1,427,250 shares of restricted shares granted to eligible participants but had not been unlocked due to failure to meet unlocking requirements in Stage III Restricted Stock Incentive Scheme. By the end of the reporting period, the company had submitted business application for repurchase and cancellation to CSDC Shenzhen Branch and provisionally transferred the aforesaid shares into the securities account special for repurchase of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. By the day for the report disclosure, part of shares had been cancelled.

Progress in Repurchase of Shares

Applicable Not applicable

Progress in Share Repurchase Reduction by Centralized Bidding

Applicable Not applicable

The influence of stock change on financial indicators such as the latest year and the latest phase of basic earnings per share, diluted earnings per share as well as net assets per share held by common shareholders.

Applicable Not applicable

During the reporting period, the total share capital increased from 1,487,735,509 shares at the beginning of the period to 2,349,164,487 shares at the end of the period, which diluted earnings per share and net assets per share held by common shareholders.

Other disclosures that the company think necessary or required by CSRC

Applicable Not applicable

2. Changes in Shares with Trading Restrictions

Applicable Not applicable

Unit: Share

Names of shareholders	Initial number of shares with trading restrictions	Increased number of shares with trading restrictions in this period	Relieved number of shares with trading restrictions in this period	Number of shares with trading restrictions at the end of this period	Causes of trading restrictions	Date of trading restriction relief
Li Weiguo	332,153,918	157,913,209	16,327,500	473,739,627	Share locked by senior executive	In accordance with relevant



						The implementation of 2020 Semi-annual Equity Distribution Proposal made shares with trading restrictions increased with 5 shares per 10 shares.	provisions on the administration of senior executive shares on January 2, 2020, a total of 7,035,000 shares of share locked by high executives were released from trading restrictions.
Xu Limin	67,359,625	30,162,312	7,035,000	90,486,937	Share locked by senior executive The implementation of 2020 Semi-annual Equity Distribution Proposal made shares with trading restrictions increased with 5 shares per 10 shares.	In accordance with relevant provisions on the administration of shares locked by senior executives on January 2, 2020, a total of 7,035,000 shares of shares locked by high executives were released from trading restrictions.	
Xiang Jinming	14,284,661	7,142,331	0	21,426,992	Share locked by senior executive The implementation of 2020 Semi-annual Equity Distribution Proposal made shares with trading restrictions increased with 5 shares per 10 shares.	-	

Yang Haocheng	2,028,894	763,197	502,500	2,289,591	<p>1,907,094 shares of shares locked by senior executives, 382,497 shares of equity incentive shares with trading restrictions. The implementation of 2020 Semi-annual Equity Distribution Proposal made shares with trading restrictions increased with 5 shares per 10 shares.</p>	<p>In accordance with relevant provisions on the administration in relation to senior executive shares on January 2, 2020, a total of 7,035,000 shares of share locked by high executives were released from trading restrictions. On September 30, 2020, 254,999 shares were unlocked in the 3rd unlocking period in the first granting part of Stage II Restricted Stock Incentive Scheme. All of the unlocked shares were transferred to shares locked by senior executives and sold with restrictions.</p>
Zhang Ying	1,525,048	650,024	537,373	1,637,699	<p>1,191,450 shares of share locked by senior executives, 446,249 shares of equity incentive shares with trading restrictions. The implementation of 2020</p>	<p>On January 2, 2020, in accordance with provisions on the administration in relation to senior executive shares, a total of 225,000 shares of shares locked by senior executive were</p>



						<p>Semi-annual Equity Distribution Proposal made shares with trading restrictions increase with 5 shares per 10 shares.</p> <p>released from trading restrictions. On September 30, 2020, 89,249 shares were unlocked in the 3rd unlocking period in the first granting of Stage II Restricted Stock Incentive Scheme. All the unlocked shares were transferred to shares locked by senior executives and continued to be traded with restrictions. On December 24, 2020, 312,373 shares of restricted shares granted yet failed to meet incentive requirements in the first granting of Stage II Restricted Stock Incentive Scheme were repurchased and cancelled.</p>
Zhang Hongtao	896,169	515,021	0	1,411,190	<p>1,028,693 shares of shares locked by senior executives, 382,497 shares of equity incentive shares with trading restrictions. On January 2, 2020,</p> <p>On September 30, 2020, 254,999 shares were unlocked in the 3rd unlocking period in the first granting of Stage II Restricted Stock Incentive Scheme. All of</p>	



						<p>in accordance with provisions on the administration in relation to senior executive shares, 44,625 shares of shares locked by senior executives were increased. The implementation of 2020 Semi-annual Equity Distribution Proposal made shares with trading restrictions increase with 5 shares per 10 shares.</p>	<p>the unlocked shares were transferred to shares locked by senior executives and continued to be traded with restrictions.</p>
Zhang Zhiping	1,141,981	439,740	262,500	1,319,221	<p>872,972 shares of shares locked by senior executives, 446,249 shares of equity incentive shares with trading restrictions. The implementation of 2020 Semi-annual Equity Distribution Proposal made shares with trading restrictions increase with 5 shares per 10 shares.</p>	<p>On January 2, 2020, in accordance with provisions on the administration in relation to senior executive shares, 262,500 shares of shares locked by senior executives were released from trading restrictions. On September 30, 2020, 297,498 shares were unlocked in the 3rd unlocking period in the first granting of Stage</p>	



						II Restricted Stock Incentive Scheme. All of the unlocked shares were transferred to shares locked by senior executives and continued to be traded with restrictions.
Xu Wei	611,322	305,661	0	916,983	725,733 shares of shares locked by senior executives, 191,250 shares of equity incentive shares with trading restrictions. The implementation of 2020 Semi-annual Equity Distribution Proposal made shares with trading restrictions increase with 5 shares per 10 shares.	On September 30, 2020, 127,499 shares were unlocked in the 3rd unlocking period in the first granting of Stage II Restricted Stock Incentive Scheme. All of the unlocked shares were transferred to shares locked by senior executives and continued to be traded with restrictions.
Wang Wenping	687,179	278,120	130,938	834,361	515,614 shares of shares locked by senior executives, 318,25 shares of equity incentive shares with trading restrictions. The implementation of 2020 Semi-annual Equity Distribution	On January 2, 2020, in accordance with provisions on the administration in relation to senior executive shares, 59,033 shares of shares locked by senior executives were released from trading restrictions. On



					<p>Proposal made shares with trading restrictions increase with 5 shares per 10 shares.</p>	<p>September 30, 2020, 212,499 shares were unlocked in the 3rd unlocking period in the first granting of Stage II Restricted Stock Incentive Scheme, 140,594 shares of which were transferred to shares locked by senior executives and continued to be traded with trading restrictions. 71,905 shares of unlocked shares became unrestricted tradable shares.</p>
Liu Bin	2,801,061	169,999	2,461,063	509,997	<p>Equity incentive shares with trading restrictions The implementation of 2020 Semi-annual Equity Distribution Proposal made shares with trading restrictions increase with 5 shares per 10 shares.</p>	<p>On February 3, 2020, shares were unlocked at the rate of 100% six months after senior executives applied for resignation, totaling 2,121,065 shares of share locked by senior executives were released from trading restrictions. On September 30, 2020, 339,998 shares unlocked in the 3rd</p>



						unlocking period in the first granting of Stage II Restricted Stock Incentive Scheme were all transferred to unrestricted tradable shares.
Other shares with trading restrictions	73,636,457	26,027,866	26,780,906	72,883,417	225,542 shares of shares locked by senior executives, 72,657,875 shares of equity incentive shares with trading restrictions. The implementation of 2020 Semi-annual Equity Distribution Proposal made shares with trading restrictions increase with 5 shares per 10 shares.	On February 3, 2020, shares were unlocked at the rate of 100% six months after senior executives applied for resignation, totaling 2,285,627 shares of share locked by senior executives were released from trading restrictions. On September 7 and 30, 2020, a total of 19,295,094 shares were released from trading restrictions for eligible participants in the reserved part and first granting part of Stage II Restricted Stock Incentive Scheme respectively. On December 24, 2020, part of restricted shares were repurchased



						and cancelled granted yet failed to meet incentive requirements in the first granting part and reserved part of Stage II Restricted Stock Incentive Scheme, totaling 5,200,185 shares.
In total	497,126,315	224,367,480	54,037,780	667,456,015	--	--

II. Offering and Listing of Securities

1. Offering of Securities During the Reporting Period (Preferred Stock Excluded)

Applicable Not applicable

2. Statement of Changes in Total Shares and Shareholder Structure and Asset and Liability Structure

Applicable Not applicable

During the reporting period, the number of convertible bonds were 82,049,188 shares. During the reporting period, the company completed the 2020 Proposal on Semi-annual Equity Distribution. The company transferred 5 shares per 10 shares to all shareholders with capital reserves on a basis of the latest total share capital of 1,569,784,697 shares by June 30, 2020, totaling 784,892,348 shares. The above-mentioned matters resulted in the corresponding increase in total shares.

During the reporting period, part of restricted stock granted to eligible participants yet had not been unlocked due to their failure to meet incentive requirements in Stage II Restricted Stock Incentive Scheme were repurchased and cancelled, totaling 5,512,558 shares. Of which, the number of restricted shares in the first granting part of Stage II Restricted Stock Incentive Scheme were 551.0646 shares; the number of restricted shares in the reserved part of Stage II Restricted Stock Incentive Scheme were 1,912 shares. The above-mentioned matters resulted in the corresponding increase in total shares.

To sum up, the total shares were increased from 1,487,735,509 shares at the beginning of the reporting period to 2,349,164,487 shares at the end of the reporting period.

The repurchase and cancellation of restricted shares in Stage II Equity Incentive Scheme and transfer of convertible bonds resulted in changes in shareholder structure. The repurchase and cancellation of restricted shares in Stage II Equity Incentive Scheme resulted in the decrease in equity incentive shares with trading restrictions. The transfer of convertible bonds resulted in the increase in tradable shares without trading restrictions. The above-mentioned matters didn't result in changes in holding shareholders and actual controllers.

Meanwhile, transfer of convertible bonds resulted in a decrease in liabilities.

3. Existing Internal Employee Stock

Applicable Not applicable

III. Shareholder and Actual Controller

1. Number of Shareholders and Shareholding

Unit: Share

the total number of common shareholders at the end of the reporting period	103,394	the total number of common shareholders at the end of the month before the date of disclosure of annual report	112,616	the total number of preferred stock shareholders with restored voting rights at the end of the reporting period (if any) (reference to Note 8)	0	the total number of preferred shareholders with restored voting rights at the end of the month before the date of disclosure of annual report	0	
Shareholdings of shareholders holding over 5% or top 10 shareholders								
Name of shareholders	Type of shareholders	Proportion	Number of shares held at the end of the period	Increase/decrease during the period	Number of shares with trading restrictions	Number of shares without trading restrictions	Pledged or frozen shares	
							Status of shares	Amount
Li Weiguo	Domestic natural person	25.10%	589,652,837	168,550,946	473,739,627	115,913,210	Pledged	247,485,078



Hongkong Securities Clearing Co., Ltd	Overseas legal entity	13.24%	310,955,213	176,562,859	0	310,955,213		
Xu Limin	Domestic natural person	3.93%	92,269,250	11,836,417	90,486,937	1,782,313		
China Merchants Bank Co., Ltd - Foresight Growth Value Hybrid Securities Investment Fund	Others	2.45%	57,585,349	23,129,684	0	57,585,349		
Central Huijin Investment Co., Ltd	state-owned legal entity	1.39%	32,561,026	10,853,675	0	32,561,026		
Xiang Jinming	Domestic natural person	0.99%	23,169,323	4,123,108	21,426,992	1,742,331		
China Merchants Bank Co., Ltd - BOCOM Schroders New Growth Hybrid Securities Investment Fund	Others	0.97%	22,821,845	3,678,749	0	22,821,845		
Agricultural Bank of China - BOCOM Schroders Selected Hybrid Securities Investment Fund	Others	0.87%	20,539,756	3,088,237	0	20,539,756		
Norges Bank - Equity Fund	Overseas legal entity	0.85%	20,061,703	10,301,836	0	20,061,703		
UBS AG	Overseas legal entity	0.82%	19,352,654	7,736,917	0	19,352,654		
Strategic investors or general legal entities became top 10 shareholders due to placement of new shares(if any)(reference to Note 3)	Not applicable							
Statement of the above shareholders correlation or concerted action	The company was not notified if the above shareholders were correlated or belonged to persons acting in concert as stipulated in <i>Measures for the Administration of the Takeover of Listed Companies</i> .							
Shareholdings of top 10 shareholders without trading restrictions								



Name of shareholder	Number of shares without trading restrictions at the end of the reporting period	Type of shares	
		Type of shares	Amount
Hongkong Securities Clearing Co., Ltd	310,955,213	Common stock (RMB Denominated)	310,955,213
Li Weiguo	115,913,210	Common stock (RMB Denominated)	115,913,210
China Merchants Bank Co., Ltd - Foresight Growth Value Hybrid Securities Investment Fund	57,585,349	Common stock (RMB Denominated)	57,585,349
Central Huijin Investment Co., Ltd	32,561,026	Common stock (RMB Denominated)	32,561,026
China Merchants Bank Co., Ltd - BOCOM Schrodgers New Growth Hybrid Securities Investment Fund	22,821,845	Common stock (RMB Denominated)	22,821,845
Agricultural Bank of China - BOCOM Schrodgers Selected Hybrid Securities Investment Fund	20,539,756	Common stock (RMB Denominated)	20,539,756
Norges Bank - Equity Fund	20,061,703	Common stock (RMB Denominated)	20,061,703
UBS AG	19,352,654	Common stock (RMB Denominated)	19,352,654
China Merchants Bank Co., Ltd - Foresight Balance Value Three-year Holding Period Hybrid Securities Investment Fund	17,094,637	Common stock (RMB Denominated)	17,094,637
Kuwait Investment Authority	15,059,112	Common stock (RMB Denominated)	15,059,112
Statement of the correlation or acting in convert among top 10 holders of tradable-share without trading restrictions and between top 10 holders of tradable-share without trading restrictions and top 10 shareholders	The company was not notified if the above shareholders were correlated or belonged to persons acting in concert as regulated in <i>Measures for the Administration of the Takeover of Listed Companies</i> .		
Statement of top 10 common	Not applicable		

shareholders engaging in securities margin trading(if any)(reference to Note 4)	
---	--

If the top 10 common shareholders and the top 10 holders of common shares without trading restrictions had agreed repurchase trading during the reporting period.

Yes No

The top 10 common shareholders and the top 10 holders of common shares without trading restrictions had no agreed repurchase trading during the reporting period.

2. Information on Controlling Shareholders

Nature of controlling shareholders: natural person holding

Nature of controlling shareholders: natural person

Name of controlling shareholders	Nationality	whether has obtained the permanent residence right of any other region or country
Li Weiguo	China	No
Main job title	Mr. Li Weiguo, born in 1965, graduated from Hunan Agricultural University, bachelor degree, China, no permanent right of abode in a foreign country or region. In 1989, he taught at Changsha County Vocational Secondary School; In 1992, he taught at Hunan Economic Management College; From 1993 to 1995, he worked in the Hunan Provincial Bureau of Statistics; In 1995, he founded Changsha Changhong Building Waterproof Engineering Co., Ltd. He has been the chairman of the company since 1998 and is the main founder. He is also the chairman of Beijing GeoEnviron Engineering & Technology Co., Ltd., the executive director of Shenzhen Kaier Hanxiang Shiye Co., Ltd., and the executive director and manager of Beijing Changyang Jingyuan Technology Co., Ltd. On July 2003, he was selected as one of the top ten young entrepreneurs of Beijing. In 2005, he was selected as model worker of Beijing. In 2012, he was selected as one of the top ten annual outstanding youth in Zhongguancun. On November 2017, he was selected as the most respectable entrepreneur. He was listed on the 2019 and 2020 China Top 100 CEO lists. He is currently the president of China National Building Waterproof Association and the vice president of China Building Material Council.	
Information on shareholding of other domestic and overseas listed companies that had a controlling share or an equity participation during the reporting period.	Controlling shares of Beijing GeoEnviron Engineering & Technology Co., Ltd, stock code: 603588, the shareholding ratio of Mr. Li Weiguo is 18.67%	

Changes in controlling shareholders during the period



Applicable Not applicable

no change in controlling shareholders during the period

3. Actual controllers and persons acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

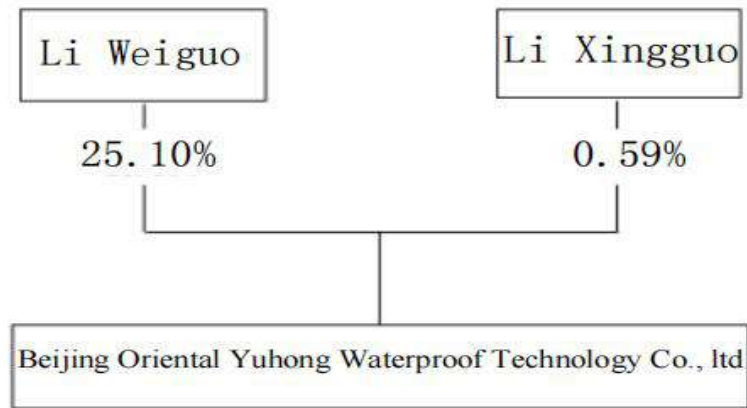
Name of actual controller	relation with actual controller	Nationality	whether the permanent residence right of any other region or country is obtained
Li Weiguo	I	China	No
main job title	Mr. Li Weiguo, born in 1965, graduated from Hunan Agricultural University, bachelor degree, China, no permanent right of abode in a foreign country or region. In 1989, he taught at Changsha County Vocational Secondary School; In 1992, he taught at Hunan Economic Management College; From 1993 to 1995, he worked in the Hunan Provincial Bureau of Statistics; In 1995, he founded Changsha Changhong Building Waterproof Engineering Co., Ltd. He has been the chairman of the company since 1998 and is the main founder. He is also the chairman of Beijing GeoEnviron Engineering & Technology Co., Ltd., the executive director of Shenzhen Kaier Hanxiang Shiye Co., Ltd., and the executive director and manager of Beijing Changyang Jingyuan Technology Co., Ltd. On July 2003, he was selected as one of the top ten young entrepreneurs of Beijing. In 2005, he was selected as model worker of Beijing. In 2012, he was selected as one of the top ten annual outstanding youth in Zhongguancun. On November 2017, he was selected as the most respectable entrepreneur. He was listed on the 2019 and 2020 China Top 100 CEO lists. He is currently the president of China National Building Waterproof Association and the vice president of China Building Material Council.		
Status of overseas and domestic listed companies that had controlling shares in the past 10 years	Controlling shares of Beijing GeoEnviron Engineering & Technology Co., Ltd, stock code: 603588, the shareholding ratio of Mr. Li Weiguo is 18.67%		

Changes in actual controllers during the reporting period

Applicable Not applicable

No change in actual controller during the reporting period

Ownership and control relations between the actual controller and the company



Note: Mr. Li Weiguo is the actual controller of the Company. And Mr. Li Xingguo is Mr. Li Weiguo's brother and acting-in-concert party

Actual controller controls the company through trust or other asset management methods

Applicable Not applicable

4. Other legal shareholders holding over 10%

Applicable Not applicable

5. Status of restrictions on the reduction of holdings for controlling shareholders, actual controller, restructuring party and other commitment subjects

Applicable Not applicable



Chapter VII Status of Preferred Shares

Applicable Not applicable

No preferred shares during the reporting period.



Chapter VIII Convertible Corporate Bonds

Applicable, Not applicable

I. The previous adjustments of the price for share transfer

With the approval of the China Securities Regulatory Commission (CSRC) (CSRC [2017] No. 894), the company publicly issued 18.4 million convertible corporate bonds on September 25, 2017, each with a face value of RMB100, reaching a total issuance of RMB1.84 billion. With the approval of the Shenzhen Stock Exchange (SZSE) (SZSE [2017] No. 645), the company's RMB1.84 billion convertible corporate bonds were listed for trading on October 20, 2017. The bond is referred to as "Yuhong Convertible Bond", with a bond code of 128016. According to the Prospectus and relevant regulations of the CSRC on the issuance of convertible corporate bonds, the convertible bonds issued can be converted into shares from March 29, 2018 at RMB38.48/share. The "Reminder Announcement on the Start of Conversion of Yuhong Bonds" was issued on March 27, 2018.

Based on the company's 2017 dividend plan, a cash dividend of RMB1.499980 (tax inclusive) per 10 shares was distributed to shareholders, and 6.999907 shares were transferred from the capital reserve per 10 shares. The ex-right and ex-dividend date is June 20, 2018. According to the Prospectus and relevant regulations of the CSRC on the issuance of convertible corporate bonds, the conversion price of "Yuhong Convertible Bonds" has been adjusted from RMB38.48/share to RMB22.55/share, taking effect on June 20, 2018.

On December 17, 2018, in accordance with the relevant provisions of the "Company Restricted Stock Incentive Plan (Draft Revised Draft)" and the "Company's Second Restricted Stock Incentive Plan (Draft Revised Draft)", the company completed the repurchase and cancellation of some restricted stocks that have been granted but not yet unlocked by unqualified incentive objects, a total of 7,079,337 restricted stocks for equity incentives were repurchased and canceled by the company. Due to the repurchase and cancellation of some restricted stocks, the conversion price of "Yuhong Convertible Bonds" has been adjusted from the original RMB22.55/share to RMB22.63/share after calculation. The adjusted conversion price took effect on December 18, 2018.

According to the Company's dividend plan in 2018, RMB3.00(tax inclusive) cash per 10 shares was distributed to shareholders based on the total share capital of 1,468,543,799 shares, which was calculated after the repurchased shares in the company's special repurchase account (23,540,159 shares) was deducted from the total share capital on the stock right registration date (May 29, 2019). The ex-right or ex-dividend date is May 30, 2019. According to the Prospectus and relevant regulations of the CSRC on the issuance of convertible corporate bonds, the conversion price of "Yuhong Convertible Bonds" has been adjusted from the original RMB22.63/share to RMB22.33 /share, taking effect on May 30, 2019.

On November 20, 2019, in accordance with the relevant provisions of the "Company's Second Phase of Restricted Stock Incentive Plan (Revised Draft)", the company completed the repurchase and cancellation procedures of some restricted stocks that have been granted but not yet unlocked by incentive objects. Repurchase and cancellation procedures, a total of 8.176638 shares of restricted stocks for equity incentives were repurchased and canceled by the company. Due to the repurchase and cancellation of some restricted stocks, the conversion price of "Yuhong Convertible Bonds" has been adjusted from the original RMB22.33/share to RMB22.43/share after calculation. The adjusted conversion price took effect from November 22, 2019.

According to the relevant provisions of the "Company's Third Restricted Stock Incentive Plan (Revised Draft)", the company granted 27,362,528 restricted stocks to 1,752 incentive objects at a price of RMB10.77/share, of which 307 incentive objects granted a total of 3.822369 million ordinary shares. The company has completed the registration procedures for the private issuance of 3.822369 million A-share ordinary shares to 307 incentive objects in the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. The listing date of the restricted stock is December 12, 2019. After the registration of the new shares, the total share capital of the company has increased from 1,483,911,924 shares to 1,487,734,293 shares. According to the company's regulations, the conversion price of "Yuhong Convertible Bonds" has been adjusted from the original RMB22.43/share to RMB22.40/share after calculation. The adjusted conversion price took effect on December 12th.

II. Cumulative share conversion

Applicable Not applicable

The abbreviation for convertible bonds	Start & Finish date	Total amount issued	Total issue amount	The accumulated amount of stock conversion (RMB)	The accumulated number of shares transferred (shares)	The proportion of the number of shares transferred to the total number of shares issued by the company prior to the commencement of the transfer	Amount not yet converted (RMB)	The proportion of the number of unconverted shares in the total amount issued
The Yuhong convertible bond	March 29th, 2018	18400000	1840000000.00	1838600200.00	82070737	9.31%	1399800.00	0.08%
	April 13, 2020							

III. Top 10 Convertible Bonds Holders

Applicable, Not applicable

During this report, the company has fully redeemed the "Yuhong Convertible Bonds" that have not been converted as of April 13, 2020 (the redemption registration date of the convertible bonds). After the redemption, there are no "Yuhong Convertible Bonds" to circulate or trade, which no longer meet the requirements for listing and was delisted from the Shenzhen Stock Exchange on April 22, 2020. Therefore, as of the end of the reporting, the company has no holders of convertible bonds.

IV. Significant changes in the guarantor's profitability, financial position, and credit status

Applicable, Not applicable

V. At the end of the reporting period, the company's liabilities, credit changes, and cash arrangements for debt repayment in future years

During the reporting period, Lianhe Credit Rating Co., Ltd. issued the "Beijing Oriental

Yuhong Waterproof Technology Co., Ltd. Subject Long-term Credit Tracking Rating Report" on January 2, 2020, maintaining the company's long-term credit rating as AA+, and the rating outlook is "stable". For details of the aforementioned report, please refer to www.cninfo.com.cn.

On March 6, 2020, The Proposal on Early Redemption of Oriental Yuhong convertible bonds was adopted on the 9th Meeting of the 7th board of directors and the 9th Meeting of the 7th board of supervisors. The company decided to exercise conditional redemption rights and redeemed all the unconverted Oriental Yuhong convertible bonds at the price of denomination plus current accrued interests. "Yuhong Convertible Bonds" stopped trading on March 30, 2020, and stopped converting shares on April 14, 2020. On April 17, 2020 redemption funds reached the account of the issuer (company); and on April 21, 2020 the holders. The redemption money of the "Yuhong Convertible Bond" has been directly transferred to the holder's account through the custodian broker. As of the close of the market on April 13, 2020 (the registration date of the redemption), "Yuhong Convertible Bonds" had converted 82,070,737 shares, and there were 13,998 unconverted shares. The number of redemptions is 13,998, and the redemption price is RMB100.55/piece (including current accrued interest (tax inclusive), current annual interest of 1.00%), the company paid a total of RMB1,407,498.90 for redemption. After this redemption, no Oriental Yuhong convertible bonds were in circulation or transaction. It failed to meet the requirements for listing. Therefore, it was delisted on the SZSE on April 22, 2020.

Chapter IX About Directors, Supervisors, Senior Managers and Employees

I. Changes of Shares Held by Directors, Supervisors, and Senior Executives

Name	Title	Working status	Gender	Age	Starting Date of Tenure	Ending Date of Tenure	Starting number of shares held in this period	Shares added in this period	Shares reduced in this period	Other changes of shares	Ending number of shares held in this period
Li Weiguo	Director	Employed	Male	56	July 29, 2019	July 28, 2022	421,101,891	0	35,000,000	203,550,946	589,652,837
Li Weiguo	Chairman of the Board	Employed	Male	56	July 30, 2019	July 29, 2022	0	0	0	0	0
Xu Limin	Director	Employed	Male	55	July 29, 2019	July 28, 2022	80,432,833	0	18,920,000	30,756,417	92,269,250
Xu Limin	Vice-chairman of the Board	Employed	Male	55	July 30, 2019	July 29, 2022	0	0	0	0	0
Xiang Jinming	Director	Employed	Male	57	July 29, 2019	July 28, 2022	19,046,215	0	3,600,000	7,723,108	23,169,323
Zhang Zhiping	Director	Employed	Female	50	July 29, 2019	July 28, 2022	1172642	0	268,000	452321	1,356,963
Zhang Zhiping	President	Employed	Female	50	July 30, 2019	July 29, 2022	0	0	0	0	0
Zhang Ying	Director	Employed	Female	50	July 29, 2019	July 28, 2022	1,733,398	0	300,000	404,327	1,837,725
Zhang Ying	Vice President	Employed	Female	50	July 30, 2019	July 29, 2022	0	0	0	0	0
Zhang Hongtao	Director	Employed	Male	44	July 29, 2019	July 28, 2022	1,254,393	0	310,000	472,196	1,416,589
Zhang Hongtao	Vice President	Employed	Male	44	July 30, 2019	July 29, 2022	0	0	0	0	0
Yang Haocheng	Director	Employed	Male	48	July 29, 2019	July 28, 2022	2,035,192	0	500,000	767,596	2,302,788
Wang	Director	Employed	Female	45	July 29,	July 28,	318,748	0	79,000	119,874	359,622



Xiaoxia					2019	2022						
Wang Xiaoxia	Vice President	Employed	Female	45	July 30, 2019	July 29, 2022	0	0	0	0	0	0
Hu Xiaoyuan	Independent Director	Ex-employed	Female	64	July 29, 2019	September 14, 2020	0	0	0	0	0	0
Cai Zhaoyun	Independent Director	Employed	Female	56	September 14, 2020	July 28, 2022	0	0	0	0	0	0
Huang Qinglin	Independent Director	Employed	Male	55	July 29, 2019	July 28, 2022	0	0	0	0	0	0
Chen Guangjin	Independent Director	Employed	Male	56	July 29, 2019	July 28, 2022	0	0	0	0	0	0
Qu Peihua	Independent Director	Employed	Male	64	July 29, 2019	July 28, 2022	0	0	0	0	0	0
Chen Guifu	Employee Supervisor	Employed	Male	44	July 29, 2019	July 28, 2022	3,400	0	0	1,700	5,100	
Chen Guifu	Chairman of the Supervisory Board	Employed	Male	44	July 30, 2019	July 29, 2022	0	0	0	0	0	0
Wang Jing	Supervisor	Employed	Female	35	July 29, 2019	July 28, 2022	0	0	0	0	0	0
Zou Menglan	Supervisor	Employed	Female	26	July 29, 2019	July 28, 2022	0	0	0	0	0	0
Wang Wenping	Vice President	Employed	Female	48	July 30, 2019	July 29, 2022	741,655	0	50,000	345,828	1,037,483	
Xu Wei	CFO	Employed	Female	41	July 30, 2019	July 29, 2022	815,096	0	200,000	307,548	922,644	
Zhang Bei	Vice President, Secretary of the Board	Employed	Female	41	July 30, 2019	July 29, 2022	145,000	0	0	72,500	217,500	
Wang Huimin	Vice President	Ex-employed	Female	44	July 30, 2019	April 17, 2020	0	0	0	0	0	0



In total	--	--	--	--	--	--	528,800,463	0	59,227,000	244,974,361	714,547,824
----------	----	----	----	----	----	----	-------------	---	------------	-------------	-------------

II. Personnel Change: Directors, Supervisors, Senior Executives

√ Applicable □ Not Applicable

Name	Title	Type of Changes	Date	Reasons for Departure
Wang Huimin	Vice President	Ex-employed	April 17, 2020	Personal reasons
Hu Xiaoyuan	Independent Director	Terminated Tenure	September 14, 2021	For the Board's smooth operation, Mrs. Hu Xiaoyuan, an independent director of the 7th Board of Directors, was replaced after her six-year tenure terminated. On September 14, 2020, the Motion on the Termination of Independent Directors' Tenure and the Replacement of Independent Directors was passed by the first extraordinary general meeting in 2020, and Mrs. Hu Xiaoyuan was allowed to resign as her tenure terminated.
Cai Zhaoyun	Independent Director	Elected	September 14, 2021	For the board's smooth operation, Mrs. Hu Xiaoyuan, the ex-independent director of the 7th Board of Directors, was replaced after her six-year tenure terminated. On September 14, 2020, the Motion on the Termination of Independent Directors' Tenure and the Replacement of Independent Directors was passed by the first extraordinary general meeting in 2020, and Mrs. Cai Zhaojun was elected as an independent director.

III. Profile and Working Experience

This part is about the educational background, major working experience, and major duties of present directors, supervisors, and senior executives:

1. Director's Profile and Working Experience

The 7th Board of Directors sets 12 directors. They are Li Weiguo, Xu Limin, Xiang Jinming, Zhang Zhiping, Zhang Ying, Zhang Hongtao, Yang Haocheng, Wang Xiaoxia, Cai Zhaojun, Chen Guangjin, Huang Qinglin, Qu Peihua. Cai Zhaojun, Chen Guangjin, Huang Qinglin, and Qu Peihua are independent directors. Directors' Profile:

Mr. Li Weiguo, a Chinese national born in 1965, graduated from Hunan Agricultural

University with a Bachelor's Degree. He has no permanent residence status outside China's mainland. He joined Changsha County Vocational and Technical School in 1989 and Hunan University of Economics and Management in 1992 as a teacher. From 1993 to 1995, he worked for the Bureau of Statistics of Hunan Province. In 1995, he founded the Changsha Changhong Building Waterproof Engineering Co., Ltd. Li has been Oriental Yuhong's chairman of the board and the main founder of the company since 1998. He holds a concurrent post of the chairman of the board in Beijing GeoEnviron Engineering and Technology Inc., the executive director of Shenzhen Keir Hanxiang Industrial Co., Ltd., and the executive director and manager of Beijing Changyang Jingyuan Technology Co., Ltd. In July 2003, he was honored as one of Beijing's Top Ten Entrepreneurs, Beijing Model Worker in 2005, Top Ten Most Influential People of Zhongguancun in 2012, one of the Most Respected Entrepreneurs in November 2017. He was also on the list of the 2019 and 2020 Top 100 CEO of China. He is now the president of China National Building Waterproof Association and a vice president of the China Building Materials Federation.

Mr. Xu Limin, a Chinese national born in 1966. He graduated from Peking University with a Bachelor's Degree. He has no permanent residence status outside China's mainland. Xu, one of the main founders of Oriental Yuhong, has successively served as the deputy general manager, executive vice general manager and vice-chairman of the board in Oriental Yuhong. He is now the vice-chairman of the Board of Directors. Xu was a director of Beijing GeoEnviron Engineering and Technology Inc. from 2002 to 2009 and has been an executive director of Costar Culture & Media Co., Ltd. since 2011.

Mr. Xiang Jinming, a Chinese national born in 1964. He graduated from Chongqing University with a Bachelor's Degree. He has no permanent residence status outside China's mainland. Xiang, from 1988 to 1998, worked in Hunan Pharmaceutical Factory serving as a secretary of the Personnel Department, deputy director of the Business Administration Department, deputy general manager of the Supply and Marketing Company and the manager of the Import and Export Department. He was once honored with the title of "Excellent Manager of Self-operated Import and Export Enterprise in Changsha". From 1998 to 2001, Xiang served as the general manager of Hunan Oriental Yuhong Anti-corrosion, Insulation, and Waterproof Engineering Co., Ltd. In 2001, Xiang

joined the Oriental Yuhong Waterproof Technology Co., Ltd. as the executive deputy general manager, managing director, and director successively. He is now one of the directors of the company.

Mrs. Zhang Zhiping, a Chinese national born in 1971, is a university graduate. She has no permanent residence outside China's mainland. From 1992 to 2001, she served successively as a member and secretary of the CPC Youth League Committee of Beijing Aokelan Waterproof Engineering Co., Ltd. From 2001 to 2006, Zhang served successively as the sales manager and the head of the Technology Promotion Department of Beijing Carlisle Waterproofing Materials Co., Ltd. She joined Oriental Yuhong in August 2006 and successively served as the regional manager of the Distributor Management Department, department manager and vice president. Zhang is now the president and one of the directors of the company and serves concurrently as the president of Oriental Yuhong Civil Building Materials Group.

Mrs. Zhang Ying, a Chinese national born in 1971, holds a Bachelor's Degree in Engineering from East China University of Science and Technology and a Master's Degree in Finance from Renmin University of China. She is a Certified Public Accountant, a Certified Asset Valuer, and a Certified Tax Agent in China. She has no permanent residence status outside China's mainland. From 1993 to 2008, she worked in Jingdu Tianhua Certified Public Accountants (now renamed as Grant Thornton Certified Public Accountants), successively serving as the project manager and department manager. From 2008 to 2009 she served as the audit manager of Reanda Certified Public Accountants LLP. Zhang joined Oriental Yuhong as CFO, director, and executive vice president. She is now the director and vice president of the company and a supervisor of Beijing Zhongguancun Bank Co., Ltd.

Mr. Zhang Hongtao, a Chinese national born in 1977, graduated with a Master's Degree from Tianjin University. He has no permanent residence status outside China's mainland. From 1998 to 2004, He worked in the Capital Branch of Tangshan Ceramic Group Co., Ltd. He joined Oriental Yuhong in August 2004, successively serving as the deputy manager of the Finance Department, the manager of the Securities Department with a concurrent post of the representative of securities affairs, and the secretary of the board. Zhang is now the vice president and a director of Oriental

Yuhong. He is also in charge of Oriental Yuhong's Regional Integration Company in Northern China.

Mr. Yang Haocheng, a Chinese national born in 1973, graduated from Hunan University, majoring in civil engineering and construction. He has no permanent residence status outside China's mainland. He joined Oriental Yuhong in 1998, successively serving as the manager and deputy general manager of the Engineering Department. Yang is also in charge of Oriental Yuhong's Regional Integration Company in Southern China.

Mrs. Wang Xiaoxia, a Chinese national born in 1976, graduated from Nanjing University with a Bachelor's Degree in Law. She has no permanent residence status outside China's mainland. From 2007 to 2009, she worked as a lawyer at Beijing Jingkai Law Firm. She joined Oriental Yuhong in March 2009, successively serving as the manager of the Risk Supervision Department, executive deputy director of the Legal Affairs Center. Wang is now the director and vice president of the company and concurrently serves as the director of Risk Management Center.

Mrs. Cai Zhaoyun, a Chinese national born in 1965, graduated from Xi 'an University of Architecture and Technology with a Bachelor's Degree in Engineering. She is a professor-level senior engineer and a national first-class registered architect. She has no permanent residence outside China's mainland. Cai was an assistant engineer of the Central Research Institute of Building and Construction from 1988 to 1994; an engineer and a senior engineer of China Jingye Engineering Co., Ltd. from 1994 to 2001; a chief architect of Beijing Jingye Architectural Design Institute from 2001 to 2004; the deputy chief architect of the Design Institute of China Jingye Engineering Co., Ltd. Now Cai is the chief architect in the Design Institute of China Jingye Engineering Co., Ltd.; the deputy chief engineer of the Central Research Institute of Building and Construction; a member of the Expert Committee of the National Engineering Construction Standardization and Design; the deputy secretary-general of the Technical Committee on Architectural Design of Standardization Administration of the Ministry of Housing and Urban-Rural Development; the secretary-general of the technological branch and the deputy director of the Metal Roofing Expert Committee of China Association of Building Waterproof; the executive councilor of the Industrial Building Branch of the Architectural Society of China; a

member of the Registered Architects Branch of Architectural Society of China; the guest executive director and a member of the expert committee of the China Steel Construction Society; a standing member of the Standardization Working Committee of the China Engineering and Consulting Association.

Mr. Huang Qinglin, a Chinese national born in 1966, graduated with a Master's Degree in Business Administration from the University of Victoria, Switzerland. He is a senior economist, a Certified Public Accountant in China, Certified Asset Valuer in China, Registered Enterprise Risk Manager, and an International Accountant. He has no permanent residence status outside China's mainland. He served as the principal staff member and deputy division director of the Audit Department of Hunan Province from 1992 to 2000; the director, chief auditor, general manager, chief accountant of Huayin Certified Public Accountants LLP; the executive partner and president of the Huayin Wuzhou Certified Public Accountants LLP (special general partnership). He is now the external director of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality and a director of Beijing Institute of Certified Public Accountants.

Mr. Chen Guangjin, a Chinese national born in 1965, graduated from Tianjin University with a Doctoral Degree in Chemical Engineering. He has no permanent residence status outside China's mainland. From 1995 to 1999, Chen served as associate professor and Master's supervisor in China University of Petroleum - Beijing. He has been a professor and doctoral supervisor of China University of Petroleum - Beijing since 2000.

Mr. Qu Peihua, a Chinese national born in 1957, graduated with a Master's Degree from Huazhong University of Science and Technology. He is now a professor at the University. He has no permanent residence status outside China's mainland. From 1980 to 1993, Qu served as a lecturer, an associate professor and a director of Hubei University of Technology. From 1993 to 2009, he served as the senior engineer, deputy general manager and general manager of Hongshen Fine Chemical Co., Ltd., Tehao Group. He is now the president of Shenzhen Waterproof Association, concurrently serving as a vice-chairman and a member of the Expert Committee of China National Building Waterproof Association, the director of the Waterproof Expert Committee of Shenzhen

Institute of Civil Engineering and Architecture, the director of the Waterproof Expert Committee of the Professors Association of Shenzhen, the deputy director of the Standardization Technical Committee of Waterproof Protection and Restoration of Guangdong Province (GD/TC137), the director of the Waterproof and Protection Expert Committee of Guangdong Engineering Survey and Design Association, and an independent director of Keshun Waterproof Technology Co., Ltd.

2. Supervisors' Profile and Working Experience

The 7th Board of Supervisors sets three supervisors. They are Chen Guifu, Wang Jing, and Zou Menglan. Chen Guifu is the representative of employees. Their profile and working experience:

Mr. Chen Guifu, a Chinese national born in 1977, is a university graduate. He has no permanent residence status outside China's mainland. He served as the foreman of Oriental Yuhong's asphalt coil workshop, the storehouse manager, the workshop director, the deputy manager of the asphalt coil workshop of Yueyang Oriental Yuhong Waterproof Technology Co., Ltd., and the general manager of Shanghai Factory. Chen is now the president of the Board of Supervisors and the general manager of Nanchang Factory. In December 2020, he was awarded the title of National Model Worker in Petroleum and Chemical Industry (the third session).

Mrs. Wang Jing, a Chinese national born in 1986, holds a Master's Degree. She has no permanent residence status outside China's mainland. She joined Oriental Yuhong in 2014 as the director of securities affairs of the Securities Department and now serves as the deputy manager of the Securities Department.

Mrs. Zou Menglan, a Chinese national born in 1995, holds a Bachelor's Degree. She has no permanent residence status outside China's mainland. In 2017, Zou joined Oriental Yuhong as a cashier of the Fund Management Department, and now the financing specialist of the company's Internal Settlement Center.

3. Senior Executives' Profile and Working Experience

For Mrs. Zhang Zhiping, please refer to the section “Director’s Profile and Working Experience”.

For Mrs. Zhang Ying, please refer to the section “Director’s Profile and Working Experience”.



For Mr. Zhang Hongtao, please refer to the section “Director’s Profile and Working Experience”.

For Mrs. Wang Xiaoxia, please refer to the section “Director’s Profile and Working Experience”.

Mrs. Wang Wenping, a Chinese national born in 1973, graduated from Tsinghua University with a Master's Degree. She has no permanent residence status outside China's mainland. She once worked in Shandong Triangle Group as a technician, and in the sector of the CPC branch management, marketing management. She was the deputy manager of the Distribution Department, manager of the International Trade Department, marketing manager, assistant general manager, marketing director, human resources director, information director. She is now the vice president of Oriental Yuhong and the president of the Mortar and Powder Group of the company.

Mrs. Xu Wei, a Chinese national born in 1980, holds a Bachelor's Degree. She has no permanent residence status outside China's mainland. She used to serve as the manager of the Financial Department, assistant financial director and deputy financial director of Oriental Yuhong, and now serves as the company's CFO.

Mrs. Zhang Bei, a Chinese national born in 1980, holds a Master's Degree. She has no permanent residence status outside China's mainland. She used to serve as the manager of Securities Department at Beijing Unistrong Science & Technology Co., Ltd., manager of the Securities Department at Beijing Asia Pacific Anxun Technology Co., Ltd., assistant president of Boshen Medical Investment Co., Ltd., securities manager, vice president and secretary of the Board of Directors of Beijing Oriental Yuhong Waterproof Technology Co., Ltd., and secretary of the Board of Directors of Gravity Media Co., Ltd. She currently serves as Oriental Yuhong's vice president and secretary of the Board of Directors

Posts in Shareholding Companies

Applicable Not Applicable

Concurrent Posts in Other Companies

Applicable Not Applicable



Name	Company's Name	Title	Starting Date of Tenure	Ending Date of Tenure	With or Without Salary
Li Weiguo	Beijing GeoEnviron Engineering & Technology, Inc.	Chairman of the Board	December 1, 2012	May 12, 2022	Yes
Li Weiguo	Shenzhen Keir Hanxiang Industrial Co., Ltd.	Executive Director	September 27, 2016		No
Li Weiguo	Beijing Changyang Jingyuan Technology Co., Ltd.	Executive Director, Manager	April 10, 2017		No
Li Weiguo	China National Building Waterproof Association	President	December 14, 2015	December 6, 2025	No
Li Weiguo	China Building Materials Federation	Vice President	October 23, 2020	October 22, 2025	No
Xu Limin	Costar Culture & Media Co., Ltd.	Executive Director	July 19, 2011		No
Zhang Ying	Beijing Zhongguancun Bank Co., Ltd.	Supervisor	May 10, 2017	July 27, 2023	No
Cai Zhaoyun	China Jingye Engineering Co., Ltd.	General Architect of the Design Institute	December 1, 2013	December 31, 2021	Yes
Cai Zhaoyun	Design Institute of China Jingye Engineering Co., Ltd.	Deputy Chief Architect	December 1, 2017	December 31, 2021	No
Cai Zhaoyun	Expert Committee of the National Engineering Construction Standardization and Design	Member of the Committee	March 1, 2011		No
Cai Zhaoyun	Technical Committee of Architectural Design of Standardization Administration of the Ministry of Housing and Urban-Rural Development	Deputy Secretary-General	January 1, 2012		No
Cai Zhaoyun	Expert Committee of China Construction Metal Structure Association	Member of the Committee	December 6, 2012		No
Cai Zhaoyun	Metal Roofing Sub-Committee of China Association of Building Waterproof;	Secretary-General	May 30, 2013		Yes
Cai Zhaoyun	Industrial Building Branch of the Architectural Society of China	Executive Director	August 1, 2013		No
Cai Zhaoyun	Registered Architects Branch of Architectural Society of China	Director	November 27, 2019		No
Cai Zhaoyun	China Steel Construction Society	Guest	October 1, 2019	October 1, 2023	No



		Executive Director			
Cai Zhaoyun	Expert Committee of China Steel Construction Society	Member of the Committee	December 1, 2015		No
Cai Zhaoyun	Standardization Working Committee of the China Engineering and Consulting Association	Executive Director	July 1, 2018		No
Qu Peihua	Shenzhen Waterproof Association	President	September 9, 2016	September 8, 2021	Yes
Qu Peihua	China National Building Waterproof Association	Vice President, Member of the Expert Committee	December 1, 2020	December 1, 2025	No
Qu Peihua	Waterproof Expert Committee of Shenzhen Institute of Civil Engineering and Architecture	Director of the Committee	March 1, 2004		No
Qu Peihua	Waterproof Expert Committee of the Professors Association of Shenzhen	Director of the Committee	July 13, 2019	July 13, 2024	No
Qu Peihua	Standardization Technical Committee of Waterproof Protection and Restoration of Guangdong Province (GD/TC137)	Deputy Director of the Committee	November 9, 2020	November 10, 2025	No
Qu Peihua	Waterproof and Protection Expert Committee of Guangdong Engineering Survey and Design Association	Director of the Committee	August 10, 2017	August 9, 2022	No
Qu Peihua	Keshun Waterproof Technology Co., Ltd.	Independent Director	May 10, 2018	May 9, 2021	Yes
Huang Qinglin	CAC CPA Limited Liability Partnership (Special General Partnership)	Executive Partner, President	November 1, 2013		Yes
Huang Qinglin	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality	External Director	March 1, 2015		Yes
Huang Qinglin	Beijing Institute of Certified Public Accountants	Director	July 30, 2011		No

Punishment in the past three years by securities regulators to the current and outgoing directors



during the reporting period, supervisors, and senior managers of Oriental Yuhong

Applicable Not Applicable

IV. Personnel Remuneration of Directors, Supervisors and Senior Executives

The decision-making process, basis of determination and actual remuneration of the payment of directors, supervisors and senior executives

Decision-making process: The Remuneration and Evaluation Committee of the Board of Directors studies and formulates the remuneration policies and plans for the directors, supervisors and senior executives of the company. The remuneration of directors and supervisors shall be implemented after consideration and approval by the general meeting of shareholders; the remuneration of senior executives shall be implemented after consideration and approval by the Board of Directors.

Basis of determination: The remuneration of directors and supervisors is determined in accordance with the standard of their positions in the company; the allowance of independent directors is RMB100,000/year before tax, which is paid annually in cash as a lump sum, and the travel expenses and office expenses incurred in the performance of their duties are borne by the company; the remuneration of senior executives is determined comprehensively in accordance with the duties performed by each of them and the year-end appraisal.

Actual payment status: Details of the actual remuneration paid to the directors, supervisors and senior executives during the reporting period are set out in the table below.

Details of the actual remuneration paid to directors, supervisors and senior executives during the reporting period are set out in the table below.

Unit: RMB 10,000

Name	Title	Gender	Age	Employment	Total Payment Before Tax	Whether Paid by Related-parties
Li Weiguo	Chairman of the Board	Male	56	Employed	85	Yes
Xu Limin	Vice Chairman of the Board	Male	55	Employed	48	No
Xiang Jinming	Director	Male	57	Employed	190	No
Zhang Zhiping	Director and	Female	50	Employed	230	No



	President					
Zhang Ying	Director and Vice President	Female	50	Employed	180	No
Zhang Hongtao	Director and Vice President	Male	44	Employed	150	No
Yang Haocheng	Director	Male	48	Employed	150	No
Wang Xiaoxia	Director, Vice President	Female	45	Employed	110	No
Hu Xiaoyuan	Independent Director	Female	64	Ex-employed	6.67	No
Cai Zhaoyun	Independent Director	Female	56	Employed	3.33	No
Qu Peihua	Independent Director	Male	64	Employed	10	No
Chen Guangjin	Independent Director	Male	56	Employed	10	No
Huang Qinglin	Independent Director	Male	55	Employed	10	No
Chen Guifu	Chairman of the Supervisory Board	Male	44	Employed	58	No
Wang Jing	Employee Supervisor	Female	35	Employed	34	No
Zou Menglan	Employee Supervisor	Female	26	Employed	12	No
Wang Wenping	Vice President	Female	48	Employed	110	No
Xu Wei	Chief Financial Officer	Female	41	Employed	85	No
Zhang Bei	Vice President, Board Secretary	Female	41	Employed	85	No
Wang Huimin	Vice President	Female	44	Ex-employed	9.7	No
In total	--	--	--	--	1576.7	--

Equity incentives granted to directors and senior executives during the reporting period

Applicable, Not applicable

V. Overview of Employees

1. Number, professional composition and education level of employees

Number of active employees of the parent company (persons)	1556
Number of active employees of subsidiaries (persons)	8363
Total number of active employees (persons)	9919
Total number of employees receiving remuneration in the current period (persons)	9919
Number of retired employees of the parent company and major subsidiaries requiring expenses (persons)	21
Professional composition	
Professional composition categories	Number of employee in each professional area (persons)
Production staff	2603
Sales	3077
Technical staff	1861
Financial staff	301
Administrative staff	2077
In total	9919
Education level	
Education level categories	Number (persons)
Master's degree and above	356
Bachelor	3854
University College and below	5709
In total	9919

2. Payment System

The Remuneration and Evaluation Committee under the Board of Directors of the company initiates the annual salary measurement and adjustment based on the salary management system, the completion of the company's business performance and the job characteristics of positions. The company refers to the annual performance results, tilts to the core positions, combines the supply and demand situation in the domestic talent market, price index and other information to fully implement the broadband salary management system, carries out job value assessment for each position, determines the salary scale standard, and guarantees internal fairness. In addition, the company surveys employees about salary from time to time, and refers to external salary to adjust salaries annually, so as to ensure the competitiveness of the salary.

3. Training System

The company pays attention to staff development, based on the needs of organizational and personal development of employees, the business school was established in 2020 to focus on the continuous development of organizational and employee capabilities, forming a training model with internal development as the core and supplemented by external course resources; based on the needs of business development, focusing on key positions and key talent training and continuous empowerment of employees, which cover new employees and managers. The company also focuses on the business quality of front-line employees and increase the training and qualification of industrial workers through school-enterprise cooperation and the establishment of practical bases around the world. The company also works with external suppliers to continuously optimize the training platform, enrich the training methods and increase the training content to promote the common growth of employees and the company.

4. Outsourcing Status

Applicable, Not applicable

Chapter X Corporate Governance

I. Overview of Corporate Governance

During the reporting period, the company continuously improved its corporate governance structure, improved internal management and standardized operation in strict accordance with the requirements of the *Company Law*, the *Securities Law*, the *Code on Governance of Listed Companies*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange* and other relevant laws and regulations of the CSRC and the Shenzhen Stock Exchange, and the governance structure of the company was in compliance with the normative documents on the governance of listed companies issued by the CSRC. The company's governance structure is in compliance with the regulatory documents issued by the CSRC on the governance of listed companies, and the company's operation and management are carried out in strict accordance with the requirements of each system.

1. Formulation and Completion of Systems

The company strictly complies with the *Company Law*, the *Securities Law* and other laws and regulations, departmental regulations and relevant regulations issued by the CSRC and the Shenzhen Stock Exchange, and formulates, revises and improves the corporate governance system to regulate the operation of the company, specifically the *Articles of Association*, *Rules of Procedure of the General Meeting of Shareholders*, *Independent Directors' System*, *Management System of Funds Raised and Management System of Financial Assistance Provided to External Parties*.

At present, the main rules and regulations of the company include the *Articles of Association*, *Rules of Procedure of the General Meeting of Shareholders*, *Rules of Procedure of the Board of Directors*, *System of Independent Directors*, *System of Annual Report of Independent Directors*, *Rules of Procedure of the Supervisory Board*, *Management System of Connected Transactions*, *Management System of Financing and External Guarantees*, *Management System on Regulating Financial Transactions with Related Parties*, *Management System of Major Operation and Investment Decisions*, *Management System of Risk Investment*, *Implementation Rules of the*

Strategic Committee of the Board of Directors, Implementation Rules of the Audit Committee of the Board of Directors, Implementation Rules of the Nomination Committee of the Board of Directors, Implementation Rules of the Remuneration and Evaluation Committee of the Board of Directors, Working Rules of the General Manager. Management System, Risk Investment Management System, Rules for Implementation of the Strategy Committee of the Board of Directors, Rules for Implementation of the Audit Committee of the Board of Directors, Rules for Implementation of the Nomination Committee of the Board of Directors, Rules for Implementation of the Remuneration and Evaluation Committee of the Board of Directors, Rules for the Work of the General Manager, Rules for the Work of the Secretary of the Board of Directors, Internal Audit System, Measures for the Management of Investor Relations, Information Disclosure Management System, Internal Reporting System for Material Information, Management System for External Information Users, Management System for Insider Information and Informants, Management System for Funds Raised, Management System for External Financial Assistance, Management Measures for Subsidiaries, etc. The establishment and improvement of the above system provides a good guarantee for the standard operation of the company.

2. Shareholders and Shareholders' Meeting

The company regulates the conduct of shareholders strictly in accordance with the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange* and the *Articles of Association* of the company. The shareholders of the company exercise their rights as shareholders through the general meeting of shareholders, and no direct intervention in the operation and decision-making of the company beyond the general meeting of shareholders and the Board of Directors has occurred. During the reporting period, the company held a total of five shareholders' meetings, the convening and holding procedures, the qualifications of the attendees, the voting procedures, the voting result and the content of the resolutions were in compliance with the relevant provisions of the laws and regulations, the *Articles of Association* and the *Rules of Procedure for Shareholders' Meetings* of the company.

3. Controlling Shareholders and Listed Companies

Shareholders of the company shall abide by the *Code of Corporate Governance for Listed*

Companies, the company maintains independence from the controlling shareholder and the actual controller in terms of personnel, assets, finance, institutions and business, and the Board of Directors, Supervisory Board and other internal bodies of the company operate independently, and the company has independent and complete independent operation.

4. Directors and Board of Directors

The 7th session of the Board of Directors of the company has 12 directors, including 4 independent directors. The election procedures of directors, the number of directors and the composition of the Board of Directors of the company are in compliance with the requirements of laws and regulations, and the directors perform their duties diligently and conscientiously to safeguard the legitimate rights and interests of the company and all shareholders. The independent directors are able to perform their work duties independently in strict accordance with the *Articles of Association* and the *Independent Directors' System*, and express independent opinions on matters such as the use of the company's fund raising, share incentive, connected transactions and non-public offering of A shares to ensure the standardized operation of the company. During the reporting period, the company held a total of 16 meetings of the Board of Directors, the convening and holding procedures of the meetings, the qualification of the attendees, the voting procedures of the meetings, the voting results and the content of the resolutions were in compliance with the laws and regulations, the *Articles of Association* and the *Rules of Procedure of the Board of Directors* of the company. The Board of Directors has established four special committees for audit, remuneration and evaluation, nomination, and strategy, and has established and improved the rules of procedure with clear division of work among the committees to provide scientific and professional opinions for the board's decision-making and to ensure effective supervision of the management by the board.

5. Supervisor and Board of Directors

The 7th session of the Supervisory Board of the Company has three supervisors, including one employee representative supervisor. The number, composition and selection procedures of the Supervisory Board are in compliance with the relevant laws and regulations. The company's supervisors attend the supervisory meetings as required, perform their duties conscientiously,

supervise and express opinions on material matters, affiliated transactions and financial position of the company, and safeguard the legitimate rights and interests of the company and its shareholders. During the reporting period, the company held a total of 7 meetings of the Supervisory Board, the convening and holding procedures of the meetings, the qualification of the persons attending the meetings, the voting procedures of the meetings, the voting results and the content of the resolutions were in compliance with the laws and regulations, the *Articles of Association* and the *Rules of Procedure of the Supervisory Board* of the company.

6、 On performance Evaluation and Incentive and Restraint Mechanism

The company is committed to establishing and improving fair and transparent performance evaluation standards and incentive and restraint mechanisms for directors, supervisors and managers. The remuneration packages of the company's senior executives are proposed by the Remuneration and Evaluation Committee of the Board of Directors and considered and decided by the Board of Directors. The appointment of senior executives is open, transparent and in compliance with the laws and regulations.

7. Stakeholders

The company fully respects and safeguards the legitimate rights and interests of stakeholders (creditors, employees, customers, suppliers, communities, etc.), attaches importance to the company's social responsibilities, strives to achieve a coordinated balance between the interests of shareholders, employees, society and other parties, and actively cooperates to jointly promote the sustainable and healthy development of the company.

8. Information Disclosure and Transparency

After the listing of the company, in accordance with the relevant regulations issued by CSRC and Shenzhen Stock Exchange, the company has formulated and improved the *Information Disclosure Management System*, *Annual Report Information Disclosure Liability Investigation System*, *Investor Relations Management Measures*, *Internal Reporting System for Material Information*, *Management System for External Information Users*, *Annual Financial Report Audit Procedures of the Audit Committee of the Board of Directors*, *Independent Directors Annual Work Report System*, and *Insider Information Management Systems*. The company has designated the

Secretary of the Board of Directors to be responsible for information disclosure, standardized the internal procedures for the transmission of material information, made clear provisions on the accountability for material errors in the disclosure of annual reports, and effectively fulfilled its information disclosure obligations. The company has designated *China Securities Journal*, *Securities Times* and Juchao Information website as the designated information disclosure media to make true, accurate, complete, timely and fair disclosure of its information to ensure that all shareholders have fair access to the relevant information of the company.

In summary, the actual situation of corporate governance does not differ from the requirements of the *Company Law* and the relevant regulations of the CSRC. The company will continue to strengthen corporate governance, establish a long-term mechanism for corporate governance, better improve the construction of the internal control system, strengthen the implementation, and lay a solid foundation for the company's sustainable, healthy and steady development.

Whether there are material differences between the actual state of corporate governance and the normative documents issued by the CSRC on the governance of listed companies

Yes No

The actual status of corporate governance does not differ materially from the normative documents issued by the CSRC on the governance of listed companies.

II. Independence of the Company in Relation to Controlling Shareholders in Terms of Business, Personnel, Assets, Organization and Finance

The controlling shareholder of the company is a natural person. The company maintains independence from the controlling shareholder and the beneficial owner in terms of personnel, assets, finance, institutions and business, and has independent and complete business and independent operation capability.

1. Business

The company is mainly engaged in business such as the R&D of new waterproofing materials for buildings, as well as its production, sales and construction. The company has independent and complete systems for operation and sales, technology R&D, financial accounting, labor and

personnel, procurement of raw materials, production and construction, engineering management, and quality and safety management. It also has independent production and operation sites and a complete system for production, supply and marketing, being market-oriented and capable of operating independently.

The company does not rely on controlling shareholders or any other related parties for its business, and there is no competition or unfair affiliated transactions with controlling shareholders, the de facto controller and other enterprises under their control, nor does controlling shareholders use its controlling position to directly or indirectly interfere with the decision-making and production and operation of the company.

2. Personnel

The company has established an independent and complete system for employment, appointment and dismissal, file and salary management. It also signed labor contracts with all employees, which are completely independent from the controlling shareholder in terms of labor, personnel and salary. The senior executives such as company president, vice president, head of finance, secretary of the Board of Directors are all remunerated by the company and do not hold any positions as controlling shareholders and their affiliated companies.

The directors, supervisors and senior executives are elected by the general meeting of shareholders and the Board of Directors through legal procedures in strict accordance with the provisions of the *Company Law* and the *Articles of Association* of the company. The senior executives are appointed by the Board of Directors, and there is no case of controlling shareholders interfering with the decisions of the general meeting of shareholders and the Board of Directors regarding the appointment and removal of personnel.

3. Property

The company has independent and complete assets, production systems, auxiliary production systems and supporting facilities, and legally owns and has the right to use plants, land, equipment, as well as trademarks, non-patented technologies and other assets related to production and operation.

The company has complete and legal property ownership and actual possession of its assets.



There are no legal disputes or potential disputes. The company has not provided guarantees for shareholders, the beneficial owner and other enterprises controlled by them with its own assets, interests or reputation. There are no assets or funds being illegally occupied by shareholders, the beneficial owner and other enterprises controlled by them to the detriment of the company's interests.

4. Institutions

The company has independent production and operation and offices, and there is no mixed operation or co-location with the controlling shareholder and other related parties. The company has established an effective and sound corporate governance structure and organizational structure in accordance with the law, and there is no institutional mix-up with the controlling shareholder and other enterprises under its control, nor is there any interference by controlling shareholders and other enterprises under its control in the establishment of the company's institutions, and it has an independent and sound management structure and business operation system.

5. Finance

The company has an independent financial accounting department with full-time financial personnel, and the company has a complete and independent financial accounting system. It has a separate bank account and an independent bank account number, and there is no sharing of bank accounts with the controlling shareholder. The company pays taxes independently in accordance with the law, and the tax rates are determined based on the provisions of the laws and regulations on taxation and the relevant preferential policies approved by the country. There are no cases of controlling shareholders interfering with financial decisions, appropriating the company's funds and interfering with the use of the company's funds, and there are no guarantees provided for shareholders' units and their related parties.

III. Competition in the same industry

Applicable Not applicable

IV. Annual general meeting and extraordinary general meeting held during the reporting period

1. Annual general meeting of shareholders in the reporting period

Meetings	Category	Investors' Participation Ratio	Open Date	Revealed Date	Link
2019 Annual Shareholders' Meeting	Annual Shareholders Meeting	41.69%	May 15 th , 2020	May 16 th , 2020	www.cninfo.com.cn
2020 1 st Extraordinary Shareholders Meeting	Extraordinary Shareholders Meeting	47.91%	September 14 th , 2020	September 15 th , 2020	www.cninfo.com.cn
2020 2 nd Extraordinary Shareholders Meeting	Extraordinary Shareholders Meeting	48.29%	November 3 rd , 2020	November 4 th , 2020	www.cninfo.com.cn
2020 3 rd Extraordinary Shareholders Meeting	Extraordinary Shareholders Meeting	46.67%	December 7 th , 2020	December 8 th , 2020	www.cninfo.com.cn
2020 4 th Extraordinary Shareholders Meeting	Extraordinary Shareholders Meeting	47.10%	December 24 th , 2020	December 25 th , 2020	www.cninfo.com.cn

2. Preferred shareholders whose voting rights have been restored request an extraordinary shareholders' meeting

Applicable Not applicable

V. Performance of duties by independent directors during the reporting period

1. Attendance of independent directors at board meetings and shareholders' meetings

Attendance of Independent Directors at Board of Directors' Meetings and Shareholders' Meetings							
Name of	Number of	Number of	Number of	Number of	Number of	Failure to	Number of

Independent Directors	Board Meetings to be Attended During the Reporting Period	Board Meetings Attended On-site	Board Meetings Attended Online	Board Meetings Attended by Proxy	Board Meeting Absences	Attend Two Consecutive Board Meetings in Person	Shareholders' Meetings Attended
Huang Qinglin	16	15	1	0	0	否	2
Chen Guangjin	16	15	1	0	0	否	1
Qu Peihua	16	15	1	0	0	否	0
Hu Xiaoyuan	7	6	1	0	0	否	1
Cai Zhaoyun	9	9	0	0	0	否	1

Explanation of failure to attend two consecutive board meetings in person

Not applicable

2. Dissent by independent directors on matters relating to the company

Whether the independent directors raised objections to the relevant matters of the company

Yes No

The independent directors did not raise any objection to the relevant matters of the Company during the reporting period.

3. Other explanations on the performance of duties by independent directors

Whether the recommendations of the independent directors on the company were adopted

Yes No

Description of the recommendations of the Independent Directors on the company that were adopted or not adopted

In accordance with the *Company Law*, the *Securities Law*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, the *Articles of Association* and the *Independent Directors' System*, the independent directors of the company have been dedicated to their duties and responsibilities and have given full play to their independence, making many valuable professional suggestions on the company's daily business decisions and the improvement of its standardized

operations. During the reporting period, the company has made many valuable professional suggestions on the early redemption of convertible bonds, engagement of external auditors, annual routine connected transactions, non-operating capital appropriation by controlling shareholders and other related parties, external guarantees, distribution of equity, matters related to fund raising, internal control, remuneration of directors and senior management, change of accounting policy, issuance of ultra-short-term financing bonds, cash management of temporarily idle own funds, matters related to share incentive, expiration of the term of office of independent directors and replacement of independent directors, issuance of payable cash management, and the issuance of the Company's share capital. The company issued fair and impartial opinions on matters requiring the opinions of independent directors, such as the issuance of asset-backed notes for accounts receivable, the non-public issuance of A shares and the issuance of asset-backed securities for accounts receivable, and issued pre-approved opinions on the estimated annual routine connected transactions and the engagement of auditors, which ensured scientific and efficient decision-making by the Board of Directors of the Company and safeguarded the interests of the company and its shareholders, especially the small and medium-sized shareholders. This ensures scientific and efficient decision-making by the Board of Directors and protects the interests of the company and all shareholders, especially the small and medium-sized shareholders.

VI. Performance of duties of special committees under the Board of Directors during the reporting period

The Board of Directors of the company has set up the Strategy Committee, Audit Committee, Remuneration and Evaluation Committee, Nomination Committee and other special committees. During the reporting period, each special committee of the Board of Directors performed its duties faithfully in a conscientious, responsible, diligent and honest manner in accordance with the provisions of its respective rules of procedure, and played a positive role in making scientific and efficient decisions for the Board of Directors, continuously improving the governance structure, enhancing the management level and promoting the development of the company.

The performance of the duties of each special committee of the Board is set out in the table

below.

Specialized Committees	Sessions	Time	Contents to be Discussed
Strategy Committee	The 1 st meeting of the Strategy Committee of the 7th Board of Directors in 2020	July 31 st , 2020	1. Proposal to invest and establish a wholly-owned subsidiary in Huadu District, Guangzhou and construct a green building materials industrial park
	The 2 nd meeting of the Strategy Committee of the 7th Board of Directors in 2020	August 10 th , 2020	1. Proposal to invest and establish a wholly-owned subsidiary in Sanshan District, Wuhu, Anhui Province and to construct the Green Building Materials (Wuhu) Industrial Demonstration Park
	The 3 rd meeting of the Strategy Committee of the 7th Board of Directors in 2020	August 17 th , 2020	1. Proposal for foreign investment in Xushui District, Baoding, Hebei Province to invest in the construction of new green building materials industrial park; 2. Proposal for foreign investment in Yangpu, Hainan Province to invest in the construction of new green materials comprehensive industrial park; 3. Proposal for foreign investment in Nantong Qidong, Jiangsu Province to invest in the construction of new building materials production base
	The 4 th meeting of the Strategy Committee of the 7th Board of Directors in 2020	September 7 th , 2020	1. Proposal to invest and establish a wholly-owned subsidiary in Jiangjin District, Chongqing and construct a green building materials production base and regional headquarters project in Chengdu and Chongqing
	The 5 th meeting of the Strategy Committee of the 7th Board of Directors in 2020	September 15 th , 2020	1. Proposal for foreign investment in Changde, Hunan Province to invest in the construction of Changde Tiandingfeng Nonwoven Fabric Project

	The 6 th meeting of the Strategy Committee of the 7th Board of Directors in 2020	September 16 th , 2020	1. Proposal to invest and establish a wholly-owned subsidiary in Jiutai District, Changchun, Jilin and to construct a green building materials production base and a regional headquarters
	The 7 th meeting of the Strategy Committee of the 7th Board of Directors in 2020	December 28 th , 2020	1. Proposal to invest and establish a wholly-owned subsidiary in Xinjian District, Nanchang, Jiangxi Province and construct the Jiangxi production base project of Oriental Yuhong; 2. Proposal to invest and establish a wholly-owned subsidiary in Tianqiao District, Jinan, Shandong Province and construct the Shandong regional headquarters project and green building materials production base project
Audit Committee	The 1 st Meeting of the Audit Committee of the 7th Board of Directors in 2020	April 1 st , 2020	1. Proposal on daily affiliated transactions expected for 2020
	The 2 nd Meeting of the Audit Committee of the 7th Board of Directors in 2020	April 10 th , 2020	1. <i>2019 Financial Results Report</i> ; 2. <i>2020 Financial Budget Report</i> ; 3. <i>2019 Profit Distribution Proposal</i> ; 4. <i>2019 Full Annual Report and its Summary</i> ; 5. <i>2019 Special Report on the Deposit and Actual Use of Funds Raised</i> ; 6. <i>2019 Internal Control Self-Evaluation Report</i> ; 7. <i>2019 Self-inspection Form on the Implementation of Internal Control Rules</i> ; 8. Proposal to re-appoint Zhitong CPA Firm as the Company's auditor for 2020; 9. Proposal to use temporarily idle own funds for cash management; 10. Proposal to change the accounting policy
	The 3 rd Meeting of the Audit Committee of the 7th Board of Directors in 2020	April 21 st , 2020	1. Full text and body of the First Quarter Report 2020
	The 4 th Meeting of the Audit Committee	August 17 th , 2020	1. <i>2020 Semi-Annual Report and its Summary</i> ; 2. <i>2020 Semi-Annual Profit Distribution and Capital Stock</i>

	of the 7th Board of Directors in 2020		<i>Transfer Proposal</i> ; 3. Proposal on the Special Report on the Deposit and Actual Use of Funds Raised in 2020 Semi-Annual; 4. Proposal on the Change of Accounting Policy
	The 5 th Meeting of the Audit Committee of the 7th Board of Directors in 2020	October 9 th , 2020	1. Proposal on the company's compliance with the conditions for non-public offering of A shares; 2. Proposal on the Company's non-public offering of A shares; 3. Proposal on the company's non-public offering of A shares; 4. Proposal on the dilution of immediate return of non-public offering of A shares, filling measures and commitments of relevant subjects; 5. Proposal on the company's <i>Feasibility Study Report on the Use of Funds Raised from Non-public Offering of A Shares</i> 6. Proposal on the <i>Report on the Utilization of Previous Proceeds</i> ; 7. Proposal on the <i>Forensic Report on the Utilization of Previous Proceeds</i> ; 8. Proposal to request the shareholders meeting to authorize the Board of Directors and the persons authorized by the Board of Directors to handle the matters related to the non-public offering of A shares
	The 6 th Meeting of the Audit Committee of the 7th Board of Directors in 2020	October 19 th , 2020	1. The full text and body of the <i>Third Quarterly Report 2020</i>
Remuneration and Appraisal Committee	The 1 st Meeting of the Remuneration and Evaluation Committee of the 7th Board of Directors 2020	April 10 th , 2020	1. Proposal on the remuneration of directors for the year 2019; 2. Proposal on the remuneration of senior management for the year 2019
	The 2 nd Meeting of the Remuneration and Evaluation Committee of the 7th Board of Directors 2020	August 17 th , 2020	1. The <i>2019 Annual Performance Appraisal Report of the Second Restricted Stock Incentive Plan Reserved for Granting Incentive Subjects</i> signed by the person in charge of the Human Resources Department of the company; 2. The proposal on the achievement of the unlocking conditions of the second unlocking period of the reserved

			portion of the Second Restricted Stock Incentive Plan
	The 3 rd Meeting of the Remuneration and Evaluation Committee of the 7th Board of Directors 2020	September 10 th , 2020	1. The 2019 Annual Performance Appraisal Report of the First Grant of the Second Restricted Stock Incentive Plan to the incentive recipients signed by the head of the Human Resources Department of the Company; 2. The proposal on the achievement of the unlocking conditions of the third unlocking period of the first grant part of the Second Restricted Stock Incentive Plan
	The 4 th Meeting of the Remuneration and Evaluation Committee of the 7th Board of Directors 2020	October 19 th , 2020	11. Proposal to adjust the repurchase price of the first grant of restricted shares under the second phase restricted stock incentive plan; 2. Proposal to repurchase and cancel the first grant of restricted shares that have been granted but not yet unlocked to the incentive recipients who no longer meet the incentive conditions under the second phase restricted stock incentive plan; 3. Proposal to adjust the repurchase price of the reserved portion of restricted shares under the second phase restricted stock incentive plan; 4. The proposal to repurchase and cancel the reserved restricted shares of the second phase of restricted stock incentive plan which have been granted to the incentive recipients but not yet unlocked; 5. The proposal to adjust the repurchase price of the restricted shares of the third phase of restricted stock incentive plan; 6. Proposal to buy back and cancel the unlocked restricted shares granted to some incentive recipients of the third restricted stock incentive plan who do not meet the incentive requirements.
Nomination Committee	The 1 st Meeting of the Nomination Committee of the 7th Board of Directors 2020	August 17 th , 2020	1. Proposal on the expiration of the term of office of independent directors and the replacement of independent directors

VII. Work of the Supervisory Board

Whether the Supervisory Committee found any risks during the supervision activities in the



reporting period

Yes No

The Supervisory Committee has no objection to the supervisory matters during the reporting period.

VIII. Appraisal and Motivation of Senior Management

The company strictly assesses and evaluates the performance of job duties and business completion of the senior management of the company in accordance with the relevant provisions of the national labour law, remuneration and social security; the company has established the appraisal, incentive and restraint mechanism for senior management, all senior management of the company are appointed by the board of directors, responsible to the board of directors and undertake the instructions issued by the board of directors. The income of senior management personnel is directly linked to their work performance. After the end of the year, the remuneration and appraisal committee of the Board of Directors of the company will formulate the remuneration implementation plan based on the year-end appraisal of senior management personnel and implement it after approval by the Board of Directors.

In order to further establish and improve the long-term incentive mechanism of the company, better motivate the senior management and business backbone of the company and fully mobilize the enthusiasm of the senior management and business backbone of the company, the company carried out the first phase, second phase and third phase of the restricted stock incentive plan in 2013, 2016 and 2019, respectively, and completed the third phase of the restricted stock incentive plan of the second phase during the reporting period. During the reporting period, the third unlocking of the initial grant of shares and the second unlocking of the reserved portion of shares were completed. Please refer to Chapter V-15 "Implementation of the Company's Share Incentive Scheme, Employee Stock Purchase Plan or Other Employee Incentive Measures" and Chapter IX-4 "Remuneration of Directors, Supervisors and Senior Management" of this report for details of the incentive status of senior management.

IX. Internal Control Evaluation Report

1. Details of significant deficiencies in internal control identified during the reporting period

Yes No

2. Internal control self-evaluation report

Date of disclosure of the full internal control attestation report	April 16 th , 2021	
Full disclosure index of internal control assurance report	http://www.cninfo.com.cn	
Total assets of units included in evaluation as a percentage of the total assets of the company's consolidated financial statements	100.00%	
The ratio of the operating revenues of the units included in the evaluation to the operating revenues of the company's consolidated financial statements	100.00%	
Defect Identification Standards		
Category	Financial Report	Non-financial Report
Qualitative Standards	Deficiencies with the following characteristics, identified as significant deficiencies: ① company directors, supervisors and senior management fraud, resulting in significant losses and adverse effects; ② the company in financial accounting, asset management, capital operations, information disclosure, product quality, safety production and environmental protection and other aspects of major violations of law and liability incidents, causing significant losses and adverse effects to the company, or suffer significant administrative supervision (3) the enterprise audit committee and internal audit institutions failed to play an effective monitoring function, resulting in significant losses to the company; (4) the enterprise financial statements have been or are likely	Deficiencies with the following characteristics and significant impact are recognized as major deficiencies: ① violation of national laws, administrative regulations and regulatory documents; ② loss of key positions of management and technical personnel; ③ lack of system control or system failure for important operations involving the company's production and operation; ④ failure of internal control over information disclosure, resulting in the company being publicly condemned by the regulatory authorities; ⑤ the results of internal control evaluation, in particular, major deficiencies or significant deficiencies have not been rectified. The above deficiencies are deemed to be significant if their impact is

	to be issued by the CPA negative opinion or rejection of opinion. The above ① ② ③ cause the result is not significant but important, considered as a significant deficiency. The above ① ② ③ cause neither significant nor important results, identified as a general deficiency.	not material but important. If the impact of the above deficiencies is neither significant nor important, the deficiencies are considered as general deficiencies.
Quantitative Standards	The quantitative criteria for determining the materiality of misstatements (including omissions) in the consolidated financial statements of the company, based on the consolidated financial statement data for 2020: material weakness: misstatement \geq 10% of profit before tax; significant weakness: misstatement 5% of profit before tax \leq misstatement < 10% of profit before tax; general weakness: misstatement < 5% of profit before tax.	With reference to the quantitative criteria for deficiencies in internal control over financial reporting, the quantitative criteria for determining the significance of deficiencies in a company's non-financial reporting internal control are: significant deficiency: misstatement \geq 10% of profit before tax; significant deficiency: misstatement 5% of profit before tax \leq misstatement < 10% of profit before tax; general deficiency: misstatement < 5% of profit before tax
Number of Significant Deficiencies in Financial Reporting (pcs)		0
Number of Non-financial Reporting Significant Deficiencies (pcs)		0
Number of Significant Deficiencies in Financial Reporting (pcs)		0
Number of Non-financial Reporting Significant Deficiencies (pcs)		0

X. Internal Control Audit Report or Attestation Report

Internal control attestation report

Consideration paragraph in the internal control attestation report	
The company effectively maintained, in all material respects, the internal control established in accordance with the <i>Basic Standard for Enterprise Internal Control</i> relating to financial statements as of December 31st, 2020.	
Disclosure of internal control assurance report	Disclosure
Date of disclosure of the full internal control attestation report	April 16 th , 2021
Full disclosure index of internal control assurance report	http://www.cninfo.com.cn



Type of opinion of internal control assurance report	No reserved opinions
Whether there is a material weakness in non-financial reporting	No

Whether the accounting firm issued a non-standard opinion on internal control assurance report

Yes No

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

Yes No



Chapter XI Information related to corporate bonds

Are there any corporate bonds that have been publicly issued and listed on the stock exchange and have not matured or have not been paid in full at maturity as of the date of approval of the annual report?

No

Chapter XII Financial Reporting

I. Auditor's Report

The type of opinion	Standard unqualified opinion
Signing date	April 15, 2021
Auditor	Grant Thornton
Filing No.	GT (2020) No. 110ZA11396
Name of registered auditors	Liang Yinan, Luo Xiangqiang

Body of the report

Auditor's Report

GT (2020) No. 110ZA11396

To the shareholders of Beijing Oriental Yuhong Waterproof Technology CO., Ltd.

I. Auditor's opinion

We audited the financial statements of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (hereinafter referred to as Oriental Yuhong Company), which comprise the consolidated balance sheet as of December 31, 2020, the consolidated income statement, the consolidated statement of changes in shareholders' equity, the consolidated and corporate cash flow statement for FY2020, and notes to the relevant financial statements.

We believe that the attached financial statements prepared in accordance with the Accounting Standards for Business Enterprises in all major aspects fairly reflect the consolidated financial status of Oriental Yuhong Company as of December 31, 2020 and its consolidated and operating results as well as cash flow for FY2020.

II. Basis of our opinion

We conducted the audit in accordance with the Chinese Certified Public Accountants' Auditing Standards. The section titled "Certified Accountant's Responsibilities for the Audit of Financial Statements" of this report further elaborates on our responsibilities under these standards. In accordance with the Code of Professional Ethics for Chinese Certified Public Accountants, we have

fulfilled other responsibilities in terms of professional ethics as independent of the Oriental Yuhong company. 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, in our professional judgment, are most significant in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of financial statements as a whole in forming our opinion thereto, but we do not provide a separate opinion on these matters.

i. Existence, rights and obligations and disclosure of monetary funds

For details of relevant information disclosure, please refer to Note V. 1 of the financial statements

1. Description of the matter

As of December 31, 2020, the balance of Oriental Yuhong's monetary funds was RMB6015.7549 million, accounting for 21.60% of the total assets. Due to the large balance of Oriental Yuhong's monetary funds and its large number of bank accounts, the existence, rights and obligations and disclosure of monetary funds has a significant impact on the financial statements, so we regard the existence, rights and obligations and disclosure of monetary funds as the key audit matters.

2. Audit response

Regarding the existence, rights and obligations and disclosure of monetary funds, the audit procedures we conducted mainly include:

(1) understanding the rationality of Oriental Yuhong's internal control design in terms of the monetary funds management, and test the effectiveness of the key internal control operations;

(2) inventorying the cash on hand and check the inventory results with the amount recorded in the cash journal;

(3) independently inquiring and obtaining a list of opened bank settlement accounts, and check

the bank account information recorded on the book to check the existence and completeness of the corresponding bank account;

(4) obtaining bank statements and bank reconciliation statements of all bank accounts, conducting confirmation for all bank accounts (including the overseas ones), and control the entire process of confirmation;

(5) obtaining business credit reports and check whether there is any mortgage, pledge or freezing of monetary funds;

(6) obtaining subsidiary ledgers of bank deposits and bank statements, conducting two-way verification of the annual bank flow of important bank accounts, and checking large-value collection and payment transactions;

(7) checking whether the information related to monetary funds has been properly presented in the financial statements.

ii. Revenue recognition

For details of relevant information disclosure, please refer to Note 3, 26 and Note 5, 43 of the financial statements.

1. Description of the matter

Oriental Yuhong Company is mainly engaged in the sales of waterproof materials and waterproof engineering construction. In 2020, Oriental Yuhong Company's waterproof material sales revenue will be RMB 17,246,955,500, and the revenue of waterproof project construction will be RMB 3,303,727,700. Oriental Yuhong Company sells coiled materials, coatings and other commodities delivered to the customer and the customer has accepted the commodity and recognized the relevant income when the shipping order is signed, that is, the customer obtains the control of the commodity; the waterproof engineering construction service belongs to the performance obligation within a certain period of time , Determine the performance progress according to the input method, that is, the actual contract costs incurred as a percentage of the estimated total cost of the contract as the performance progress multiplied by the total contract revenue to confirm revenue.

Since revenue has a significant impact on the financial statements of the Oriental Yuhong Company, and the accounting of the construction income of the waterproofing project involves the significant judgment of the management of the Oriental Yuhong Company (hereinafter referred to as the management), we regard revenue recognition as a key audit matter.

2. Audit response

For the sales revenue of waterproof materials, the audit procedures we conducted mainly include:

(1) understanding and evaluating the Oriental Yuhong Company management's design of internal control regarding the sales process from the approval of sales orders to the accounting of sales revenue, and testing the effectiveness of the implementation of key controls;

(2) analyzing and judging the timing of the transfer of control rights for the recognition of sales revenue via sampling inspections of sales contracts and interviews with management, and evaluating the recognition policy of the company's sales revenue;

(3) checking the rationality of changes in gross profit margin by analyzing the comprehensive gross profit margin and gross profit margin of sub-products of Oriental Yuhong company;

(4) sampling inspection of supporting documents related to income confirmation, which consist of sales contracts, sales orders, logistics tracking information, goods receipts, sales invoices, etc., to confirm the authenticity of sales revenue;

(5) for the sales revenue confirmed before and after the balance sheet date, selecting samples and checking them against the supporting documents, such as logistics tracking information and goods receipts, to verify whether the sales revenue was recognized in the appropriate period;

(6) selecting samples to conduct the procedure of confirmation on the revenue, and checking the confirmation result against the amount confirmed on the book of Oriental Yuhong Company.

For the construction revenue of waterproofing projects, the audit procedures we conducted mainly include:

(1) understanding and evaluating the management's design of internal control regarding the

accounting of construction revenue and costs of waterproofing projects, and testing the effectiveness of the implementation of key controls, including internal controls of the actual project costs and the estimated total cost of the contract;

(2) obtaining the calculators of the construction revenue and the cost of waterproofing project provided by the management to check the total amount against the subsidiary ledger of revenue and cost, and checking the accuracy of the calculators;

(3) sampling to check supporting documents such as contracts, invoices, goods receipts, progress confirmations and other supporting documents regarding the actual project costs; checking the actual project costs confirmed before and after the balance sheet date against the supporting documents, such as the goods receipts and the progress confirmation forms, to verify whether the actual cost was confirmed in the appropriate period;

(4) sampling the actual total cost of the completed projects by comparing it with the total contract cost estimated by the management before its completion of the project, to evaluate the management's experience and ability in making this accounting estimate, and discussing and reviewing the relevant supporting documents with project budgeters to evaluate the rationality of budgeted costs;

(5) Select samples to check whether the total contract cost of the project under construction exceeds the total revenue, and review the accuracy of the management's provision of the expected loss of the relevant contract;

(6) sampling the unfinished projects on the spot to evaluate whether the Oriental Yuhong Company had a reasonable schedule of the book completion of the project;

(7) sampling to conduct the confirmation procedure on the revenue, and checking the confirmation results against the amount confirmed on the book of Oriental Yuhong Company.

iii. Accrual of credit impairment losses on accounts receivable and contract assets

For details of relevant information disclosure, please refer to notes 3 and 10, notes 5 and 4, and notes 5 and 9 of the financial statements.

1. Description of the matter

As of December 31, 2020, the total balance of accounts receivable and contract assets of Oriental Yuhong Company was RMB 8,842,131,300, and the balance of bad-debt provision of accounts receivable and contract assets totaled RMB 837,699,900. The management put businesses of the credit risk of same features into the same portfolio in terms of accounts receivable and contract assets, and measured loss reserves based on expected credit losses. The key assumptions involved include historical credit losses and expectations of future economic conditions.

As the management confirmed that the key assumptions for the expected credit losses of accounts receivable and contract assets were significant judgments, we consider the provision of credit impairment losses on accounts receivable and contract assets as a key audit matter.

2. Audit response

The audit procedures we implemented for the provision of credit impairment losses on accounts receivable and contract assets mainly include:

(1) evaluating and testing the effectiveness of the design and implementation of internal control in expected credit losses of accounts receivable and contract assets, including management's review, evaluation and determination of the classification of the accounts receivable and contract asset portfolio, as well as the internal control of critical assumption;

(2) reviewing management's basis that consists of factors, such as the customers' financial status, historical repayment records, and forecasts of future financial situation, for assessing expected credit losses in terms of the accounts receivable and contract assets assessed in accordance with individual amounts;

(3) For accounts receivable and contract assets that combine expected credit losses based on credit risk characteristics, reviewing the management's portfolio and the rationality of the expected credit loss estimated by the management based on historical credit loss and the current conditions as well as its forecast of future financial situation;

(4) comparing the amount of provision for bad debts in previous years with the actual amount of bad debts incurred, and evaluating the adequacy of the expected credit losses for accounts

receivable and contract assets based on the inspection of accounts receivable and contract assets after the period;

(5) sampling to conduct the confirmation procedure for the relevant balance of accounts receivable and contract assets, and checking the confirmation results against the amount recorded on the book of Oriental Yuhong Company.

IV. Other information

The management of Oriental Yuhong Company is responsible for other information. Other information includes the information provided in the 2020 annual report of the company, except the financial statements and our audit report.

Our audit opinions on the financial statements do not provide other information, and we do not provide any form of attestation on other information.

In our audit of the financial statements, our responsibility is to read other information, during which we consider whether the other information is materially inconsistent with the financial statements or with what we have learned during the audit or whether there seems to be a material misstatement.

Based on the work we have done, if we determine that there is a material misstatement of other information, we should report the facts. In this regard, we have no misstatement to report.

V. Responsibilities of management and governance for financial statements

The management of Oriental Yuhong Company is responsible for preparing financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises to result in a true and fair view of the business, and to design, implement and maintain necessary internal controls so that there are no major misstatements due to fraud or errors in the financial statements.

When preparing financial statements, the management is responsible for assessing the company's ability for sustainable operations, disclosing matters related to sustainable operations (if applicable), and applying going concern assumptions, unless the management plans to liquidate the

company, terminate its operations or resort to no other realistic choice.

The governance layer is responsible for supervising the financial reporting process of Oriental Yuhong Company.

VI. The responsibility of the certified public accountant for the audit of financial statements

Our goal is to obtain reasonable assurance as to whether there are no major misstatements due to fraud or errors in the overall financial statements, and to issue an audit report containing audit opinions. Reasonable assurance is a high-level assurance, which does not guarantee that an audit performed in accordance with the auditing standards will always find the major misstatement if there is any. Misstatements may be caused by fraud or errors. If it is reasonably expected that the misstatements, individually or collectively, may affect the financial decisions by the users of financial statements, such misstatement is generally considered to be material.

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

(1) identifying and assessing the risk of material misstatement of financial statements due to fraud or errors, designing and implementing audit procedures to deal with these risks, and obtaining sufficient and appropriate audit evidence as the basis for providing audit opinions. Since fraud may involve collusion, forgery, deliberate omission, misrepresentation or overriding internal control, the risk of failing to detect material misstatement due to fraud is higher than the risk of failing to detect material misstatement due to errors.

(2) understanding the internal control related to the audit in order to design appropriate audit procedures, purpose of which is not to provide any opinion on the effectiveness of the internal control.

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

(4) drawing conclusions on the appropriateness of management's use of going concern

assumptions. At the same time, based on the obtained audit evidence, conclusions can be drawn on whether there are major uncertainties in matters or circumstances about Oriental Yuhong Company as a going concern. If we concluded that there is significant uncertainty, the auditing standards require us in the audit report to draw the users' attention to the relevant disclosures in the financial statements; if the disclosure is insufficient, we should provide a non-unqualified opinion. Our conclusions were based on the information available as of the date of the audit report. However, future events or circumstances may result in the inability of Oriental Yuhong Company in continuing the business.

(5) evaluating the overall presentation, structure and content of the financial statements, and evaluating whether the financial statements present fair view of the relevant transactions and events.

(6) obtaining sufficient and appropriate audit evidence of the financial information in the entities or business activities of Oriental Yuhong Company to provide opinions on the financial statements. We were responsible for directing, supervising and performing group audits, and assumed full responsibility for the audit opinions.

We communicated with the management on the planned audit scope, timing and major audit findings, including the notable internal control deficiencies we have identified during the audit.

We also provided a statement to the governance that we have complied with the professional ethics requirements in terms of the independence, and communicated with the governance all relationships and other matters that may be reasonably believed to affect our independence, as well as related preventive measures (if applicable).

From the matters we communicated with the governance layer, we determined which matters were the most important to the audit of the financial statements of the current period, and thus constituted key audit matters. We described these matters in the audit report, unless laws and regulations prohibit public disclosure of these matters, or in rare cases, if the negative consequences of communicating a matter in the audit report are reasonably expected to outweigh the public interest benefits, we determine the matter should not be discussed in the audit report.



Grant Thornton
(Limited Liability Partnership)

China's Certified Public
Accountant
(Engagement partner)

China's Certified Public
Accountant

Beijing, China

April 15, 2021



II. Financial Statements

Currency Unit in the Notes to Financial Statements: RMB

1. Consolidated Balance Sheet

Prepared by: Beijing Oriental Yuhong Waterproof Technology Co., Ltd.

December 31, 2020

Unit: RMB

Items	December 31, 2020	December 31, 2019
Current Assets:		
Monetary Funds	6,015,754,939.53	4428414585.06
Provision of Settlement Funds		
Loans to Other Banks		
Trading Financial Assets	299,165,286.97	42,914,749.15
Derivative Financial Assets		
Notes Receivable	1,549,955,058.32	1,380,885,831.13
Accounts Receivable	6,101,484,706.08	5,636,056,135.06
Receivable Financing	1,311,224,344.22	789,077,684.98
Advance Payments	448,803,334.66	540,951,524.82
Premiums Receivable		
Reinsurance Premiums Receivable		
Reserves for Reinsurance Contract Receivable		
Other Receivables	327,498,516.90	290,865,902.72
Wherein: Interest Receivable		
Dividends Receivable		
Buying Back the Sale of Financial Assets		
Stock	1,199,141,095.45	2,016,452,159.26



Contract Assets	1,903,218,399.07	
Assets Held for Sale		
Non-current Assets Due within One Year		
Other Current Assets	231,185,741.92	321,259,114.60
Total Current Assets	19,387,431,423.12	15,446,877,686.78
Non-current Assets:		
Loans and Advances Disbursed		
Debt Investment		
Other Debt Investment		
Long-term Receivables		
Long-term Equity Investment	165,907,550.26	
Other Equity Instrument Investments	417,735,618.77	259,998,230.03
Other Non-current Financial Assets	52,529,578.10	16,640,831.94
Investment Real Estate		
Fixed Assets	4,755,145,766.45	4,349,008,635.30
Construction in Progress	711,601,594.11	626,523,807.66
Productive Biological Assets		
Oil and Gas Assets		
Right-of-use Assets		
Intangible Assets	1,491,341,034.36	990,616,190.80
Development Expenditure		
Goodwill	68,258,311.16	72,881,767.24
Long-term Unamortized Expenses	23,749,515.14	22,250,899.78
Deferred Tax Assets	402,095,809.49	266,364,031.92
Other Non-current Assets	370,852,579.84	364,498,107.11
Total Non-current Assets	8,459,217,357.68	6,968,782,501.78
Total Assets	27,846,648,780.80	22,415,660,188.56
Current Liabilities:		
Short-term Borrowings	2,524,673,429.34	3,092,642,634.13
Borrowings from Central Bank		
Loans from Other Banks		
Trading Financial Liabilities		



Derivative Financial Liabilities		
Notes Payable	528,604,853.84	650,231,761.16
Accounts Payable	3,114,708,161.36	2,641,858,837.08
Advance Receipts		1,513,867,627.95
Contract Liabilities	2,077,737,096.59	
Financial Assets Sold for Repurchase		
Receipt of Deposits and Deposits from Other Banks		
Funds Received as Agent of Stock Exchange		
Funds Received as Agent of Stock Underwriting		
Employee Compensation Payable	158,909,856.74	71,883,465.42
Taxes Payable	543,661,563.84	318,635,501.93
Other Payables	2,583,979,771.88	1,796,480,353.16
Wherein: Interest Payable		
Dividends Payable	39,800.00	39,800.00
Handling Charges and Commission Payable		
Reinsurance Premiums Payable		
Liabilities Held for Sale		
Non-current Liabilities Due within One Year	399,835,829.84	
Other Current Liabilities	200,358,468.92	
Total Current Liabilities	12,132,469,032.35	10,085,600,180.83
Non-current Liabilities:		
Reserves for Insurance Contract		
Long-term Borrowings	421,704,727.77	408,000,000.00
Bonds Payable		1,584,525,345.68
Wherein: Preferred Shares		
Perceptual Bonds		
Lease Liabilities		
Long-term Payables	57,898,026.47	
Long-term Employee Compensation Payable		



Estimated Liabilities	36,636,884.19	
Deferred Income	349,912,738.71	363,760,251.35
Deferred Tax Liabilities	17,051,862.74	13,905,379.69
Other Non-current Liabilities		
Total Non-current Liabilities	883,204,239.88	2,370,190,976.72
Total Liabilities	13,015,673,272.23	12,455,791,157.55
Owners' Equity:		
Share Capital	2,349,164,487.00	1,487,735,509.00
Other Equity Instruments		415,138,820.10
Wherein: Preferred Shares		
Perceptual Bonds		
Capital Reserves	2,791,715,314.88	1,350,936,097.25
Minus: Treasury Shares	388,711,596.39	513,038,129.11
Other Comprehensive Income	12,847,638.78	34,236,800.41
Appropriative Reserves		
Surplus Reserves	376,255,145.33	240,588,444.32
General Risk Reserves		
Undistributed Profits	9,473,106,089.15	6,724,405,683.30
Total Owners' Equity Attributable to the Parent Company	14,614,377,078.75	9,740,003,225.27
Minority Interests	216,598,429.82	219,865,805.74
Total Owners' Equity	14,830,975,508.57	9,959,869,031.01
Total Liabilities and Owners' Equity	27,846,648,780.80	22,415,660,188.56

Legal Representative: Li Weiguo Competent Accounting Head: Xu Wei Accounting Agency Head: Zeng Mengnan

2. Balance Sheet of the Parent Company

Unit: RMB

Items	December 31, 2020	December 31, 2019
Current Assets:		
Monetary Funds	2,838,062,505.55	1,376,226,253.02
Trading Financial Assets	299,165,286.97	42,914,749.15
Derivative Financial Assets		
Notes Receivable	793,325,582.60	945,403,970.67



Accounts Receivable	2,982,876,873.60	2,599,230,817.44
Receivable Financing	125,120,888.19	131,110,688.37
Advance Payments	72,539,289.72	209,457,606.05
Other Receivables	3,888,565,359.11	4,089,563,640.08
Wherein: Interest Receivable	27,860,682.96	
Dividends Receivable	1,600,000,000.00	800,000,000.00
Stock	22,680,792.40	25,756,585.78
Contract Assets		
Assets Held for Sale		
Non-current Assets Due within One Year		
Other Current Assets		53,785,501.36
Total Current Assets	11,022,336,578.14	9,473,449,811.92
Non-current Assets:		
Debt Investment		
Other Debt Investment		
Long-term Receivables		
Long-term Equity Investment	3,642,838,470.32	3,215,175,394.33
Other Equity Instrument Investments	412,178,673.54	254,441,284.80
Other Non-current Financial Assets	18,481,848.25	16,640,831.94
Investment Real Estate		
Fixed Assets	49,825,273.72	52,090,664.93
Construction in Progress	7,468,063.53	
Productive Biological Assets		
Oil and Gas Assets		
Right-of-use Assets		
Intangible Assets	56,407,473.25	55,516,571.59
Development Expenditure		
Goodwill		
Long-term Unamortized Expenses		421,813.18
Deferred Tax Assets	140,276,394.92	93,263,984.68
Other Non-current Assets	176,988,598.37	106,914,239.60
Total Non-current Assets	4,504,464,795.90	3,794,464,785.05



Total Assets	15,526,801,374.04	13,267,914,596.97
Current Liabilities:		
Short-term Borrowings	1,351,634,278.55	1,762,975,927.02
Trading Financial Liabilities		
Derivative Financial Liabilities		
Notes Payable	434,073,678.57	387,868,658.41
Accounts Payable	2,166,473,009.36	1,916,374,580.24
Advance Receipts		548,146,605.78
Contract Liabilities	430,940,200.65	
Employee Compensation Payable	56,049,092.87	21,477,241.94
Taxes Payable	137,424,851.16	56,857,224.31
Other Payables	3,603,977,367.70	2,701,324,047.44
Wherein: Interest Payable		
Dividends Payable	39,800.00	39,800.00
Liabilities Held for Sale		
Non-current Liabilities Due within One Year	300,414,779.84	
Other Current Liabilities	56,022,226.09	
Total Current Liabilities	8,537,009,484.79	7,395,024,285.14
Non-current Liabilities:		
Long-term Borrowings	100,000,000.00	300,000,000.00
Bonds Payable		1,584,525,345.68
Wherein: Preferred Shares		
Perceptual Bonds		
Lease Liabilities		
Long-term Payables	57,898,026.47	
Long-term Employee Compensation Payable		
Estimated Liabilities		
Deferred Income		
Deferred Tax Liabilities	11,464,598.55	9,837,317.51
Other Non-current Liabilities		
Total Non-current Liabilities	169,362,625.02	1,894,362,663.19
Total Liabilities	8,706,372,109.81	9,289,386,948.33
Owners' Equity:		



Share Capital	2,349,164,487.00	1,487,735,509.00
Other Equity Instruments		415,138,820.10
Wherein: Preferred Shares		
Perceptual Bonds		
Capital Reserves	2,745,217,427.94	1,367,050,364.16
Minus: Treasury Shares	388,711,596.39	513,038,129.11
Other Comprehensive Income	60,461,352.23	53,075,092.08
Appropriative Reserves		
Surplus Reserves	376,255,145.33	240,588,444.32
Undistributed Profits	1,678,042,448.12	927,977,548.09
Total Owners' Equity	6,820,429,264.23	3,978,527,648.64
Total Liabilities and Owners' Equity	15,526,801,374.04	13,267,914,596.97

3. Consolidated Income Statement

Unit: RMB

Items	2020	2019
I. Gross Revenue	21,730,373,038.52	18,154,344,171.40
Wherein: Total Operating Income	21,730,373,038.52	18,154,344,171.40
Interest Income		
Earned Premiums		
Fee and Commission Income		
II. Total Operating Cost	17,758,509,915.54	15,681,521,028.51
Wherein: Operating Cost	13,680,832,215.09	11,665,034,655.27
Interest Expenditure		
Fee and Commission Expenses		
Surrender Value		
Net Payments for Insurance Claims		
Net Amount of Insurance Contract Provisions		
Policy Dividend Payments		
Reinsurance Expenses		
Tax and Extra	185,896,138.94	139,428,085.62



Selling Expenses	1,787,687,869.23	2,141,651,481.66
Administrative Expenses	1,260,579,576.49	965,312,517.25
R&D Expenses	463,653,704.67	356,706,013.29
Financial Expenses	379,860,411.12	413,388,275.42
Wherein: Interest Expenses	260,621,487.65	367,013,422.52
Interest Income	39,586,932.94	33,610,634.12
Plus: Other Income	287,033,671.47	286,544,409.25
Investment Income (Loss Presented in "-")	207,697,555.55	3,000,000.00
Wherein: Investment Income from Associated Enterprises and Joint Ventures	-1,508,610.08	
Income from Derecognition of Financial Assets Measured at Amortized Cost		
Exchange Gain (Loss Presented in "-")		
Net Exposure to Hedging Gain (Loss Presented in "-")		
Income from Changes in Fair Value (Loss Presented in "-")	888,746.16	1,938,718.34
Credit Impairment Loss (Loss Presented in "-")	-218,224,380.07	-133,446,271.02
Asset Impairment Loss (Loss Presented in "-")	-45,629,586.16	-8,352,057.30
Asset Disposal Income (Loss Presented in "-")	-114,471.72	-868,452.20
III. Operating Income (Loss Presented in "-")	4,203,514,658.21	2,621,639,489.96
Plus: Non-operating Income	13,761,856.29	15,086,565.06
Minus: Non-operating Expenses	61,956,641.61	44,768,127.36
V. Total Profit (Loss Presented in "-")	4,155,319,872.89	2,591,957,927.66
Minus: Income Tax Expenses	768,510,167.11	516,696,617.86
V. Net Profit (Loss Presented in "-")	3,386,809,705.78	2,075,261,309.80
(i) By Business Continuity		
1. Net Profit from Continuing	3,386,809,705.78	2,075,261,309.80



Operations (Net Loss Presented in "-")		
2. Net Profit from Discontinued Operations (Net Loss Presented in "-")		
(ii) By Ownership		
1. Net Profit Attributable to the Shareholders of the Parent Company	3,388,870,065.01	2,065,944,687.98
2. Minority Interest Income	-2,060,359.23	9,316,621.82
VI. Net of Tax of Other Comprehensive Income	-21,389,161.63	12,105,630.23
Net of Tax of Other Comprehensive Income Attributable to the Owners of the Parent Company	-21,389,161.63	12,105,630.23
(i) Other Comprehensive Income that Cannot be Reclassified into Profit and Loss	7,386,260.15	-16,614,446.07
1. Remeasurement of Changes in Defined Benefit Plans		
2. Other Comprehensive Income that Cannot be Transferred into Profit and Loss under the Equity Method		
3. Changes in Fair Value of Other Equity Instrument Investments	7,386,260.15	-16,614,446.07
4. Changes in Fair Value of Enterprise's Own Credit Risk		
5. Others		
(ii) Other Comprehensive Income Reclassified into Profit and Loss	-28,775,421.78	28,720,076.30
1. Other Comprehensive Income Transferrable into Profit and Loss under the Equity Method		
2. Changes in Fair Value of Debt Investments		
3. Amount of Financial Assets Reclassified into Other Comprehensive Income		
4. Credit Impairment Reserves for Other Debt Investments		
5. Cash Flow Hedging Reserves		



6. Translation Differences of Foreign Currency Financial Statements	-28,775,421.78	28,720,076.30
7. Others		
Net of Tax of Other Comprehensive Income Attributable to Minority Shareholders		
VII. Total Comprehensive Income	3,365,420,544.15	2,087,366,940.03
Total Comprehensive Income Attributable to the Owners of the Parent Company	3,367,480,903.38	2,078,050,318.21
Total Comprehensive Income Attributable to Minority Shareholders	-2,060,359.23	9,316,621.82
V. Earnings Per Share:		
(I) Basic Earnings Per Share	1.510	0.930
(II) Diluted Earnings Per Share	1.460	0.910

In case of any combination of enterprises under the same controlling party in the current period, the net profit realized by the combined party before the combination is: 0.00 RMB, and the net profit realized by the combined party in the previous period is: 0.00 RMB.

Legal Representative: Li Weiguo Competent Accounting Head: Xu Wei Accounting Agency Head: Zeng Mengnan

4. Income Statement of the Parent Company

Unit: RMB

Items	2020	2019
I. Operating Income	7,397,234,492.30	7,400,652,377.13
Minus: Operating Cost	6,036,513,737.24	6,345,870,029.16
Tax and Extra	28,363,691.02	23,287,057.23
Selling Expenses	436,072,731.98	357,586,956.99
Administrative Expenses	365,582,549.16	269,607,559.21
R&D Expenses	64,381,709.81	87,401,638.92
Financial Expenses	218,886,579.59	255,477,515.57
Wherein: Interest Expenses	161,178,054.18	226,112,638.64
Interest Income	32,168,631.35	22,630,183.61
Plus: Other Income	14,833,946.61	15,985,438.00
Investment Income (Loss Presented in "-")	1,133,768,492.69	803,000,000.00



Wherein: Investment Income from Associated Enterprises and Joint Ventures	-1,663,240.25	
Income from Derecognition of Financial Assets Measured at Amortized Cost (Loss Presented in "-")		
Net Exposure to Hedging Gain (Loss Presented in "-")		
Income from Changes in Fair Value (Loss Presented in "-")	1,841,016.31	1,938,718.34
Credit Impairment Loss (Loss Presented in "-")	915,281.28	-25,809,795.20
Asset Impairment Loss (Loss Presented in "-")	-175,493.16	
Asset Disposal Income (Loss Presented in "-")	-13,353,277.26	-230,271.59
II. Operating Profit (Loss Presented in "-")	1,385,263,459.97	856,305,709.60
Plus: Non-operating Income	957,056.66	1,716,332.38
Minus: Non-operating Expenses	1,485,582.91	18,617,374.53
III. Total Profit (Total Loss Presented in "-")	1,384,734,933.72	839,404,667.45
Minus: Income Tax Expenses	28,067,923.58	-12,733,965.65
IV. Net Profit (Net Loss Presented in "-")	1,356,667,010.14	852,138,633.10
(i) Net Profit from Continuing Operations (Net Loss Presented in "-")	1,356,667,010.14	852,138,633.10
(ii) Net Profit from Discontinued Operations (Net Loss Presented in "-")		
V. Net of Tax of Other Comprehensive Income	7,386,260.15	12,664,258.80
(i) Other Comprehensive Income that Cannot be Reclassified into Profit and Loss	7,386,260.15	12,664,258.80
1. Remeasurement of Changes in Defined Benefit Plans		
2. Other Comprehensive Income that Cannot be Transferred into		



Profit and Loss under the Equity Method		
3. Changes in Fair Value of Other Equity Instrument Investments	7,386,260.15	12,664,258.80
4. Changes in Fair Value of Enterprise's Own Credit Risk		
5. Others		
(II) Other Comprehensive Income Reclassified into Profit and Loss		
1. Other Comprehensive Income Transferrable into Profit and Loss under the Equity Method		
2. Changes in Fair Value of Debt Investments		
3. Amount of Financial Assets Reclassified into Other Comprehensive Income		
4. Credit Impairment Reserves for Other Debt Investments		
5. Cash Flow Hedging Reserves		
6. Translation Differences of Foreign Currency Financial Statements		
7. Others		
VI. Total Comprehensive Income	1,364,053,270.29	864,802,891.90
VII. Earnings Per Share:		
(I) Basic Earnings Per Share		
(II) Diluted Earnings Per Share		

5. Consolidated Cash Flow Statement

Unit: RMB

Items	2020	2019
I. Cash Flows from Operating Activities		
Cash Received from Sales of Goods or Rendering of Services	25,063,781,037.67	19,651,851,478.03
Net Increase in Customer Deposits		



and Deposits from Other Banks		
Net Increase in Borrowings from Central Bank		
Net Increase in Loans from Other Financial Institutions		
Cash Received from Original Insurance Contract Premiums		
Net Cash from Reinsurance Business		
Net Increase in Policy Holder Deposits and Investment Funds		
Cash Received from Interest, Handling Charges, and Commission		
Net Increase in Loans from Other Banks		
Net Increase in Repurchase Business Funds		
Net Cash from Funds Received as Agent of Stock Exchange		
Tax Refunds Received	90,260,831.10	70,733,614.51
Cash Received Relating to Other Operating Activities	1,352,196,640.15	580,431,803.13
Subtotal of Cash Inflows from Operating Activities	26,506,238,508.92	20,303,016,895.67
Cash Paid for Purchase of Goods and Receipt of Services	16,879,209,363.27	13,356,472,400.28
Net Increase in Loans and Advances to Customers		
Net Increase in Deposits in Central Bank and Other Banks		
Cash Paid for Original Insurance Contract Claims		
Net Increase in Loans to Other Banks		
Cash Paid for Interest, Handling Charges, and Commission		
Cash Paid for Policy Dividends		
Cash Paid to and on Behalf of	1,711,006,232.10	1,617,258,647.82



Employees		
Tax Payments	1,742,941,355.69	1,478,448,135.18
Cash Paid Relating to Other Operating Activities	2,221,386,102.36	2,261,877,365.81
Subtotal of Cash Outflows from Operating Activities	22,554,543,053.42	18,714,056,549.09
Net Cash Flows from Operating Activities	3,951,695,455.50	1,588,960,346.58
II. Cash Flows from Investment Activities:		
Cash Received from Disposal of Investments	42,914,749.15	
Cash Received from Returns on Investments	90,759.59	3,000,000.00
Net Cash Received from Disposal of Fixed Assets, Intangible Assets, and Other Long-term Assets	3,910,482.23	43,503,861.94
Net Cash Received from Disposal of Subsidiaries and Other Business Entities	168,270,728.05	
Cash Received to Other Investment Activities	39,586,932.94	33,610,634.12
Subtotal of Cash Inflows from Investment Activities	254,773,651.96	80,114,496.06
Cash Paid for Purchase of Fixed Assets, Intangible Assets, and Other Long-term Assets	1,523,675,735.04	1,344,638,448.13
Cash Paid to Acquire Investments	474,275,911.97	46,714,749.15
Net Increase in Pledge Loans		
Net Cash Paid to Acquire Subsidiaries and Other Business Entities		63,123,241.61
Cash Paid Relating to Other Investment Activities	584,613.57	
Subtotal of Cash Outflows from Investment Activities	1,998,536,260.58	1,454,476,438.89
Net Cash Flows from Investment Activities	-1,743,762,608.62	-1,374,361,942.83
III. Cash Flows from Financing		



Activities:		
Cash Received from Capital Contributions	7,900,000.00	328,694,426.56
Wherein: Cash from Minority Shareholders' Investment in Subsidiaries	7,900,000.00	34,000,000.00
Cash Received from Borrowings	3,549,112,013.42	4,072,558,190.90
Cash Received Relating to Other Financing Activities	5,449,114.23	
Subtotal of Cash Inflows from Financing Activities	3,562,461,127.65	4,401,252,617.46
Cash Paid for Repayment of Debts	3,645,642,634.13	4,286,784,837.34
Cash Paid for Distribution of Dividends, Profits, or Cash Payments of Interests	708,322,539.41	736,580,837.93
Wherein: Dividends and Profits Paid to Minority Shareholders by Subsidiaries		
Cash Paid Relating to Other Financing Activities	26,594,550.16	41,397,735.09
Subtotal of Cash Outflows of Financing Activities	4,380,559,723.70	5,064,763,410.36
Net Cash Flows from Financing Activities	-818,098,596.05	-663,510,792.90
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-30,126,550.37	29,533,591.10
V. Net Increase in Cash and Cash Equivalents	1,359,707,700.46	-419,378,798.05
Plus: Opening Balance of Cash and Cash Equivalents	4,211,941,571.75	4,631,320,369.80
VI. Balance of Cash and Cash Equivalents	5,571,649,272.21	4,211,941,571.75

6. Cash Flow Statement of the Parent Company

Unit: RMB

Items	2020	2019
I. Cash Flows from Operating Activities		



Cash Received from Sales of Goods or Rendering of Services	8,151,088,574.86	7,713,061,470.85
Tax Refunds Received		
Cash Received Relating to Other Operating Activities	1,759,823,839.73	1,190,071,396.69
Subtotal of Cash Inflows from Operating Activities	9,910,912,414.59	8,903,132,867.54
Cash Paid for Purchase of Goods and Receipt of Services	6,258,129,497.30	6,841,324,438.35
Cash Paid to and on Behalf of Employees	317,560,558.28	263,055,123.28
Tax Payments	141,189,312.25	130,916,618.52
Cash Paid Relating to Other Operating Activities	497,923,768.79	2,223,812,128.26
Subtotal of Cash Outflows from Operating Activities	7,214,803,136.62	9,459,108,308.41
Net Cash Flows from Operating Activities	2,696,109,277.97	-555,975,440.87
II. Cash Flows from Investment Activities:		
Cash Received from Disposal of Investments	204,686,272.16	
Cash Received from Returns on Investments	200,090,759.59	518,628,373.13
Net Cash Received from Disposal of Fixed Assets, Intangible Assets, and Other Long-term Assets	699,988.76	5,660,947.75
Net Cash Received from Disposal of Subsidiaries and Other Business Entities		
Cash Received to Other Investment Activities		
Subtotal of Cash Inflows from Investment Activities	405,477,020.51	524,289,320.88
Cash Paid for Purchase of Fixed Assets, Intangible Assets, and Other Long-term Assets	104,607,544.69	29,290,980.52
Cash Paid to Acquire Investments	789,695,120.69	176,164,749.15



Net Cash Paid to Acquire Subsidiaries and Other Business Entities		
Cash Paid Relating to Other Investment Activities	320,549.66	
Subtotal of Cash Outflows from Investment Activities	894,623,215.04	205,455,729.67
Net Cash Flows from Investment Activities	-489,146,194.53	318,833,591.21
III. Cash Flows from Financing Activities:		
Cash Received from Capital Contributions	0.00	294,694,426.56
Cash Received from Borrowings	1,973,398,026.47	2,107,645,815.24
Cash Received Relating to Other Financing Activities	32,168,699.26	
Subtotal of Cash Inflows from Financing Activities	2,005,566,725.73	2,402,340,241.80
Cash Paid for Repayment of Debts	2,226,841,648.47	2,738,336,797.42
Cash Paid for Distribution of Dividends, Profits, or Cash Payments of Interests	622,703,981.65	556,608,949.20
Cash Paid Relating to Other Financing Activities	36,865,537.28	37,198,855.15
Subtotal of Cash Outflows of Financing Activities	2,886,411,167.40	3,332,144,601.77
Net Cash Flows from Financing Activities	-880,844,441.67	-929,804,359.97
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-21,912,646.26	
V. Net Increase in Cash and Cash Equivalents	1,304,205,995.51	-1,166,946,209.63
Plus: Opening Balance of Cash and Cash Equivalents	1,231,134,276.03	2,398,080,485.66
VI. Balance of Cash and Cash Equivalents	2,535,340,271.54	1,231,134,276.03



7. Consolidated Statement of Changes in Equity

Current Amount

Unit: RMB

Items	2020														
	Owners' Equity Attributable to the Parent Company												Minority Interests	Total Owners' Equity	
	Share Capital	Other Equity Instruments			Capital Reserves	Minus: Treasury Shares	Other Comprehensive Income	Appropriative Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others			Subtotal
		Preferred Shares	Perceptual Bonds	Others											
I. Closing Balance of Previous Period	1,487,735,509.00			415,138,820.10	1,350,936,097.25	513,038,129.11	34,236,800.41		240,588,444.32		6,724,405,683.30		9,740,003,225.27	219,865,805.74	9,959,869,031.01
Plus: Changes in Accounting Policies													-33,567,549.05		-33,567,549.05
Corrections of Prior Period Errors															
Combination of Enterprises under the Same Controlling Party															
Others															
II. Opening Balance of Current Period	1,487,735,509.00			415,138,820.10	1,350,936,097.25	513,038,129.11	34,236,800.41		240,588,444.32		6,690,838,134.25		9,706,435,676.22	219,865,805.74	9,926,301,481.96
III. Changes in the Increase or Decrease for the Current Period	861,428,978.00			-415,138,820.10	1,440,779,217.63	-124,326,532.72	-21,389,161.63		135,666,701.01		2,782,267,954.90		4,907,941,402.53	-3,267,375.92	4,904,674,026.61

(Decrease Presented in "-")															
(i) Total Comprehensive Income							-21,389,161.63				3,388,870,065.01		3,367,480,903.38	-2,060,359.23	3,365,420,544.15
(ii) Capital Invested and Reduced by the Owners	76,536,630.00			-415,138,820.10	2,225,671,565.63	-124,326,532.72							2,011,395,908.25	-1,207,016.69	2,010,188,891.56
1. Common Shares Invested by the Owners	-5,512,558.00				-9,454,534.24	-124,326,532.72							109,359,440.48	7,900,000.00	117,259,444.48
2. Capital Invested by Other Instrument Holders	82,049,188.00			-415,138,820.10	1,938,900,451.99								1,605,810,819.89		1,605,810,815.89
3. Amount of Share-based Payments Recorded into the Owners' Equity					296,225,647.88								296,225,647.88		296,225,647.88
4. Others														-9,107,016.69	-9,107,016.69
(III) Profit Distribution								135,666,701.01		-606,602,110.11			-470,935,409.10		-470,935,409.10
1. Withdrawals of Surplus Reserves								135,666,701.01		-135,666,701.01					
2. Withdrawals of General Risk Reserves															
3. Distribution to the Owners (or the Shareholders)										-470,935,409.10			-470,935,409.10		-470,935,409.10
4. Others															
(IV) Balance Down of the	784,892,34				-784,892,348										



Owners' Equity	8.00				.00										
1. Conversion of Capital	784,8				-784,8										
Reserves into Capital (or Equity)	92,34 8.00				92,348 .00										
2. Conversion of Surplus Reserves into Capital (or Equity)															
3. Losses Made up With Surplus Reserves															
4. Changes in Defined Benefit Plans Carried Forward to Retained Earnings															
5. Other Comprehensive Income Carried Forward to Retained Earnings															
6. Others															
(V) Appropriative Reserves															
1. Amount Withdrawn for the Current Period															
2. Amount Used for the Current Period															
(VI) Others															
IV. Closing Balance of Current Period	2,349 ,164, 487.0				2,791, 715,31 4.88	388,71 1,596. 39	12,847 ,638.7 8		376,25 5,145. 33		9,473, 106,08 9.15		14,614 ,377,0 78.75	216,59 8,429. 82	14,830 ,975,5 08.57



0														
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Amount of Previous Period

Unit: RMB

Items	2019														
	Owners' Equity Attributable to the Parent Company												Minority Interests	Total Owners' Equity	
	Share Capital	Other Equity Instruments			Capital Reserves	Minus: Treasury Shares	Other Comprehensive Income	Appropriative Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others			Subtotal
Preferred Shares		Perceptual Bonds	Others												
I. Closing Balance of Previous Period	1,492,082,699.00			415,174,684.09	1,377,924,715.05	716,616,606.67	-16,361,182.13		155,374,581.01		5,193,171,079.88		7,900,749,970.23	187,749,139.58	8,088,499,109.81
Plus: Changes in Accounting Policies							38,492,352.31				-8,933,081.55		29,559,270.76		29,559,270.76
Corrections of Prior Period Errors															
Combination of Enterprises under the Same Controlling Party															
Others															
II. Opening Balance of Current Period	1,492,082,699.00			415,174,684.09	1,377,924,715.05	716,616,606.67	22,131,170.18		155,374,581.01		5,184,237,998.33		7,930,309,240.99	187,749,139.58	8,118,058,380.57
III. Changes in the Increase or Decrease for the Current Period	-4,347,190.00			-35,863.99	-26,988,617.80	-203,578,477.56	12,105,630.23		85,213,863.31		1,540,167,684.97		1,809,693,984.28	32,116,666.16	1,841,810,650.44



(Decrease Presented in "-")														
(i) Total Comprehensive Income										2,065,944,687.98		2,065,944,687.98	9,316,422.86	2,075,261,110.84
(ii) Capital Invested and Reduced by the Owners	-4,347,190.00		-35,863.99	-26,988,617.80	-203,578,477.56	12,105,630.23						184,312,436.00	34,000,000.00	218,312,436.00
1. Common Shares Invested by the Owners	-4,347,190.00		-35,863.99	-89,496,090.93	-203,578,477.56							109,699,332.64	34,000,000.00	143,699,332.64
2. Capital Invested by Other Equity Instrument Holders						-16,614,446.07						-16,614,446.07		-16,614,446.07
3. Amount of Share-based Payments Recorded into the Owners' Equity				62,507,473.13		28,720,076.30						91,227,549.43		91,227,549.43
4. Others														
(iii) Profit Distribution							85,213,863.31	-525,777,003.01				-440,563,139.70	-11,199,756.70	-451,762,896.40
1. Withdrawals of Surplus Reserves							85,213,863.31	-85,213,863.31						
2. Withdrawals of General Risk Reserves														
3. Distribution to the Owners (or the Shareholders)								-440,563,139.70				-440,563,139.70	-11,199,756.70	-451,762,896.40
4. Others														
(iv) Balance Down of the														



Owners' Equity														
1. Conversion of Capital Reserves into Capital (or Equity)														
2. Conversion of Surplus Reserves into Capital (or Equity)														
3. Losses Made up With Surplus Reserves														
4. Changes in Defined Benefit Plans Carried Forward to Retained Earnings														
5. Other Comprehensive Income Carried Forward to Retained Earnings														
6. Others														
(v) Appropriative Reserves														
1. Amount Withdrawn for the Current Period														
2. Amount Used for the Current Period														
(vi) Others														
IV. Closing Balance of	1,487,735,		415,138,82	1,350,936,09	513,038,129.	34,236,800.4		240,588,444.		6,724,405,68		9,740,003,22	219,865,805.74	9,959,869,031.



Current Period	509.00			0.10	7.25	11	1		32		3.30		5.27		01
----------------	--------	--	--	------	------	----	---	--	----	--	------	--	------	--	----

8. Changes in Equity of the Parent Company

Current Amount

Unit: RMB

Items	2020											
	Share Capital	Other Equity Instruments			Capital Reserves	Minus: Treasury Shares	Other Comprehensive Income	Appropriate Reserves	Surplus Reserves	Undistributed Profits	Others	Total Owners' Equity
		Preferr ed Shares	Percept ual Bonds	Others								
I. Closing Balance of Previous Period	1,487,735,509.00			415,138,820.10	1,367,050,364.16	513,038,129.11	53,075,092.08		240,588,444.32	927,977,548.09		3,978,527,648.64
Plus: Changes in Accounting Policies												
Corrections of Prior Period Errors												
Others												
II. Opening Balance of Current Period	1,487,735,509.00			415,138,820.10	1,367,050,364.16	513,038,129.11	53,075,092.08		240,588,444.32	927,977,548.09		3,978,527,648.64
III. Changes in the Increase or Decrease for the Current Period (Decrease Presented in "-")	861,428,978.00			-415,138,820.10	1,378,167,063.78	-124,326,532.72	7,386,260.15		135,666,701.01	750,064,900.03		2,841,901,615.59
(i) Total Comprehensive Income							7,386,260.15			1,356,667,010.14		1,364,053,270.29
(ii) Capital Invested and Reduced by the	76,536,630.00			-415,138,820.10	2,163,059,411.78	-124,326,532.72						1,948,783,754.40



Owners												
1. Common Shares Invested by the Owners	-5,512,558.00				-9,454,534.24	-124,326,532.72						109,359,444.48
2. Capital Invested by Other Equity Instrument Holders	82,049,188.00			-415,138,820.10	1,938,900,451.99							1,605,810,815.89
3. Amount of Share-based Payments Recorded into the Owners' Equity					233,613,494.03							233,613,494.03
4. Others												
(iii) Profit Distribution								135,666,701.01	-606,602,110.11			-470,935,409.10
1. Withdrawals of Surplus Reserves								135,666,701.01	-135,666,701.01			
2. Distribution to the Owners (or the Shareholders)									-470,935,409.10			-470,935,409.10
3. Others												
(iv) Balance Down of the Owners' Equity	784,892,348.00				-784,892,348.00							
1. Conversion of Capital Reserves into Capital (or Equity)	784,892,348.00				-784,892,348.00							
2. Conversion of Surplus Reserves into Capital (or Equity)												
3. Losses Made up With Surplus Reserves												



4. Changes in Defined Benefit Plans Carried Forward to Retained Earnings												
5. Other Comprehensive Income Carried Forward to Retained Earnings												
6. Others												
(v) Appropriative Reserves												
1. Amount Withdrawn for the Current Period												
2. Amount Used for the Current Period												
(vi) Others												
IV. Closing Balance of Current Period	2,349,164,487.00				2,745,217,427.94	388,711,596.39	60,461,352.23		376,255,145.33	1,678,042,448.12		6,820,429,264.23

Amount of Previous Period

Unit: RMB

Items	2019											
	Share Capital	Other Equity Instruments			Capital Reserves	Minus: Treasury Shares	Other Comprehensive Income	Appropriative Reserves	Surplus Reserves	Undistributed Profits	Others	Total Owners' Equity
		Preferr ed Shares	Percep tual Bonds	Others								
I. Closing Balance of Previous Period	1,492,082,699.00			415,174,684.09	1,413,552,733.92	716,616,606.67			155,374,581.01	603,249,435.22		3,362,817,526.57
Plus: Changes in							40,410,833.28			-1,633,517.22		38,777,316.06



Accounting Policies												
Corrections of Prior Period Errors												
Others												
II. Opening Balance of Current Period	1,492,082.69 9.00			415,174,684.09	1,413,552,733.92	716,616,606.67	40,410,833.28		155,374,581.01	601,615.918.00		3,401,594,842.63
III. Changes in the Increase or Decrease for the Current Period (Decrease Presented in "-")	-4,347,190.00			-35,863.99	-46,502,369.76	-203,578,477.56	12,664,258.80		85,213,863.31	326,361.630.09		576,932,806.01
(i) Total Comprehensive Income										852,138,633.10		852,138,633.10
(ii) Capital Invested and Reduced by the Owners	-4,347,190.00			-35,863.99	-46,502,369.76	-203,578,477.56	12,664,258.80					165,357,312.61
1. Common Shares Invested by the Owners	-4,347,190.00			-35,863.99	-50,747,421.54	-203,578,477.56						148,448,002.03
2. Capital Invested by Other Equity Instrument Holders							12,664,258.80					12,664,258.80
3. Amount of Share-based Payments Recorded into the Owners' Equity					4,245,051.78							4,245,051.78
4. Others												



(iii) Profit Distribution									85,213,863.31	-525,777,003.01		-440,563,139.70
1. Withdrawals of Surplus Reserves									85,213,863.31	-85,213,863.31		
2. Distribution to the Owners (or the Shareholders)										-440,563,139.70		-440,563,139.70
3. Others												
(iv) Balance Down of the Owners' Equity												
1. Conversion of Capital Reserves into Capital (or Equity)												
2. Conversion of Surplus Reserves into Capital (or Equity)												
3. Losses Made up With Surplus Reserves												
4. Changes in Defined Benefit Plans Carried Forward to Retained Earnings												
5. Other Comprehensive Income Carried Forward to Retained Earnings												
6. Others												
(v) Appropriative												



Reserves												
1. Amount Withdrawn for the Current Period												
2. Amount Used for the Current Period												
(vi) Others												
IV. Closing Balance of Current Period	1,487, 735,50 9.00		415,13 8,820. 10	1,367,0 50,364. 16	513,038, 129.11	53,075, 092.08		240,588 ,444.32	927,977,5 48.09		3,978,527,6 48.64	

III. Company information

1. Company profile

Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (hereinafter referred to as the company) was formerly known as Beijing Oriental Yuhong Waterproof Technology Co., Ltd., established on March 30, 1998, with a registered capital of RMB3 million, and funded and established by natural persons of Li Weiguo, Li Xingguo and Chen Dingsong.

On October 12, 2000, approved by the People's Government of Beijing Municipality through "Notice on Approval of Beijing Dongfang Yuhong Waterproof Technology Co., Ltd., Changed to Beijing Dongfang Yuhong Waterproof Technology Co., Limited by share." (Jing [2000] No.126), Yuhong Waterproof Technology Co., Ltd. had its net assets of RMB24.725 million after the audit by the Nikkei, and changed it to Beijing Oriental Yuhong Waterproof Technology Co., Limited by share. at a 1:1 ratio. The Beijing Municipal Administration for Industry and Commerce issued to the company a corporate legal person business license with the registration number 1100002604378 on October 13, 2000.

According to the resolution of the third extraordinary shareholders meeting in 2007, based on the company's total share capital of 24.725 million shares as of June 30, 2007, 6 shares for every 10 shares were b distributed to all shareholders based on undistributed profits, totaling 14.835 million shares. The total share capital of the company was changed to RMB39.56 million after the bonus

shares.

According to the resolutions of the fourth extraordinary shareholders meeting of the company in 2007 and approved by the China Securities Regulatory Commission Securities Regulatory Commission [2008] No. 927 document, it adopted offline inquiries and placements to inquirers and issue online to the public investors on September 1, 2008, to issue 13.2 million RMB common shares. With the approval of the Shenzhen Stock Exchange "Notice on the Listing of RMB Common Stocks of Beijing Oriental Yuhong Waterproof Technology Co., Ltd." (Shenzheng Shang [2008] No. 131), the company was listed on the Shenzhen Stock Exchange on September 10, 2008, to issue the common stocks, with the stock abbreviation "Eastern Yuhong" and the stock code "002271". The registered capital of the company after the issuance of shares totaled RMB 52.76 million.

According to the resolution of the 2008 annual shareholders meeting, the company's share capital of 52.76 million, increased to 5 shares for every 10 shares by transferring on December 31, totaling 26.38 million shares converted. The company's total share capital was then changed to RMB79.14 million.

According to the resolution of the 2009 annual shareholders meeting, the company's total share capital of 79.14 million as of December 31, 2009 increased by 10 shares for every 10 shares, totaling 79.14 million. The total share capital of the company was changed to RMB158.28 million.

Pursuant to the resolution of the company's first interim shareholders meeting in 2010, and the China Securities Regulatory Commission's Securities Regulatory Commission [2010] No. 1816 "Approval of Beijing Oriental Yuhong Waterproof Technology Co., Ltd.'s Non-Public Issuance of Stocks", the company issued 13.48 million shares non-publicly on December 29, 2010. After the additional issuance, the total share capital of the company was changed to RMB171.76 million.

According to the resolution of the company's 2010 annual general meeting of shareholders, based on the company's total share capital of 171.76 million shares as of December 31, 2010, 10 shares will be converted from the capital reserve for every 10 shares, and a total of 171.76 million

shares will be converted. The company's total share capital was changed to RMB343.52 million.

In accordance with the resolutions of the 27th meeting of the fourth board of directors of the company, the resolutions of the fifth meeting of the fifth board of directors, as well as the resolutions of the second extraordinary shareholders meeting in 2013, as the China Securities Regulatory Commission confirmed the filing of "Beijing Oriental Yuhong Waterproof Technology" Restricted Stock Incentive Plan of Limited by Shares (Draft Revision)", the company issued 16,116 million restricted stocks with a par value of RMB 1.00 each to incentive targets. After the additional issuance, the total share capital of the company was changed to RMB 359,836,600.

According to the resolutions of the second extraordinary shareholders meeting of the company in 2013 and the resolutions of the fourteenth meeting of the fifth board of directors, the company issued reserved part of restricted shares of 698,000 shares to incentive targets, each with a par value of RMB1.00. The company's total share capital was changed to RMB 360.534 million.

According to the resolutions of the third extraordinary general shareholders meeting of the company in 2013 and the China Securities Regulatory Commission Securities Regulatory Commission [2014] No. 590 "Approval of the Non-public Issuance of Shares of Beijing Oriental Yuhong Waterproof Technology Co., Ltd.", the company issued 56.269553 million shares non-publicly on August 8, 2014. After the additional issuance, the total share capital of the company was changed to 416,803,553.

According to the resolutions of the second extraordinary shareholders meeting of the company in 2013 and the resolutions of the sixteenth meeting of the fifth board of directors, the company repurchased and cancelled the 476,917 restricted stocks obtained by incentive objects that did not fully meet the unlocking conditions at a par value of RMB1.00, and the total share capital of the company after the repurchase was changed to RMB416,326,636.

The company's 2014 Annual General Meeting of Shareholders decided to use the company's total share capital of 416,326,363 shares as of December 31, 2014 as the base, and convert the capital reserve to 10 shares for every 10 shares, resulting in a total of 416,326,636 shares. The total

share capital of the company was changed to RMB 832,653,272.

Authorized by the second extraordinary shareholders meeting 2013 and in accordance with the resolution of the 25th plenary of the 5th board of directors, the company repurchased and canceled the 182,000 restricted stocks obtained by incentive objects that did not fully meeting the unlocking conditions. The total share capital of the company afterwards was RMB 832, 471, 272.

According to the authorization of the second extraordinary general meeting of shareholders of the company in 2013 and the resolutions of the twenty-sixth meeting of the fifth board of directors, the company repurchased and cancelled the 1.77833 million restricted stocks obtained by incentive objects that did not fully meet the unlocking conditions. The total share capital of the company afterwards was RMB 830,693,439.

According to the authorization of the second extraordinary general meeting of shareholders of the company in 2016 and the resolutions of the second, fourth and sixth meetings of the sixth board of directors, the company granted 63,126,000 restricted stocks to incentive objects, including 53,149,909 new shares, and the remaining 9,976,091 million public shares repurchased by the company as part of the source of restricted shares, each with a par value of RMB1.00, and the registered capital of the company after the change was RMB883,843,348.

Authorized by the second extraordinary shareholders meeting of the company in 2013 and in accordance with the resolutions of the third and fifth meetings of the sixth board of directors, the company repurchased and cancelled 1,156,500 restricted stocks obtained by incentive objects that did not fully meet the unlocking conditions. , After the change, the company's registered capital was RMB882,686,848.

Authorized by the second extraordinary shareholders meeting of the company in 2013 and in accordance with the resolutions of the 22nd meeting of the sixth board of directors, the company repurchased and cancelled the 1.689333 million restricted shares obtained by incentive objects that did not fully meet the unlocking conditions. Later, the company's registered capital was RMB 880,997,515.

According to the authorization of the second extraordinary shareholders meeting of the company in 2016 and the resolution of the 23rd meeting of the sixth board of directors, the company reserved some restricted RMB ordinary shares (A share) of 854,400 shares, each with a par value of RMB1.00. After the additional issuance, the total share capital of the company was changed to RMB881,851,515.

According to the resolution of its 2017 annual shareholders meeting, the company's total share of 881,851,515 as of December 31, 2017 increased by 6.999907 shares for every 10 shares by transferring, totaling 61,729,605 shares. The total share capital of the company was changed to RMB 1,499,147,566.

According to the resolutions of the 29th meeting of the sixth session of the board of directors of the company and the approval of the China Securities Regulatory Commission "Zheng Jian Ke [2017] No. 894", the company publicly issued 18.4 million convertible corporate bonds on September 25, 2017, each with a face value of RMB100.00, totaling RMB1.840 billion. From January 1, 2018 to November 30, 2018, the number of convertible corporate bonds of the company totaled 14,470 shares.

Authorized by the second extraordinary shareholders meeting of the company in 2013 and in accordance with the resolution of the 48th meeting of the sixth board of directors, the company repurchased and cancelled 28,900 restricted stocks obtained by incentive objects that did not fully meet the unlocking conditions.

Authorized by the company's second extraordinary shareholders meeting in 2016 and in accordance with the resolution of the 49th meeting of the sixth board of directors, the company repurchased and cancelled 7,050,437 restricted shares obtained by incentive objects that did not fully meet the unlocking conditions.

The above efforts of repurchase and cancellation of restricted stocks reduced the share capital by 7,079,337 shares. After the change, the share capital of the company totaled RMB1,492,082,699.

Authorized by the second extraordinary shareholders meeting of the company in 2016 and



pursuant to the resolution of the fourth meeting of the seventh board of directors, the company repurchased and cancelled 8,176,638 restricted stocks obtained by incentive objects that did not fully meet the unlocking conditions. After the change, the company's share capital was RMB1,483,906,061.

In 2019, the number of convertible corporate bonds of the company totaled 7,079 shares;

Authorized by the third extraordinary shareholders meeting of the company in 2019, and in accordance to the "Beijing Oriental Yuhong Waterproof Technology Co., Ltd. According to the relevant provisions of the Third Restricted Stock Incentive Plan of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (Draft Revision) reviewed and approved at the sixth and the eighth meeting of the seventh board of directors, the company granted 27,362,528 restricted stocks to incentive objects, of which 3,822,369 new shares were issued to incentive targets, and the remaining 23,540,159 shares were the public ones repurchased by the company. After the change, the company's share capital totaled RMB 1,487,735,509.

According to the resolutions of the ninth meeting of the seventh board of directors and the ninth meeting of the seventh board of supervisors, the company decided to exercise the "Yuhong Convertible Bond" conditional redemption right, and redeemed the bond at the price of the face value of the bond plus the current accrued interest all the "Yuhong Convertible Bonds" that have not been converted. In 2020, the number of convertible corporate bonds of the company totaled 82,049,188 shares. Its share capital after the changed registered RMB 1,569,784,697.

After the resolution of the first extraordinary shareholders meeting of the company in 2020, the company increased the share capital totaling RMB 784,892,348 by transferring capital reserve. After the change, the share capital of the company was RMB 2,354,674,500.

According to the resolution of the twenty-first meeting of the seventh board of directors of the company, the company repurchased and cancelled 5512558 restricted stocks obtained by incentive objects that did not fully meet the unlocking conditions. After the change, the share capital of the company was RMB 2,349,164,487.

The company established a corporate governance structure of shareholders' meeting, board of directors, and board of supervisors. Under the board of directors are strategic committees, nomination committees, audit committees, and remuneration and appraisal committees. At the same time, it established the Audit Department, Strategic Investment Department, Securities Department, Marketing Department, and International Various Functional Departments including the Trade Department, Sales Department, Finance Department, Risk Supervision Department, Purchasing and Supply Department, Human Resources Department, Office, etc.

The nature and main business scope of the company and its subsidiaries (hereinafter referred to as the "Group") are manufacturing waterproof materials, anti-corrosion materials, thermal insulation materials, and complete construction equipment; technical development of waterproof materials, anti-corrosion materials, thermal insulation materials, and complete construction equipment, sales, technical services; operating the company's self-produced products and technology export business; the company's and member companies' production of raw and auxiliary materials, instrumentation, mechanical equipment, spare parts and technology (except the commodities prohibited by the state government from import and export); operating imported materials processing and "three plus one" business. (Enterprises independently select business projects and carry out business activities by law; projects that require approval in by law shall carry out business activities in accordance with the approved content after approval by relevant departments; they shall not engage in business activities that are prohibited and restricted by the local industrial policies.) Building waterproofing projects contracting.

This financial statement and its notes were approved at the Company's 34th meeting of the 7th Board of Directors on April 15, 2021.

In the current period, 71 subsidiaries are included in the Company's consolidated financial statements. They are:

No.	Name of the Subsidiary	Abbreviation
1	Beijing Oriental Yuhong Waterproof Engineering Co., Ltd.	Beijing Engineering Company



2	Zhongkejiantong Engineering Technology Co., Ltd. [Note 1]	Zhongkejiantong Company
3	Hongkong Oriental Yuhong Investment Co., Ltd.	Hongkong Investment Company
4	Sidaxin (Beijing) Building Materials Testing Co., Ltd.	Sidaxin Company
5	Shanghai Oriental Yuhong Waterproof Technology Co., Ltd.	Shanghai Technology Company
6	Guangdong Oriental Yuhong Waterproof Engineering Co., Ltd.	Guangdong Engineering Company
7	Shenzhen Oriental Yuhong Waterproof Engineering Co., Ltd.	Shenzhen Engineering Company
8	Sichuan Oriental Yuhong Waterproof Engineering Co., Ltd.	Sichuan Engineering Company
9	Tianjin Oriental Yuhong Waterproof Engineering Co., Ltd.	Tianjin Engineering Company
10	Beijing Wuzhou Diagram Circle Import and Export Trade Co., Ltd.	Wuzhou Diagram Circle Company
11	Qingdao Oriental Yuhong Building Materials Co., Ltd.	Qingdao Company
12	Nanjing Hongshan Construction and Development Co., Ltd.	Nanjing Hongshan Company
13	Nanchang Oriental Yuhong Building Materials Co., Ltd.	Nanchang Company
14	Henan Oriental Yuhong Building Materials Co., Ltd.	Henan Company
15	Jiangsu Oriental Yuhong Investment Co., Ltd.	Jiangsu Investment Company
16	Yueyang Oriental Yuhong Waterproof Technology Co., Ltd.	Yueyang Company
17	Tangshan Oriental Yuhong Waterproof Technology Co., Ltd.	Tangshan Technology Company
18	Xianyang Oriental Yuhong Building Materials Co., Ltd.	Xianyang Company
19	Wuhu Oriental Yuhong Building Materials Co., Ltd.	Wuhu Company
20	Hangzhou Oriental Yuhong Building Materials Co., Ltd.	Hangzhou Company
21	Jinzhou Oriental Yuhong Building Materials Co., Ltd.	Jinzhou Company
22	Jingmen Oriental Yuhong Building Materials Co., Ltd.	Jingmen Company
23	Huizhou Oriental Yuhong Building Materials Co., Ltd.	Huizhou Company
24	Kunming Fasion Waterproof Materials Co., Ltd.	Kunming Company
25	Xuzhou Woniushan New Waterproof Materials Co., Ltd.	Xuzhou Woniusha Company



26	Tangshan Yanghe New Materials Technology Co., Ltd.	Tangshan	Yanghe Company
27	Oriental Yuhong Civil Building Materials Co., Ltd.	Civil Building Company	
28	Chongqing Oriental Yuhong Mortar Co., Ltd.	Chongqing Factory	
29	Changsha Oriental Yuhong Building Materials Co., Ltd.	Changsha Factory	
30	Tiandingfeng Holding Co., Ltd.	Tiandingfeng	Holding Company
31	Beijing Hongyun Base and Auxiliary Material Supply Chain Management Co., Ltd.	Beijing	Hongyun Company
32	Quanzhou Oriental Yuhong Mortar Co., Ltd.	Quanzhou Factory	
33	Guangxi Oriental Yuhong Building Materials Co., Ltd.	Guangxi	building Company
34	Xuchang Oriental Yuhong Building Materials Co., Ltd.	Xuchang Company	
35	Hunan Oriental Yuhong Building Materials Co., Ltd.	Hunan Company	
36	Zhejiang Oriental Yuhong Technology Development Co., Ltd.	Zhejiang	Technology Company
37	Oriental Yuhong Real Estate Co., Ltd. [Note 2]	Xizang	Real Estate Company
38	Zhejiang Hongyi Technology Development Co., Ltd.	Zhejiang	Hongyi Company
39	Zhejiang Hongzhi Technology Development Co., Ltd.	Zhejiang	Hongzhi Company
40	Oriental Yuhong Building Renovation Technology Co., Ltd.	Renovation Company	
41	Oriental Yuhong Intelligent Equipment Co., Ltd.	Intelligent	Equipment Company
42	Xiong'an Oriental Yuhong Building Technology Co., Ltd.	Xiong'an Company	
43	Shanghai Yuhong New Material Technology Co., Ltd.	Shanghai	New Materials Company
44	Tianjin Oriental Yuhong New Material Technology Co., Ltd.	Tianjin	New Materials Company
45	Shanghai Yuhong Environmental Technology Co., Ltd.	Shanghai	Environmental Company
46	Beijing Dingzhimei Building Technology Co., Ltd.	Dingzhimei Company	
47	Guangdong Oriental Yuhong Real Estate Investment Co., Ltd. [Note3]	Guangdong	Real Estate Company
48	Lushan Huasha Industry Co., Ltd.	Lushan	Huasha



		Company
49	Oriental Yuhong (America) Developments. Ltd	Yuhong America
50	Oriental Yuhong Building Materials (Guangdong) Co., Ltd.	Guangdong Building Materials Company
51	Tianjin Hongzhi New Materials Co., Ltd.	Tianjin Hongzhi Company
52	Jiangsu Qinggeng Thermal Insulation Technology Co., Ltd.	Jiangsu Qinggeng Company
53	Guangdong Tivic Technology Co., Ltd.	Tivic Company
54	Oriental Yuhong Vocational Skills Training School in Shunyi District, Beijing	Yuhong Academy
55	Tianjin Hongde New Materials Co., Ltd.	Hongde New Materials Company
56	Oriental Yuhong Technologies (Malaysia) Sdn Bhd	Malaysia Yuhong
57	Yueyang Jiangnan Guangde Real Estate Co., Ltd.	Yueyang Real Estate Company
58	Jilin Oriental Yuhong Building Materials Technology Co., Ltd.	Jilin Yuhong Company
59	Fenghong Technology Co., Ltd.	Fenghong Technology Company
60	Zhanjiang Oriental Yuhong Building Materials Co., Ltd.	Zhanjiang Factory
61	Beijing Oriental Yuhong Anticorrosion Technology Co., Ltd.	Beijing Anticorrosion Company
62	Fuda Energy Saving Technology Co., Ltd.	Fuda Energy Saving Company
63	Wuhu Oriental Yuhong New Materials Technology Co., Ltd.	Wuhu New Materials Company
64	Hainan Oriental Yuhong Building Technology Co., Ltd.	Hainan Yuhong Company
65	Guangdong Oriental Yuhong Building Technology Co., Ltd.	Guangdong Yuhong Company
66	Hongyun Supply Chain Management Co., Ltd.	Hongyun Supply Chain Company
67	Nantong Gold-rimmed Nanmu Membrane Materials Co., Ltd.	Nantong Company
68	Oriental Yuhong Building Materials Co., Ltd.	Tianjin Yuhong Company
69	Jiangxi Oriental Yuhong Building Technology Co., Ltd.	Jiangxi Building Company



70	Liaoning Oriental Yuhong Building Technology Co., Ltd.	Liaoning Company	Building
71	Chongqing Oriental Yuhong Building Technology Co., Ltd.	Chongqing Company	Building

Note 1: Zhongkejiantong Engineering Technology Co., Ltd. was formerly known as Beijing Oriental Yuhong Mining Safety Technology Co., Ltd.

Note 2: Oriental Yuhong Real Estate Co., Ltd. was formerly known as Xizang Oriental Yuhong Waterproof Engineering Co., Ltd.

Note 3: Guangdong Oriental Yuhong Real Estate Investment Co., Ltd. was formerly known as Guangdong Oriental Yuhong Real Estate Development Co., Ltd.

The scope and changes of the consolidated financial statements in the current period are detailed in “Note 6. Changes in the Scope of Consolidation” and “Note 7. Equity Disclosure in Other Entities”.

IV. Basis of preparation of the financial statements

1. Basis of preparation

This financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and its application guidelines, interpretations and other relevant regulations (collectively referred to as "Accounting Standards for Business Enterprises") promulgated by the Ministry of Finance. In addition, the Group also disclosed relevant financial information in accordance with the China Securities Regulatory Commission's *Regulations for the Preparation of Information Disclosure by Companies Offering Securities to the Public No. 15-General Provisions on Financial Reporting* (revised in 2014).

2. Going Concern

The financial statements are prepared on a going concern basis.

The Group's accounting is based on the accrual system. Except for certain financial instruments, the financial statements are based on historical cost. If assets are impaired, the corresponding provision for impairment shall be made in accordance with relevant regulations.

V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates reminder:

The Group determines the bad debt provision for accounts receivable, depreciation of fixed assets, amortization of intangible assets, and revenue recognition policies based on its own production and operation characteristics. For specific accounting policies, see Note 3, 10, Note 3, 15, Note 3, 18 and Note 3, 26.

1. Statement of compliance with the Accounting Standard for Business Enterprises

The financial statements of the Company for the year ended 31 December 2020 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and the Company's financial position of the Company as at 31 December 2020 and of their financial performance, cash flows and other information for the year then ended.

2. Accounting year

The Group's accounting year starts on 1 January and ends on 31 December.

3. Operating cycle

The Group's operating cycle is 12 months.

4. Recording currency

The Company and its domestic subsidiaries' recording currency is Renminbi (RMB). The recording currency of the Company's overseas subsidiaries is determined based on the primary economic environment in which they operate. The recording currency of the Group in preparing these financial statements is RMB.

5. Accounting treatment method for business combinations involving enterprises under common control and not under common control

(1) Business combinations involving enterprises under common control

For a business combination under common control, except for adjustments made due to different accounting policies, the assets and liabilities of the acquiree received by the acquirer are measured at the carrying amount of the ultimate controlling party's consolidated financial statements on the combination date. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus, if the capital surplus is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings.

Realize business combination under common control step by step through multiple transactions

In individual financial statements, the share of the carrying amount of the combined party's net assets in the ultimate controlling party's consolidated financial statements on the consolidation date calculated based on the shareholding ratio on the consolidation date shall be the initial investment cost of the investment; The difference between the carrying amount of the previously held investment and the sum of the carrying amount of the newly paid consideration on the merger date shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

In the consolidated financial statements, the assets and liabilities of the combined party acquired by the combining party in the combination, except for adjustments made due to different accounting policies, are measured at their carrying amount in the ultimate controlling party's consolidated financial statements on the combining date; before the combination the carrying amount of the holding investment plus the of the newly paid consideration on the combination date, and the difference between the carrying amount of the net assets obtained in the combination, adjust the capital reserve, if the capital reserve is insufficient to offset, adjust the retained earnings. The long-term equity investment held by the combining party before obtaining the control of the

combined party has been confirmed to be relevant between the date when the original equity is obtained and the date when the combining party and the combined party are in the final control of the same party to the date of the combination; Changes in profit and loss, other comprehensive income and other owners' equity shall be offset against the initial retained earnings or current gains and losses during the comparative accounting period.

(2) Business combinations involving enterprises not under common control

For business combinations involving enterprises not under common control, the combination cost is the fair value of the assets paid to obtain control of the acquiree, the liabilities incurred or assumed, and the equity securities issued on the acquisition date. The acquired assets, liabilities and contingent liabilities of the acquired party are measured at fair value at the acquisition date.

Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill which is subsequently measured via cost deduct the accumulated impairment provision; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period after review.

Realize business combination not under common control step by step through multiple transactions

In individual financial statements, the sum of the carrying amount of the acquiree's equity investment held before the acquisition date and the new investment cost on the acquisition date is used as the initial investment cost of the investment. The equity investment held before the acquisition date is recognized as other comprehensive income due to the equity method. This part of the other comprehensive income is not treated on the acquisition date. The basis of disposing the investment shall be the same as the direct disposal of related assets or liabilities by the investee; the owners' equity recognized due to changes in the investee's equity other than the net profit and loss, other comprehensive income and profit distribution, is transferred to the current profit and loss during the disposal period when the investment is disposed of. If the equity investment held before the acquisition date is measured at fair value, the accumulated fair value changes that were

originally included in other comprehensive income shall be transferred to the current profit and loss when accounting via cost method.

In the consolidated financial statements, the combination cost is the sum of the consideration paid on the acquisition date and the fair value on the acquisition date of the acquired party's equity held before the acquisition date. For the equity of the acquired party that has been held before the acquisition date, it shall be re-measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value shall be included in the current income; Except for the acquired equity that has been held before the acquisition date by the acquired party involving other comprehensive income, other changes in owner's equity converted to current income on the acquisition date, and other comprehensive income arising from changes in net liabilities or net assets of the investee's remeasurement of the defined income plan.

(3) Transaction costs associated with business combination

Agency expenses such as auditing, legal services, evaluation and consulting, and other related administration expenses incurred for the business combination shall be included in the current profits and losses when they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

6. Preparation of consolidated financial statements

(1) Consolidation scope

The scope of consolidation of the consolidated financial statements is determined on the basis of control. Control means that the company has the power over the investee, obtains variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to affect the amount of its return. Subsidiary refers to the entity controlled by the company (including the divisible part of the enterprise, the investee, the structured entity, etc).

(2) Preparation of consolidated financial statements

The consolidated financial statements are based on the financial statements of the company and its subsidiaries and are prepared by the company based on other relevant information. When preparing consolidated financial statements, the accounting policies and accounting period requirements of the company and its subsidiaries are consistent, and major transactions and current balances between companies are offset.

During the accounting period, the subsidiaries and businesses added due to a business combination under common control shall be deemed to be included in the company's consolidation scope from the date when they are controlled by the ultimate controlling party, and they shall be controlled by the same ultimate controlling party. The operating results and cash flows from the date onwards are included in the consolidated income statement and consolidated cash flow statement.

During the accounting period, the subsidiaries and businesses added due to business combinations not under the same control shall include the income, expenses, and profits of the subsidiaries and businesses from the acquisition date to the end of the reporting period into the consolidated income statement, and include their cash flows in the consolidated cash flow statement.

The portion of the subsidiary's owners' equity not attributable to the company will be presented separately in the consolidated balance sheet under owners' equity as a minority owners' equity; the minority owners' equity in the subsidiary's current net profit and loss will be presented in the consolidated income statement. The item of "Minority Owners' Profit and Loss" will be presented under the item of net profit. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owner's equity of the subsidiary, the excess is allocated against the balance of minority interests.

(3) Acquisition of minority owners' equity in subsidiary

The difference between the long-term equity investment cost newly acquired as a result of the acquisition of a minority share and the share of the subsidiary's net assets calculated on the basis of the newly added shareholding ratio, which shall be continuously calculated from the date of

acquisition or combination, and without loss of control. The difference between the disposal price obtained as a result of the partial disposal of the equity investment in the subsidiary and the disposal of the long-term equity investment corresponding to the subsidiary's net asset share calculated continuously from the acquisition date or the combination date is adjusted. If the capital surplus is insufficient to offset the capital surplus, the retained earnings shall be adjusted.

(4) Treatment of loss of control of a subsidiary

If the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be remeasured at its fair value on the date of loss of control; the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, deduct the sum of the goodwill plus the share of the book value of the original subsidiary's net assets calculated continuously since the date of acquisition, and the difference formed is included in the investment income of the current period of loss of control.

Other comprehensive income related to the equity investment of the original subsidiary will be transferred to the current profit and loss when control is lost, except for other comprehensive income arising from changes in net liabilities or net assets of the investee's re-measurement of the defined income plan.

If the terms, conditions and economic impact of each transaction in which the equity is disposed of step by step through multiple transactions until the loss of control is in accordance with one or more of the following conditions, the company will account for multiple transactions as a package transaction:

- ① These transactions were concluded at the same time or taking into account the influence of each other;
- ② These transactions as a whole can achieve a complete commercial result;
- ③ The occurrence of one transaction depends on the occurrence of at least one other transaction;
- ④ A transaction alone is not economical, but it is economical when considered together with other

transactions.

In the individual financial statements, if the various transactions involving the step-by-step disposal of equity until the loss of control are not "package deals", the difference among the book value carried forward via the long-term equity investment at each equity disposal, and the proceeds from the disposal of the long-term equity investment and the book value is included in the current investment income; if it is a "package deal", the difference between the price of each disposal before the loss of control and the book value of the long-term equity investment corresponding to the disposed equity is first recognized as other comprehensive income, When it loses control, it will be transferred to the current profit and loss of the loss of control.

In the consolidated financial statements, when the equity is disposed of step by step until the control is lost, the measurement of the remaining equity and the calculation of the profit and loss of the disposal of the equity shall be in accordance with the aforementioned "treatment of the loss of control of a subsidiary". Before the loss of control, the difference between each disposal price and the disposal investment corresponding to the subsidiary's continuous calculation of the carrying amount of the net assets of the subsidiary since the date of acquisition shall be treated as follows:

- ① If it is a "package deal", it shall be recognized as other comprehensive income. When the control is lost, it shall be transferred to the current profit and loss of the loss of control.
- ② If it is not a "package deal", it shall be included in the capital reserve as an equity transaction. The loss of control shall not be transferred to the current profit and loss of the loss of control.

7. Classification of joint venture arrangements and accounting methods for joint operations

A joint arrangement refers to an arrangement under the joint control of two or more participants. The Group's joint venture arrangements are divided into joint operations and joint ventures.

(1) Joint operation

Joint operation refers to a joint arrangement in which the Group obtains the relevant assets of the arrangement and assumes the relevant liabilities of the arrangement.

The Group confirms the following items related to the share of interests in joint operations, and conducts accounting treatment in accordance with the relevant enterprise accounting standards:

- A. Recognize the assets held separately and the assets jointly held by their shares;
- B. Recognize the liabilities borne individually and the liabilities borne jointly by their shares;
- C. Recognize the income generated by selling its share of joint operating output;
- D. Recognize the income generated by the joint operation from the sale of output according to its share;
- E. Confirm the expenses incurred separately, and confirm the expenses incurred by joint operations according to their shares.

(2) Joint ventures

A joint venture refers to a joint arrangement in which the Group only has rights to the net assets of the arrangement.

The Group accounts for investments in joint ventures in accordance with the provisions of the equity method for long-term equity investments.

8. Criteria for determining cash and cash equivalents

Cash comprise cash on hand, deposits that can be readily drawn on demand. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

(1) Foreign currency transaction

Foreign currency transactions are translated into recording currency using the exchange rates

prevailing at the dates of the transactions.

On the balance sheet date, monetary items denominated in foreign currencies are translated into recording currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. For non-monetary items in foreign currencies measured at fair value, they are translated using the spot exchange rate on the date when the fair value is determined. The difference between the translated accounting currency amount and the original accounting currency amount is included in the current profit and loss.

(2) Translation of financial statements in foreign currency

On the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the assets and liabilities in the balance sheet shall be translated using the spot exchange rate on the balance sheet date. Owners' equity items except for "undistributed profits", shall be translated using the spot exchange rate on the date of occurrence.

The income and expense items in the income statement are translated at the spot exchange rate on the transaction date.

All items in the cash flow statement are converted at the spot exchange rate on the date of the cash flow. The impact of exchange rate changes on cash is treated as an adjustment item, and the item "Effects of exchange rate changes on cash and cash equivalents" is reflected separately in the cash flow statement.

The difference arising from the translation of financial statements is reflected in the "other comprehensive income" item under the shareholders' equity item of the balance sheet.

When disposing of an overseas operation and losing control, the translation difference of the foreign currency statement related to the overseas operation presented under the shareholder's equity item

in the balance sheet shall be transferred to the current profit and loss of the disposal of the overseas operation in full or in proportion to the disposal of the overseas operation.

10. Financial instruments

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

(1) Recognition and de-recognition of financial instruments

A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of the financial instrument.

If a financial asset meets one of the following conditions, it shall be de-recognized:

- ① Termination of the contractual rights to receive the cash flows of the financial asset;
- ② The financial asset has been transferred and meets the following conditions for de-recognition of the transfer of financial assets.

The Group de-recognizes a financial liability or part of it when the underlying present obligation or part of it is discharged or cancelled. If the Group (debtor) and the creditor sign an agreement to replace the existing financial liabilities by assuming new financial liabilities, and the contract terms of the new financial liabilities and the existing financial liabilities are substantially different, the existing financial liabilities shall be de-recognized and the new financial liabilities shall be confirmed at the same time.

Financial assets shall be traded in a conventional manner, recognized and de-recognized according to the transaction date.

(2) Classification and measurement of financial assets

At the time of initial recognition, the Group divides financial assets into the following three categories based on the business model of managing financial assets and the contractual cash flow

characteristics of financial assets: financial assets measured at amortized cost, financial assets at fair value through other comprehensive incomes, financial assets measured at fair value through profit and loss.

Financial assets measured at amortized cost

The Group classifies financial assets that meet the following conditions and that are not designated as financial assets at fair value via the current profit and loss, as financial assets that are measured at amortized cost:

- The business model of the Group to manage the financial assets is to collect contractual cash flow;
- The contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

After the initial recognition, the actual interest rate method is adopted to measure such financial assets at amortized cost. The gains or losses arising from financial assets that are measured at amortized cost and are not part of any hedging relationship are included in the current profits and losses when they are de-recognized, amortized in accordance with the effective interest method, or recognized as impairment.

Financial assets at fair value and whose changes are included in other comprehensive incomes

The Group classifies financial assets that meet the following conditions and are not designated as financial assets at fair value via the current profit and loss, as financial assets measured at fair value via other comprehensive income.

- The Group's business model for managing the financial asset is aimed at both collecting contractual cash flow and selling the financial asset;
- The contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

After the initial recognition, such financial assets shall be measured at fair value. Interest, impairment losses or gains and exchange gains and losses calculated using the effective interest rate method are included in the current profit and loss, and other gains or losses are included in other comprehensive income. Once de-recognized, the accumulated gains or losses previously included in

other comprehensive income shall be transferred from other comprehensive income to the current profit and loss.

Financial Assets Measured at Fair Value Through Profit or Loss

Except for the above-mentioned financial assets measured at amortized cost and at fair value via other comprehensive income, the Group classifies all other financial assets as financial assets at fair value via current profit and loss. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group irrevocably designates some financial assets that should be measured at amortized cost or at fair value via other comprehensive income as being measured at fair value via current profit and loss.

After initial recognition, such financial assets are subsequently measured at fair value, and the resulting gains or losses (including interest and dividend income) are included in the current profit and loss, unless the financial assets are part of the hedging relationship.

After the initial recognition, such financial assets shall be measured at fair value. Dividend income that meets the conditions is included in profit and loss, and other gains or losses and changes in fair value are included in other comprehensive income. Once de-recognized, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

The business model of managing financial assets refers to how the Group manages financial assets to generate cash flow. The business model determines whether the source of the cash flow of the financial assets managed by the Group is to collect contractual cash flows, sell financial assets, or both. The Group determines the business model for managing financial assets based on objective facts and the specific business objectives of the management of financial assets determined by key management personnel.

The Group evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flow generated by the relevant financial assets on a specific date is only the payment of principal and interest based on the outstanding principal amount. Among them,

principal refers to the fair value of financial assets at the time of initial recognition; interest includes consideration for the time value of money, the credit risk associated with the outstanding principal amount in a specific period, and other basic borrowing risks, costs and profits. In addition, the Group evaluates contract terms that may cause changes in the time distribution or amount of contractual cash flows of financial assets to determine whether they meet the above-mentioned contractual cash flow characteristics.

Only when the Group changes the business model of managing financial assets, all affected financial assets will be reclassified on the first day of the first accounting period after the business model is changed, otherwise the financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value at the time of initial recognition. For financial assets that are measured at fair value via the current profit and loss, the relevant transaction costs are directly included in the current profit and loss; for other types of financial assets, the relevant transaction costs are included in the initial recognition amount. For accounts receivable arising from the sale of products or the provision of labor services that do not contain or consider significant financing components, the amount of consideration that the Group is expected to be entitled to receive shall be the initial confirmation amount.

(3) Classification and measurement of financial liabilities

The Group's financial liabilities are classified at the time of initial recognition as: financial liabilities measured at fair value via the current profit and loss, and financial liabilities measured at amortized costs. For financial liabilities that are not classified as measured at fair value via the current profit and loss, the relevant transaction costs are included in the initial recognition amount.

Financial liabilities that are measured at fair value through profit or loss

Financial liabilities that are measured at fair value through profit or loss include: transaction financial liabilities, and financial liabilities designated to be measured at fair value through profit or loss at the initial recognition. For such financial liabilities, follow-up measurement is carried out at fair value, and the gains or losses arising from changes in fair value, as well as dividends and

interest expenses related to these financial liabilities, are included in the current profit and loss.

Financial liabilities measured at amortized cost

Other financial liabilities adopt the effective interest method, in which follow-up measurement is carried out at amortized cost, and the gains or losses arising from derecognition or amortization are included in the current profit and loss.

The distinction between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

- ① the contractual obligation to deliver cash or other financial assets to other parties.
- ② the contractual obligation to exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions.
- ③ the non-derivative contract that must or can be settled with the company's own equity instruments in the future, and the company will deliver a variable amount of its own equity instruments according to the contract.
- ④ the derivative contract that must or can be settled with the company's own equity instruments in the future, except for the derivative contract that exchanges a fixed amount of cash or other financial assets with a fixed amount of its own equity instruments.

Equity instrument refers to a contract which can prove that a certain company holds the residual equities of the assets after deducting all liabilities.

If the Group cannot unconditionally avoid the delivery of cash or other financial assets to fulfill a contractual obligation, the contractual obligation meets the definition of a financial liability.

If a financial instrument must or can be settled with the Group's own equity instruments, it is necessary to consider whether the Group's own equity instruments for settling the instrument are used as a substitute for cash or other financial assets, or are used to make sure that the instrument holders is entitled to the residual equity of the assets after the issuer deducts all liabilities. If it is the former, the instrument is a financial liability to the Group; and if it is the latter, the instrument is an

equity instrument to the Group.

(4) Derivatives and embedded derivatives

The Group's derivatives include forward foreign exchange agreements, currency exchange rate swap contracts, interest rate swap contracts and foreign exchange option contracts. It is initially measured at the fair value on the day when the derivative transaction contract is signed, and is subsequently measured at its fair value. A derivative with a positive fair value is recognized as an asset, and a derivative with a negative fair value is recognized as a liability. Any gains or losses arising from changes in fair value that do not meet the requirements of hedge accounting are included in the current profit and loss directly.

For a hybrid instrument that contains embedded derivatives, if the host contract is a financial asset, the hybrid instrument is subject to the relevant classification criteria of the financial asset as a whole. The embedded derivative instrument is separated from the hybrid instrument and treated as a separate derivative if the following conditions are met: the host contract is not a financial asset; and said hybrid instrument is not measured at fair value through profit or loss for accounting treatment; and the embedded derivative is not closely related to said host contract in terms of economic characteristics and risks; and a separate instrument with the same terms as the embedded derivative meets the definition of a derivative. If the embedded derivative cannot be separately measured at the time of acquisition or on the subsequent balance sheet date, the hybrid instrument as a whole is designated as a financial asset or a financial liability measured at fair value through profit or loss.

(5) Fair value of financial instruments

See Note III.11 for the method of determining the fair value of financial assets and financial liabilities.

(6) Impairment of financial assets

Based on expected credit losses, the Group performs impairment accounting treatments on the following items and recognizes loss provisions:

- Financial assets measured at amortized cost;
- Receivables and debt investments that are measured at fair value through other comprehensive income;
- Contract assets as defined in *Accounting Standards for Enterprises No. 14 - Revenue*;

- Lease receivables;
- Financial guarantee contracts (except for when measured at fair value through profit or loss, or when a transfer of a financial asset does not qualify for derecognition or when arises from the continuing involvement with the transferred financial assets).

Measurement of expected credit losses

Expected credit loss refers to the weighted average of the credit losses of financial instruments that take default risks as the weight. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received by the Group, discounted at the original effective interest rate, that is, the present value of all cash shortages.

Based on reasonable and evidence-based information about past events, current conditions, forecasts of future economic conditions and etc., the company takes default risks as the weight to calculate the probability-weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received, therefor recognizing the expected credit loss.

The Group measures the expected credit losses of financial instruments at different stages one by one. If the credit risk on a financial instrument has not increased significantly since initial recognition, it is in the first stage, and thus the Group measures the loss provision according to the 12-month expected credit losses; if the credit risk on a financial instrument has increased significantly without credit impairment since initial recognition, it is in the second stage, and thus the Group measures the loss provision according to the expected credit loss over the entire life of the instrument; if the financial instrument has become credit-impaired since initial recognition, it is in the third stage, and thus the Group measures the loss provision according to the expected credit loss over the entire life of the instrument.

For financial instruments with low credit risks on the balance sheet date, the Group assumes that their credit risks have not increased significantly since initial recognition, and the loss provisions are measured according to the expected credit losses within the next 12 months.

Expected credit loss over the entire life of the instrument refers to the expected credit loss that result from all possible default events over the entire expected life of the financial instrument. 12-month expected credit loss refers to expected credit loss that result from default events that are possible within 12 months after the balance sheet date (if the expected life of the financial instrument is less than 12 months, then within the expected life). Expected credit loss is a part of the expected credit loss over the entire life of the instrument.

When measuring expected credit losses, the longest period that the Group needs to consider is the longest contract period that the company faces credit risks (including the consideration of the renewal option).

For financial instruments that are in the first and second stages and that are with lower credit risks, the Group calculates their interest incomes based on the book balances without deducting the impairments and the effective interest rates. For financial instruments in the third stage, the interest incomes are calculated according to the amortized cost after deducting the impairments from the

book balance and the effective interest rates.

As for bills receivables, accounts receivables and contract assets, no matter whether they contain significant financing components, the Group always measures its loss provisions at an amount equivalent to the expected credit losses over the entire lifetime.

When the expected credit loss information of a single financial asset cannot be evaluated at reasonable costs, the Group divides and combines bills, accounts receivables, accounts receivables and contract assets according to credit risk characteristics, and calculates the expected credit losses based on the portfolios. The basis for determining the portfolios is as follows:

A. Notes Receivables

- Notes receivable portfolio 1: Bank Acceptance Draft
- Notes receivable portfolio 2: Commercial Acceptance Draft

B. Accounts receivables

- Accounts receivable portfolio 1: receivables from related parties within the scope of consolidation
- Accounts receivable portfolio 2: receivable from other clients

C. Contract assets

- Contract Asset Portfolio 1: completed and unsettled assets
- Contract Asset Portfolio 2: warranty fund

For Notes receivables divided into portfolios, the Group refers to historical experiences of credit losses, combining current conditions and forecasts of future economic conditions, and calculates the expected credit losses based on the exposures of default risks and the expected credit loss rates over the entire lifetime.

For accounts receivables divided into portfolios, the Group refers to historical experiences of credit losses, combining current conditions and forecasts of future economic conditions, and compiles a comparison table of the ages/days overdue of the accounts receivables and the expected credit loss rates over the entire lifetime, to calculate the expected credit losses.

For contract assets divided into portfolios, the Group refers to historical experiences of credit losses, combining current conditions and forecasts of future economic conditions, and compiles a comparison table of ages/overdue days of contract assets and the expected credit loss rates over the entire lifetime, to the calculate expected credit losses.

Other Receivables

The Group divides other receivables into a number of portfolios according to credit risk characteristics, and calculates the expected credit losses based on the portfolios. The basis for determining the portfolios is as follows:

- Other receivable portfolio 1: deposit receivable and security deposit

- Other receivable portfolio 2: Receivables from related parties within the scope of consolidation
- Other receivable portfolio 3: Other receivables

For other receivables divided into portfolios, the Group calculates the expected credit losses based on the exposures of default risks and the expected credit loss rates over the next 12 months or the entire lifetime.

Debt investments, other debt investments

For debt investments and other debt investments, according to the natures of the investments, various types of counterparties and risk exposures, the Group calculates the expected credit losses based on the exposures of default risks and the expected credit loss rates over the next 12 months or the entire lifetime.

Assessments of significant increases in credit risks

The Group compares the default risks of financial instruments on the balance sheet date and the default risks on the initial recognition date to determine the relative changes in the default risks of the financial instruments during the expected lifetime, therefore to assess whether the credit risks of the financial instruments have increased significantly since initial recognition.

When determining whether the credit risks have increased significantly since initial recognition, the Group considers reasonable and evidence-based information that can be obtained without unnecessary additional costs or efforts, including forward-looking information. The information considered by the Group includes:

- the debtor's failure to pay the principal and interest by the due date of the contract;
- a serious deterioration in the external or internal credit rating (if any) of the financial instrument that has occurred or is expected;
- a serious deterioration in the debtor's operating result that has occurred or is expected;
- Existing or anticipated changes in technology, market, economic or legal environment, which will have a significant adverse impact on the debtor's ability to repay the Group.

According to the natures of financial instruments, the Group assesses credit risks on the basis of individual financial instruments or portfolios of financial instruments, to see whether they have increased significantly. When carrying assessments based on portfolios of financial instruments, the Group may classify financial instruments on the basis of common credit risk characteristics, such as overdue information and credit risk ratings.

If it is more than 30 days past due, the Group determines that the credit risks of the financial instruments have increased significantly.

Financial assets that have been credit-impaired

On the balance sheet date, the Group assesses whether the financial assets measured at amortized cost and the debt investments measured at fair value through other comprehensive income have become credit-impaired. At the occurrence of one or more events that have adverse effects on the

expected future cash flow of a financial asset, said financial asset become a one that has been credit-impaired. Evidences of credit-impaired financial assets include the following observable information:

- the issuer or debtor has serious financial difficulties;
- the debtor breaches the contract, such as default or overdue payment of interest or principal;
- out of economic or contractual considerations related to the debtor's financial difficulties, the Group gives the debtor concessions that will not make under any other circumstances;
- the debtor is likely to go bankrupt or undergo other financial restructuring;
- the issuer's or debtor's financial difficulties cause the disappearance of an active market for said financial asset.

Presentation of expected credit loss provisions

In order to reflect the changes in the credit risks of financial instruments since initial recognition, the Group remeasures the expected credit losses on each balance sheet date, and the resulting increases in loss provisions or the amounts reversed are included in the current profit and loss as impairment losses or profits. For a financial asset measured at amortized cost, the book value of said financial asset listed in the balance sheet is offset by the loss provision; for a debt investment that is measured at fair value through other comprehensive income, the Group recognizes its loss provisions in other comprehensive income, and the book value of said financial asset is not offset.

Write-off

If the Group can no longer reasonably expect that the contractual cash flow of a financial asset can be fully or partially recovered, it will directly write down the book balance of said financial asset. Such write-downs constitute the derecognitions of the related financial assets. This situation usually occurs when the Group determines that the debtor has no assets or sources of income that can provide sufficient cash flow to pay off the amount to be written down. However, in accordance with the Group's procedure for recovering due payments, the financial assets that have been written down may still be affected by execution activities.

If the financial assets that have been written down are later recovered, they are included in the profit and loss of the recovery period as reversals of the impairment losses.

(7) Transfers of financial assets

Transfer of financial assets refers to the transfer or delivery of said financial assets to another party (transferee) other than the issuer of the financial assets.

If the Group has transferred substantially all the risks and rewards of the ownership of a financial asset to the transferee, said financial asset is derecognized; if it retains substantially all the risks and rewards of the ownership of a financial asset, said financial asset is not derecognized.

If the Group neither transfers nor retains substantially all the risks and rewards of the ownership of a financial asset, it shall be dealt with accordingly: if the control of said financial asset is abandoned,



said financial asset shall be derecognized and the resulting assets and liabilities shall be recognized; if the control of said financial asset is not abandoned, the relevant financial assets shall be recognized according to the extent of its continued involvement with the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

(8) Offsetting of financial assets and financial liabilities

The financial assets and financial liabilities can be listed in the balance sheet at the amount after offsetting each other if the following conditions are met: the Group has the statutory right to offset the recognized financial assets and financial liabilities, and the statutory rights are currently enforceable; and the Group plans to net settle or realize said financial assets and to pay off said financial liabilities at the same time. Otherwise, financial assets and financial liabilities are listed separately in the balance sheet and are not offset against each other.

11. Inventory

The Company is required to comply with the disclosure requirements presented in the *Guidelines of the Shenzhen Stock Exchange for Industrial Information Disclosure No.13 – Listed Companies Engaged in the Non-Metal Building Materials Business*.

(1) Classification of inventory

The Group's inventory is divided into raw materials, finished goods, low-value consumables, and completed and unsettled assets from construction contracts.

(2) Method of inventory pricing

The Group's inventory is priced at the actual cost when acquired. When issuing raw materials, finished goods, etc., the Group adopts the weighted average method.

(3) The basis for determining the net realizable value of the inventory and the method of accruing provision for obsolete stock

The net realizable value of the inventory is the estimated selling price of the inventory, minus the estimated costs at the time of completion, estimated sales expenses and related taxes. The net realizable value of the inventory is determined based on the conclusive evidences that are obtained, while considering the purpose of holding the inventory and the impacts of events after the balance sheet date.

On the balance sheet date, if the inventory cost is higher than its net realizable value, provision for obsolete stock shall be made. On the balance sheet date, if the factor affecting the previous write-down of the inventory value have disappeared, the provision for obsolete stock is reversed within the amount that has been accrued.

(4) Inventory system

The Group's adopts the perpetual inventory system, and the inventory of construction materials adopts the periodic inventory system. At the end of each year or at the end of the interim report, a comprehensive inventory of the engineering materials is carried out, and the construction amount is adjusted according to the inventory results.

(5) Amortization method of low-value consumables and packaging materials

The Group adopts the one-off write-off method for amortization when receiving low-value consumables.

12. Contract costs

Contract costs include incremental costs of obtaining contracts and costs to fulfil contracts.

Incremental costs of obtaining contracts refer to the costs (such as sales commissions, etc.) that would not be incurred if the Group does not obtain the contracts. If said costs are expected to be recovered, the Group recognizes them as assets as costs of obtaining contracts. Other costs incurred by the Group in order to obtain the contract, other than the incremental cost that is expected to be recovered, are included in the current profit and loss when occurred.

The Group will recognize the costs to fulfil contracts as assets if the costs incurred for fulfilling contracts do not fall within the scope of other accounting standards for enterprises such as inventory, and meet the following conditions at the same time:

- ① Said costs are directly related to current or anticipated contracts, including direct labor, direct materials, manufacturing overhead (or similar expenses), costs clearly borne by the customer, and other costs incurred only due to the contracts;
- ② Said costs increase resources of the Group that will be used in satisfying performance obligations in the future;
- ③ Said costs are expected to be recovered.

The assets recognized by costs of obtaining contracts and the assets recognized by costs to fulfil contracts (hereinafter referred to as "assets related to contract costs") are amortized on the same basis as the recognition of the goods or services revenues related to said assets and included in the current profit and loss.

When the book values of the assets related to contract costs are higher than the difference between the following two items, the Group accrues provisions for impairments of the excess part and recognizes them as asset impairment losses:

- ① Remaining consideration that the Group expects to obtain from the transfers of goods or services related to said assets;
- ② Estimate costs that will be incurred for the transfers of said related goods or services.

The costs to fulfil contracts that are recognized as assets are listed in the item of "inventory" when the amortization period does not exceed one year or a normal operating cycle at initial recognition, and are listed in the item of "Other Non-Current Assets" when the amortization period exceeds one year or a normal operating cycle at initial recognition.

The costs of obtaining contracts that are recognized as an asset are listed in the item of "Other Current Assets" when the amortization period does not exceed one year or a normal operating cycle

at initial recognition, and are listed in the item of “Other Non-Current Assets” when the amortization period exceeds one year or a normal operating cycle at initial recognition.

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates. The investees on which the Group can exert significant influence are associates of the Group.

(1) Determination of initial investment costs

Long-term equity investments from corporate mergers: for long-term equity investments obtained in corporate mergers under the same control, the book value shares of the acquired party’s equities in the consolidated financial statements of the ultimate controlling party on the merger date are regarded as investment costs; for long-term equity investments obtained in corporate mergers that are not under the same control, the merger costs are regarded as the investment costs of the long-term equity investments.

Long-term equity investments obtained by other means: for long-term equity investments obtained by paying cash, the purchase prices that are actually paid are regarded as initial investment costs; for long-term equity investments obtained by issuing equity securities, the fair values of the issued equity securities are regarded as initial investment costs.

(2) Follow-up measurements and methods of recognizing profits and losses

Investments in subsidiaries are accounted by using the cost method, unless the investments meet the criteria to be classified as held for sale; investments in associates and joint ventures are accounted by using the equity method.

For long-term equity investments accounted by the cost method, beside the actual prices paid in the investments or the declared but unpaid cash dividends or profits included in the considerations, the cash dividends or profits declared to be distributed by the investee are recognized as investment incomes, and are included the current profit and loss.

For long-term equity investments accounted by the equity method, if the initial investment costs are higher than the fair value shares of the investee’s identifiable net assets at the time of investments, the investment costs of the long-term equity investments are not adjusted; if the initial investment cost is less than the fair value shares of the investee’s identifiable net assets at the time of investments, the book values of the long-term equity investments are adjusted, and the differences are included in the profit and loss of the investment.

When using the equity method, the investment incomes and other comprehensive incomes are recognized respectively according to the shares of the net profits and losses and other comprehensive incomes realized by the investee that are entitled to or should be shared, and the book value of the long-term equity investments are adjusted at the same time; the book values of the long-term equity investments are reduced according to the entitled portions, which are calculated based on the profits or cash dividends distributed by the investee; other changes in the owner’s

equities of the investees other than net profits and losses, other comprehensive incomes and profit distributions are adjusted in the book values of the long-term equity investment, and are included in capital surplus (other capital surplus). When recognizing the shares of the net profit and loss of the investee, the net profits of the investee are recognized after the adjustments based on the fair values of the identifiable assets of the investee when obtaining the investments, which are in accordance with the Group's accounting policies and accounting period.

If, due to additional investments or other reasons, it is possible to exert significant influence on the investee or to have a joint control but does not yet constitute control, the sums of the fair values of the original equities and the newly added investment costs are regarded as initial investment costs, accounting for the change to the equity method on the conversion date. The differences between the fair values of the original equities on the conversion date and the book values, as well as the accumulated fair value changes originally included in other comprehensive incomes, are transferred to the current profit and loss accounted by the equity method.

If the joint control or significant influence on the investee is lost due to the disposal of part of the equity investments, on the date of losing joint control or significant influence, the accounting treatment of the remaining equities after the disposal is changed according to *Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, and the differences between the fair values and the book values are included in the current profit and loss. When terminating the equity method, the other comprehensive incomes recognized by the original equity investments due to the adoption of the equity method, are accounted for on the same basis as the investee's direct disposal of related assets or liabilities; other changes of owner's equities related to the original equity investments are transferred to the current profit and loss.

If the control of the investee is lost due to the disposal of part of the equity investments, while the remaining equities after disposal have joint control or can exert significant influence on the investee, the equity method is adopted instead, and the remaining equities are subject to adjustments deeming that the equity method is adopted upon acquisition; if the remaining equities after disposal no longer have joint control nor can exert significant influence on the investee, the accounting treatment is changed according to *Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, and the differences between the fair values and the book values are included in the current profit and loss on the date of losing control.

If the company's shareholding ratios decrease due to the increases in capitals from other investors, thereby losing control but have joint control or can exert significant influence on the investee, the shares of the net assets entitled to the company, which are increased due to share expansion, are recognized according to the new shareholding ratio, and the differences between the original book values of the long-term equity investments corresponding to the decrease in the shareholding ratio that should be carried forward are included in the current profit and loss; then, the new shareholding ratio are subject to adjustments deeming that the equity method is adopted upon acquisition.

The unrealized gains and losses of internal transactions between the Group and associates, as well as joint ventures, are calculated based on the shareholding ratio attributable to the Group, and the investment gains and losses are recognized based on offsetting. However, the unrealized losses of internal transaction between the Group and the investee are not offset, as they belong to the

impairment loss of the transferred assets.

(3) The basis for determining having joint control and significant influence on the investee

Joint control refers to the control of an arrangement in accordance with relevant agreement, and the relevant activities of the arrangement must be agreed by the participants having shared control rights. When judging whether there is joint control, firstly, determine whether said arrangement is collectively controlled by all participants or a combination of participants, and secondly, determine whether the decision-making related to the arrangement must be agreed unanimously by the participants who collectively control said arrangement. If all participants or a group of participants must act unanimously to determine the activities of an arrangement, it is considered that all participants or a group of participants control the arrangement collectively; if there are two or more combinations of participants that can control an arrangement collectively, it does not constitute joint control. When judging whether there is joint control, the protective rights are not considered.

Significant influence means that the investor has the power to participate in the decision-making of the financial and operating policies of the investee, but cannot control or jointly control the policy making with other parties. When determining whether it can exert a significant influence on the investee, consider the assumed impacts after the voting shares of the investee held by the investor directly or indirectly and the current executable potential voting rights held by the investor and other parties are to be converted to the investee, including the impact of current convertible warrants, share options, convertible corporate bonds and etc. issued by the investee.

When the company owns more than 20% (including 20%) but less than 50% of the voting shares of the investee directly or indirectly through a subsidiary, it is generally considered to have a significant influence on the investee, unless there is clear evidence to prove that it cannot participate the decision-making of the investee's production and management, and does not have a significant influence under such condition; when the Group owns less than 20% (excluding) of the voting shares of the investee, it is generally not considered to have a significant influence on the investee, unless there is clear evidence to prove that the it can participate the decision-making of the investee's production and management, and does not have a significant influence under such condition.

(4) Impairment test method and accounting method of impairment provisions

For investments in subsidiaries, associates and joint ventures, see Note III. 20 for the accounting method of asset impairments.

14. Investment Real Estates

Model of measuring investment real estates

Not applicable

15. Fixed assets

(1) Confirmation conditions

The fixed assets of the Group refer to tangible assets held for production of commodities, provision of labor services, rental or operation and management, and have a service life of more than one fiscal year.

The economic benefits related to said fixed asset are likely to flow into the company, and said fixed asset can only be recognized when the cost of said fixed asset can be reliably measured.

The fixed assets of the Group are initially measured according to the actual cost at the time of acquisition.

(2) Depreciation method

Category	Depreciation method	Depreciation period	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	10-20	5	9.50-4.75
Mechanical equipment	Straight-line method	5-10	5	19.00-9.50
Transportation equipment	Straight-line method	5-10	5	19.00-9.50
Others	Straight-line method	5-10	5	19.00-9.50

The Group adopts the straight-line method to accrue depreciation. The depreciations of fixed assets start when they reach the expected usable state, and stop when they are derecognized or classified as non-current assets held for sale. Without considering the impairment provisions, according to the types of fixed assets, estimated service lives and estimated residual values, the Group determines the annual depreciation rates of various types of fixed assets as follows:

(3) Recognition basis, valuation and depreciation method of fixed assets acquired by financing lease

When the fixed assets under operating lease acquired by the Group meet one or more of the following criteria, they are recognized as fixed assets acquired by financing lease: ① At the expiration of the lease term, the ownership of the leased assets is transferred to the Group. ② The Group has the purchase option to buy the leased assets, and the purchase price is expected to be much lower than the fair value of the leased assets when the option is exercised. Therefore, it can be

reasonably determined the Group will exercise such option on lease start date. ③ Even if the ownership of the assets is not transferred, the lease term occupies most of the service life of the leased assets. ④ The present value of the minimum lease payment of the Group on the lease start date is almost equivalent to the fair value of the leased assets on the lease start date. ⑤ The leased assets are of special nature. If not renovated, they can only be used by the Group. For fixed assets acquired by financing lease, the lower value between the fair value of the leased assets on the lease start date and the present value of the minimum lease payment is recorded as the entry value. The minimum lease payment is taken as the entry value of the long-term payables, and the difference is taken as the unrecognized financing expense. During the negotiation of lease agreements and the signing of lease contracts, the initial direct costs attributable to lease, such as service fees, legal fees, travel expenses, stamp duty, etc., are included in the value of the leased asset. The unrecognized financing costs are amortized by the effective interest method during each period of the lease term. The fixed assets acquired by financing lease adopt the same policy as self-owned fixed assets to accrue the depreciation of leased assets. If it can be reasonably determined that the ownership of the leased assets will be obtained at the expiration of the lease term, depreciation is accrued during the remaining service life of the leased assets; if it cannot be reasonably determined that the ownership of the leased assets will be obtained at the expiration of the lease term, depreciation is accrued in the shorter period between the lease term and the remaining service life of the leased assets.

16. Constructions in progress

The costs of the Group's constructions in progress are determined based on actual construction expenditures, including various necessary construction expenditures incurred during the construction period, borrowing costs that should be capitalized before the construction reaches its intended usable condition, and other related expenses.

Constructions in progress are transferred to fixed assets when it is ready for its intended use.

See Note III. 20 for the accounting method of asset impairments for construction in progress.

17. Borrowing costs

(1) Recognition principle of the capitalization of borrowing costs

If the borrowing costs incurred by the Group can be directly attributable to the purchase, construction or production of assets that meet the conditions for capitalization, they are capitalized and included in the costs of the relevant assets; other borrowing costs are recognized as expenses according to the amount incurred, and are included into the current profit and loss. The capitalization of borrowing costs will start if all the following conditions are met at the same time:

- ① The expenditure on the asset have occurred, which include expenditures in the form of paying cash, transferring non-cash assets, or interest-bearing debts for the purchase, construction or production of assets that meet the requirements for capitalization;
- ② Borrowing costs have been incurred;
- ③ The purchase, construction or production activities have started, which are necessary for making the assets ready for its intended use or sale.

(2) Capitalization period of borrowing costs

When the assets purchased, constructed or produced by the Group that meet the requirements for capitalization are ready for the intended use or sale, the capitalization of the borrowing cost ceases activities. The borrowing costs incurred after the assets that meet the requirements for capitalization are ready for the intended use or sale, the amounts incurred are recognized as expenses, and are included in the current profit and loss.

If the assets that meet requirements for capitalization is abnormally interrupted during the purchase, construction or production, and the interruption lasts for more than 3 months, the capitalization of borrowing costs is suspended; during normal interruption period, the capitalization of borrowing costs continue.

(3) The capitalization rate of borrowing costs and the calculation method of the capitalization amount

The actual interest expenses incurred in the current period of special borrowings are capitalized after deducting the interest incomes obtained by depositing unused borrowing funds in the bank or the investment incomes obtained by temporary investments; the capitalization amounts of general borrowings are recognized as follows: the weighted average of the amount that the accumulated expenditures exceed the asset expenditures of special borrowings is multiplied by the capitalization rate of the general borrowings. The capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

During the capitalization period, the exchange differences of foreign currency special borrowings are all capitalized; the exchange differences of foreign currency general borrowings are included in the current profit and loss.

18. Intangible assets

(1) Valuation method, service life, and impairment test

The Group's intangible assets include rights to use lands, rights to the use of trademarks, software,

patent rights, non-patent technologies, etc.

Intangible assets are initially measured at cost, and their service lives are analyzed and determined when the intangible assets are acquired. If the service lives are limited, from the time when the intangible assets are deemed useful, an amortization method that can reflect the expected realization of the economic benefits related to said assets is adopted, and the assets are amortized within the expected service life; if the expected realization method cannot be determined reliably, the straight-line method is used for amortization; intangible assets without definite service lives are not amortized.

The amortization method of intangible assets with limited-service life is as follows:

Classification	Service life (year)	Amortization method	Note
Right to use land	40-50	Straight-line	
Right to the use of trademark	3-15	Straight-line	
Software	15	Straight-line	
Patent right	15	Straight-line	
Non-patent technology	20	Straight-line	

At the end of each year, the Group reviews the service lives of intangible assets with limited-service lives and the amortization method. If it is different from the previous estimate, the original estimate is adjusted and treated according to accounting estimates changes.

If it can be estimated on the balance sheet date that an intangible asset can no longer bring future economic benefits to the company, the book value of said intangible asset is transferred to the current profit and loss.

See Note III. 20 for the accounting method of asset impairments for intangible assets.

(2) Accounting policies of expenditures for internal research and development

The Group divides expenditures for internal research and development projects into expenditures in the research phase and expenditures in the development phase.

Expenditures in the research phase are included in the current profit and loss when incurred.

Expenditure in the development phase can only be capitalized only if the following conditions are met at the same time, i.e.,: it is technically feasible to complete the intangible assets so that they can be used or sold; there is the intention to complete the intangible assets and to use or sell them; the intangible assets provides economic benefits, including the ability to prove that the products produced by the intangible assets are demanded in the market or the intangible assets themselves are demanded in the market, and if the intangible assets will be used internally, their usefulness can be proved; there are sufficient technical, financial resources and other resources to support the completions of the developments of said intangible assets, as well as the ability to use or sell said intangible assets; the expenditures that are attributable to the development phase of the intangible

assets can be measured reliably. Development expenditures that do not meet the above requirements are included in the current profit and loss.

When the Group's research and development projects meet the above requirements, they enter the development phase after the projects are approved and initiated according to studies on technical feasibility and economic feasibility.

19. Long-term asset impairments

Asset impairments of long-term equity investments in subsidiaries, associates and joint ventures, investment real estates, fixed assets, constructions in progress, intangible assets, goodwill, etc. (except for inventory, investment real estate measured by fair value model, deferred income tax assets and financial assets) that are subsequently measured using the cost model, are recognized according to the following methods:

It is evaluated on the balance sheet date whether there are signs of possible asset impairments. If there are signs of impairments, the Group will estimate the recoverable amounts and conduct impairment tests. The goodwill formed by business mergers, intangible assets with indefinite service lives and intangible assets that are not yet ready to use are tested for impairment every year, regardless of whether there are signs of impairments.

The recoverable amount is determined based on the higher amount between the net value of the asset's fair value minus the disposal expenses, and the present value of the asset's expected future cash flow. The Group estimates its recoverable amount on the basis of a single asset; if it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of said asset group is determined on the basis of the asset group to which the asset belongs. The identification of an asset group is based on whether the main cash inflow generated by the asset group is independent from the cash inflows of other assets or asset groups.

When the recoverable amounts of the assets or asset groups are lower than the book values, the Group writes down the book values to the recoverable amounts. The reduced amount is included in the current profit and loss, and the corresponding asset impairment provisions is accrued at the same time.

As for the impairment test of goodwill, the book value of the goodwill formed by the business mergers is allocated to the relevant asset groups according to a reasonable method from the date of purchase; if it is difficult to allocate to the relevant asset groups, it is allocated to related asset group portfolio. The related asset group or asset group portfolio is the asset group or asset group portfolio that can benefit from the synergies of the business mergers, and is not larger than the reporting segment determined by the group.

During the impairment test, if there are signs of impairment for an asset group or asset group portfolio related to goodwill, impairment test is performed on the asset group or asset group portfolio that does not contain goodwill first. Then, impairment test is performed on the asset group

or asset group portfolio that contains goodwill, and its book value is compared with its. If the recoverable amount is lower than the book value, the impairment loss of goodwill is recognized.

Once an asset impairment loss is recognized, it will not be reversed in the following accounting periods.

20. Long-term deferred expenses

The long-term deferred expenses of the Group are priced at actual cost, and are amortized evenly over the expected benefit period. For long-term deferred expenses that cannot benefit the future accounting period, all the amortized values are included in the current profit and loss.

21. Employee compensations

(1) Accounting treatment of short-term salary

During the accounting period which employees provide services, the Group recognizes the actual wages, bonuses, medical insurance premiums, employment injury insurance premiums, maternity insurance premiums and other social insurance premiums and housing provident funds paid for the employees in accordance with the prescribed benchmarks and proportions as liabilities, and they are included in the current profit and loss or related asset costs. If said liability is not expected to be fully paid within twelve months after the end of the annual reporting period in which employees provide related services, and if the financial impact is significant, the liability will be measured at the discounted amount.

(2) Accounting treatment of post-employment benefits

The post-employment benefit plan includes a defined contribution plan and a defined benefit plan. The defined contribution plan refers to a post-employment benefit plan in which the company no longer undertakes further payment obligations after the fixed fee is paid to an independent fund; the defined benefit plan refers to a post-employment benefit plan other than the defined contribution plan.

The defined contribution plan

The defined contribution plan includes basic pension insurance, unemployment insurance, etc.

During the accounting period in which the employees provide services, the amounts payable that are calculated according to the defined contribution plan are recognized as liabilities, and are included in the current profit and loss or related asset costs.

The defined benefit plan

For the defined benefit plan, an independent actuary performs actuarial valuation on the annual balance sheet date, and determine the cost of providing benefits by using the expected cumulative

benefit unit method. The employee compensation costs caused by the defined benefit plan of the Group includes the following components:

- ① Service costs, including current service costs, past service costs and settlement gains or losses. Among them, the current service costs refer to the increase in the present value of the defined benefit plan obligation caused by the employee's current provision of services; the past service costs refer to the increase or decrease in the present value of defined benefit plan that are related to employee services in the previous periods and are caused by the modification of the defined benefit plan.
- ② The net interest of the net liabilities or net assets of the defined benefit plan includes the interest incomes of the plan assets, the interest expenses of the defined benefit plan obligations, and the interests affected by the asset ceilings.
- ③ Re-measurement of the changes in the net liabilities or net assets of the defined benefit plan.

Unless other accounting standards require or allow the employee welfare costs to be included in the asset costs, the Group will include said items ① and ② in the current profit and loss; item ③ will be included in other comprehensive incomes and will not be transferred back to profit and loss in follow-up accounting periods. When the original defined benefit plan is terminated, the portion originally included in other comprehensive incomes will be carried forward to the undistributed profit within the scope of equity.

(3) Accounting treatment for dismissal benefits

If the Group provides dismissal benefits to employees, the employee compensation liabilities arising from dismissal benefits are recognized as soon as possible and are included in the current profit and loss under the following conditions: when the Group cannot unilaterally withdraw the provided dismissal benefits due to the termination of labor relations or reduction proposals; when the Group confirms the costs or expenses related to the reorganization involving the payment of dismissal benefits.

If an employee is retired internally, the economic compensation before the official retirement date is a dismissal benefit. From the date when the employee ceases to provide services to the regular retirement date, the wages and social insurance premiums paid for early retirement employees are included in the current profit and loss. Economic compensations after the official retirement date (such as regular pensions) are treated as post-employment benefits.

(4) Accounting treatment for other long-term employee benefits

Other long-term employee benefits provided by the Group to employees, which meet the conditions of the defined contribution plan, are treated in accordance with the relevant provisions on the above-mentioned defined contribution plan. The ones that meet the conditions of the defined benefit plan are treated in accordance with the relevant provisions on the above-mentioned defined benefit plan, but “re-measurements of the changes in the net liabilities or net assets of the defined benefit plan” in the relevant employee compensation costs are included in the current profit

and loss or related asset costs.

22. Estimated Liabilities

The Group will recognize as estimated liabilities the obligations related to the contingencies which meet the following conditions at the same time:

- (1) This obligation is the current obligation assumed by the Group;
- (2) The performance of this obligation is likely to cause economic benefits to flow out of the Group;
- (3) The amount of this obligation can be measured reliably.

The estimated liabilities are initially measured in accordance with the best estimate of the expenditure required to perform related current obligations, and comprehensively consider factors such as risks, uncertainties and time value of money related to contingencies. If the time value of money has a significant impact, the best estimate is determined after discounting the relevant future cash outflows. The Group reviews the book value of estimated liabilities on the balance sheet date and adjusts the book value to reflect the current best estimate.

If all or part of the expenses required to settle the confirmed estimated liabilities are expected to be compensated by a third party or other parties, the compensation amount can only be separately confirmed as an asset when it is basically certain that it can be received. The confirmed compensation amount does not exceed the book value of the confirmed liability.

23. Share-Based Payment

(1) Types of share-based payment

The share-based payment of the Group contains equity-settled share-based payment and cash-settled share-based payment.

(2) How to determine the fair value of equity instruments

The Group determines the fair value of the granted equity instruments such as options that have an active market based on the quoted prices in the active market. For equity instruments such as

options that have no active market, the fair value of the equity instruments is determined using option pricing models. The selected option pricing model considers the following factors: A. the exercise price of the option; B. the validity period of the option; C. the current price of the underlying shares; D. the expected volatility of the share price; E. the expected dividend of the shares; F. the risk-free interest rate during the validity period of the option.

(3) The basis for confirming the best estimate of exercisable equity instruments

At each balance sheet date during the waiting period, the Group makes the best estimate based on the latest follow-up information such as changes in the number of vested employees, and revises the number of equity instruments that are expected to vest. On the vesting date, the final estimated number of vesting equity instruments should be consistent with the actual vesting number.

(4) Relevant accounting treatments for the implementation, modification, and termination of share-based payment plans

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. For those that can be exercised immediately after the grant, the fair value of the equity instrument shall be included in the relevant costs or expenses on the date of grant, and the capital reserve shall be increased accordingly. For those that can be exercised only after the completion of the service within the waiting period or the required performance conditions are met, on each balance sheet date during the waiting period, based on the best estimate of the number of vesting equity instruments, the services obtained in the current period shall be included in the relevant costs or expenses and capital reserve according to the fair value on the equity instrument grant date. No adjustments will be made to the confirmed related costs or expenses and the total owner's equity after the vesting date.

Cash-settled share-based payments are measured at the fair value of the liabilities calculated and determined on the basis of shares or other equity instruments undertaken by the Group. For those that can be exercised immediately after the grant, the fair value of the liabilities assumed by the Group shall be included in the relevant costs or expenses on the date of grant, and the liabilities shall be increased accordingly. For cash-settled share-based payments that can be exercised only



after the completion of the service within the waiting period or the required performance conditions are met, on each balance sheet date during the waiting period, based on the best estimate of the vesting conditions, the services obtained in the current period shall be included in the relevant costs or expenses and corresponding liabilities according to the fair value of the liabilities assumed by the Group. On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities is remeasured, and the changes are included in the current profit and loss.

When the Group revises the share-based payment plan, if the revision increases the fair value of the equity instruments granted, the increase in the services obtained shall be recognized according to the increase in the fair value of the equity instruments; if the revision increases the number of equity instruments granted, the fair value of the increased equity instruments is correspondingly recognized as an increase in services obtained. The increase in the fair value of equity instruments refers to the difference between the fair values of the equity instruments before and after the modification on the modification date. If the modification reduces the total fair value of the share-based payment or adopts other methods that are not conducive to the employees to modify the terms and conditions of the share-based payment plan, the accounting treatment of the services obtained will continue, as if the change has never occurred, unless the Group cancels part or all of the granted equity instruments.

During the waiting period, if the granted equity instruments are cancelled (except for those cancelled due to non-market conditions that do not meet the exercisable conditions), the Group treats the cancellation of the granted equity instruments as an accelerated exercise, and the amount that should be confirmed within the remaining waiting period is immediately included in the current profit and loss, and the capital reserve is confirmed at the same time. If employees or other parties can choose to meet the non-exercising conditions but have not met within the waiting period, the Group treats it as cancellation of granted equity instruments.

24. Revenue

The Company is required to comply with the disclosure requirements presented in the *Guidelines of the Shenzhen Stock Exchange for*

Industrial Information Disclosure No.13 – Listed Companies Engaged in the Non-Metal Building Materials Business.

(1) General principles

The Group recognizes revenue when it has fulfilled the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services.

If the contract contains two or more obligations, the Group shall allocate the transaction price to individual obligation in accordance with the relative proportion of stand-alone selling price of goods or services promised by individual obligation on the starting date of the contract. Revenue is measured based on the transaction price allocated to individual obligation.

The Group is considered to perform its obligations within a certain period of time when one of the following conditions is met; otherwise, it is considered to perform its obligations at a certain point in time.

- ① Customers obtain and consume the economic benefits brought by the Group's performance at the same time as the Group's performance.
- ② Customers can control the products under construction during the performance of the Group.
- ③ The goods produced during the performance of the Group have irreplaceable uses, and the Group has the right to receive payment for the cumulative performance part that has been completed during the entire contract period.

For performance obligations performed within a certain period of time, the Group recognizes revenue in accordance with the performance progress during that period. When the performance progress cannot be reasonably determined, if the cost incurred by the Group is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Group recognizes revenue at the point when the customer obtains control of the relevant goods or services. When determining whether a customer has obtained control of goods or services, the Group will consider the following signs:

- ① The Group enjoys the right of prompt payment for the goods or services, that is, the customer has the obligation of prompt payment for the goods.
- ② The Group has transferred the legal ownership of the product to the customer, that is, the customer has the legal ownership of the product.
- ③ The Group has transferred the goods in kind to the customer, that is, the customer has taken possession of the goods in kind.
- ④ The Group has transferred the main risks and rewards of the ownership of the goods to the customers, that is, the customers have obtained the main risks and rewards of the ownership of the goods.
- ⑤ The customer has accepted the goods or services.
- ⑥ Other signs that the customer has obtained control of the product.

The Group has transferred goods or services to customers and has the right to receive consideration (and the right depends on other factors other than the passage of time) as contract assets, and contract assets are provided for impairment based on expected credit losses (see Note 3 10 (6)). The Group's unconditional (only depending on the passage of time) right to collect consideration from customers are listed as receivables. The Group's obligation to transfer goods or services to customers for consideration received or receivable from customers is regarded as contract liabilities.

Contract assets and contract liabilities under the same contract are listed in net amount. If the net amount is the debit balance, it is listed in the "contract assets" or "other non-current assets" item according to its liquidity; if the net amount is the credit balance, it is listed in the item of "contract liabilities" or "other non-current liabilities" according to its liquidity.

(2) Specific methods

The specific methods of the Group's revenue recognition are as follows:

- ① Sales of coils, coatings and other commodities:

The specific method for the Group to sell products such as coils and coatings is as follows: When the product is delivered to the customer and the customer has accepted the product and signed for the shipping order, the customer obtains the control right of the product.

② Waterproof construction service:

In the process of providing waterproofing engineering construction, the Group recognizes revenue based on the actual contract cost incurred as a percentage of the estimated total contract cost, that is, the performance progress multiplied by the total contract revenue.

25. Government Subsidies

Government subsidies are confirmed when they meet the conditions attached to the government subsidies and can be received.

Government subsidies for monetary assets are measured according to the amount received or receivable. Government subsidies for non-monetary assets shall be measured at fair value; if the fair value cannot be obtained reliably, it shall be measured at a nominal amount of RMB1.

Government subsidies related to assets refer to government subsidies obtained by the Group for purchase and construction or other ways to form long-term assets; otherwise, they are government subsidies related to income.

For those of which the government documents do not clearly specify the subsidy object, and can form long-term assets, the part of the government subsidy corresponding to the asset value is regarded as the government subsidy related to the asset, and the remaining part is regarded as the government subsidy related to the income; if it is difficult to distinguish, the government subsidy is regarded as the government subsidy related to income as a whole.

Government subsidies related to assets are recognized as deferred income and included in profit and loss in installments in accordance with a reasonable and systematic method within the useful life of the relevant assets. Government subsidies related to income are included in current profit and loss if they are used to compensate related costs or losses that have occurred; those used to compensate

related costs or losses in subsequent periods are included in deferred income, and are included in the related profit and loss within the related costs or losses recognition period. Government subsidies measured at their nominal amounts are directly included in the current profits and losses. The Group adopts the same method to deal with the same or similar government subsidies.

Government subsidies related to daily activities are included in other income in accordance with the nature of economic business. Government subsidies not related to daily activities are included in non-operating income and expenditure.

When the confirmed government subsidy needs to be returned, if there is a relevant deferred income balance, the book balance of the relevant deferred income shall be offset, and the excess part shall be included in the current profit and loss; in other cases, it shall be directly included in the current profit and loss.

26. Deferred Income Tax Assets/Deferred Income Tax Liabilities

Income tax includes current income tax and deferred income tax. Except that the deferred income tax for adjusted goodwill arising from the business merger or related to the transaction or event is included in the owner's equity, it is included in the current profit and loss as the income tax expense.

The Group adopts the balance sheet debt method to recognize the deferred income tax based on the temporary difference between the book value of assets and liabilities on the balance sheet date and the tax base.

All taxable temporary differences are recognized as related deferred income tax liabilities, unless the taxable temporary differences are generated in the following transactions:

- (1) The initial recognition of goodwill, or the initial recognition of assets or liabilities arising from a transaction with the following characteristics: the transaction is not a business merger, and the transaction does not affect accounting profits nor taxable income;
- (2) For taxable temporary differences related to investments in subsidiaries, joint ventures and associates, the time for the reversal of the temporary differences can be controlled and the

temporary differences may not be reversed in the foreseeable future.

For deductible temporary differences, deductible losses that can be carried forward to future years, and tax deductions, the Group recognizes the resulting deferred income tax assets with the limit of future taxable income likely obtained to deduct the deductible temporary differences, deductible losses and tax deductions, unless the deductible temporary difference is generated in the following transactions:

- (1) The transaction is not a business merger, and neither accounting profits nor taxable income will be affected when the transaction occurs;
- (2) For deductible temporary differences related to investments in subsidiaries, joint ventures, and associates, which meet the following conditions at the same time, corresponding deferred income tax assets are confirmed: temporary differences are likely to be reversed in the foreseeable future, and taxable income are likely to be obtained in the future to be used to deduct temporary differences.

On the balance sheet date, the Group measures the deferred income tax assets and deferred income tax liabilities at the tax rate applicable to the period during which the asset is expected to be recovered or the liability be settled, and reflects the income tax impact of the way the asset is expected to be recovered or the liability be settled on the balance sheet date.

On the balance sheet date, the Group reviews the book value of deferred income tax assets. If it is probable that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is possible to obtain sufficient taxable income, the write-down amount shall be reversed.

27. Lease

(1) Accounting treatment method of operating lease

The group as a lessor

In financial leasing, at the beginning date of the lease term, the Group uses the sum of the minimum

lease payment and the initial direct cost as the entry value of the financial lease receivable, and records the unguaranteed residual value; and the difference between the sum of the minimum lease payment, initial direct cost and the unguaranteed residual value, and the sum of their present value, is recognized as unrealized financing income. The unrealized financing income shall be calculated and confirmed by the actual interest rate method during each period of the lease term to confirm the current financing income.

For the rents in operating leases, the Group shall use the straight-line method to recognize current profits and losses during each period of the lease term. The initial direct costs incurred are included in the current profit and loss.

(2) Accounting treatment method of financial lease

The Group as the lessee

In finance leases, at the beginning date of the lease term, the Group takes the lower of the fair value of the leased asset and the present value of the minimum lease payment as the entry value of the leased asset, and the minimum lease payment as the entry value of the long-term payable. The difference is regarded as an unrecognized financing expense. The initial direct costs are included in the value of the leased asset. The unrecognized financing expenses shall be calculated and confirmed by the actual interest rate method during each period of the lease term. The Group adopts a depreciation policy consistent with that of its own fixed assets for the depreciation of leased assets.

For the rents in operating leases, the Group shall use the straight-line method to include in the relevant asset cost or current profit and loss during each period of the lease term; the initial direct expenses incurred are included in the current profit and loss.

Rent concessions triggered by COVID-19

For rent concessions such as rent reductions and deferred payment directly triggered by COVID-19 and agreed by the Group and lessees or lessors based on the current lease contract, and for which the following conditions are met at the same time, the Group uses simplified approach regarding houses

and buildings leases:

- ① The lease consideration after the concession is reduced or basically unchanged from that before the concession. The lease consideration can be undiscounted or discounted at the pre-concession discount rate;
- ② The concession is only for the amount of lease payables before June 30 2021;
- ③ After comprehensive consideration of qualitative and quantitative factors, it is determined that there are no major changes in the other terms and conditions of the lease.

The Group does not assess whether there is a lease change.

When the Group acts as the lessee, for operating leases, the Group will continue to include the original contract rent in the relevant asset costs or expenses in accordance with the same method as before the concession. In the event of rent reduction, the Group will treat the reduced rent as contingent rent to offset costs or expenses during the reduction period; if the payment of rent is delayed, the Group will recognize the rent payable during the original payment period as an amount payable, and offset the payables confirmed in the previous period in the actual payment. For financial leasing, the Group continues to recognize unrecognized financing expenses as current financing expenses at the same discount rate as before the reduction, and continues to perform subsequent measurement such as depreciation of financed leased assets in the same manner as before the reduction. In the event of rent reduction, the Group will treat the reduced rent as contingent rent to offset asset costs or expenses, and adjust long-term payables accordingly when a concession agreement is reached to relieve the original rent payment obligation, and if the discount is included in the current profit and loss at the discount rate before concession, the unrecognized financing expenses shall also be adjusted; if the rent is delayed, the Group will offset the long-term payables confirmed in the previous period when the actual payment is made.

When the Group acts as a lessor, for operating leases, the Group continues to recognize the original contract rent as lease income in the same way as before the concession. In the event of rent reduction, the Group will treat the reduced rent as contingent rent and offset the rental income during the reduction period; if the rent is deferred, the Group will recognize the rent receivable

during the original collection period as an account receivable, and offset the receivables confirmed in the previous period when they are actually received. For finance leases, the Group continues to recognize unrealized finance income as lease income at the same interest rate implicit in the lease as before the reduction. In the event of rent reduction, the Group will treat the reduced rent as contingent rent and offset the originally recognized rental income when reaching a concession agreement and waiving the right to collect the original rent. The part that is not enough to offset will be included in investment income and long-term receivables be adjusted accordingly. If the discount is included in the current profit and loss at the discount rate before reduction, unrealized financing income shall also be adjusted; for deferred rent collection, the Group will offset the long-term receivables confirmed in the previous period when they are actually received.

28. Other Important Accounting Policies and Estimates

(1) Buyback

The shares repurchased by the company shall be managed as treasury stocks before they are cancelled or transferred, and all expenditures for the repurchase of shares shall be transferred to the cost of treasury shares. The consideration and transaction costs paid in share repurchase reduce the owner's equity. When repurchasing, transferring or canceling the company's shares, no gain or loss is recognized.

When transferring treasury shares, the difference between the actual amount received and the book value of the treasury shares is included in the capital reserve. If the capital reserve is insufficient to offset, the surplus reserve and undistributed profits will be offset. For the cancellation of treasury shares, the share capital shall be reduced according to the face value of the shares and the number of shares cancelled, and the capital reserve shall be reduced according to the difference between the book balance and the face value of the cancelled treasury shares. If the capital reserve is insufficient to offset, the surplus reserve and undistributed profits will be offset.

(2) Restricted stock

In the equity incentive plan, the company grants restricted stocks to the motivated objects, who first subscribe for the stocks. If the unlocking conditions specified in the equity incentive plan are not met subsequently, the company will repurchase the shares at the pre-agreed price. If the capital increase procedures such as registration are fulfilled for the restricted stocks issued to employees in accordance with relevant regulations, on the grant date, the company shall confirm the share capital and capital reserve (share capital premium) based on the subscription monies paid by the employees; at the same time, confirm treasury stocks and other accounts payable in terms of repurchase obligation.

(3) Assets securitization business

The Group securitizes the accounts receivable (accounts receivable are "trust property"), and generally sells these assets to a specific purpose entity, which then issues securities to investors. The equity of securitized financial assets is retained in the form of credit enhancements, subordinated bonds or other residual equity (reserved equity). The retained equity is recorded at fair value in the group's balance sheet. The gains or losses of securitization depend on the book value of the transferred financial assets, and are distributed between the financial assets that are derecognized and the retained equity according to their relevant fair value on the date of transfer. Securitization gains or losses are recorded in the current profit and loss.

In applying the policy of securitizing financial assets, the Group has considered the degree of risk and reward transfer of assets transferred to another entity, as well as the degree to which the Group exercises control over the entity:

- ① When the group has transferred almost all the risks and rewards of the ownership of the financial asset, the group will terminate the recognition of the financial asset;
- ② When the group retains almost all the risks and rewards of the ownership of the financial asset, the group will continue to recognize the financial asset;
- ③ If the group does not transfer or retain almost all the risks and rewards of the ownership of the financial asset, the group will consider whether there is control over the financial asset. If the group does not retain control, the financial asset will be derecognized and the rights and obligations arising from or retained during the transfer will be defined as assets or liabilities, respectively. If the group retains control, the financial asset will be recognized based on the degree of continued involvement in it.

29. Changes in Important Accounting Policies and Accounting Estimates

(1) Changes in important accounting policies

Applicable Not applicable

(1) Changes in important accounting policies

① New revenue standards

The Ministry of Finance promulgated the Accounting Standards for Businesses No. 14 - Revenue (Revision) (hereinafter referred to as the New Revenue Standards) in 2017. On the Eleventh Session of the Seventh Board of Directors, the Group decided to implement the Standards starting from January 1, 2020, and has made adjustments to some contents regarding accounting policies.

Only when the Group has fulfilled the obligations in the contract, or in other words, when clients obtain the control over certain products or services, will the Group recognize revenue. When certain conditions are met, the group is to perform its performance obligations within a certain period of time, otherwise, it is to perform its performance obligations at a certain point in time. If the contract

contains two or more performance obligations, the Group will allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the date of the contract. Revenue will be measured according to the transaction price of each individual performance obligation.

The Group adjusted the relevant accounting policies in accordance with the specific provisions of the New Revenue Standards on specific matters or transactions. For example: contract assets, advance receipts, etc.

The Group has the right to receive consideration after transferring goods to customers, and this right depends on factors other than the passage of time as contract assets. The Group's obligation to transfer goods to customers for consideration received or receivable from customers is listed as contract liabilities.

The Group adjusted the retained earnings of the Group at the beginning of 2020 and the amount of other related items in the financial statements based on the cumulative impact of the first implementation of the New Revenue Standards, and did not adjust the comparative financial statement data. The Group only adjusts the amount of retained earnings of the Group at the beginning of 2020 and other related items in the financial statements for the cumulative impact of contracts that have not been completed on January 1, 2020.

Contents changed in accounting policies and the reasons behind	Affected statement items	Affected amount (January 1, 2020)
The completed and unsettled payments related to the provision of waterproofing engineering construction services that do not meet the unconditional right of collection are included in the contract assets; the settled but unfinished payments as well as advance receipts of coiled materials and coatings related to the provision of waterproofing engineering construction services should be reclassified as contract liabilities; the warranty related to coils, coatings and other commodities as well as the waterproofing engineering services shall be included into contract assets; the loss of pending contract losses shall be included in estimated liabilities and operating costs	accounts receivable	-134002787.46
	contract assets	897529672.45
	stock	-789674139.43
	deferred tax assets	6195292.41
	contract liabilities	1352612834.95
	advance receipt	-1513867627.95
	other current liabilities	161254793.00
	undistributed profit	-33567549.05
	estimated liabilities	13615587.02

Compared with the original revenue standard, the impact of the implementation of the New Revenue Standards on related items in the 2020 financial statements is as follows:

Affected items in the balance sheet	Affected amount December 31, 2020
accounts receivable	-91,040,999.75
contract assets	1,903,218,399.07
stock	-1,889,651,738.80
deferred tax assets	11,739,433.85
contract liabilities	2,077,737,096.59
advance receipt	-2,278,095,565.51
other current liabilities	200,358,468.92
estimated liabilities	16,899,970.10
undistributed profit	-82,634,875.73

Continued

Affected items in the income statement	Affected amount 2020
operating costs	649,889,677.26
selling expenses	-646,605,294.18
credit impairment loss	-54,611,468.12
asset impairment loss	-3,284,383.08
income tax expense	-5,544,141.44
net profit	-49,067,326.68
Including: net profit attributable to shareholders of the parent company	-49,067,326.68

② Interpretation of Accounting Standards for Enterprises No. 13

The Ministry of Finance issued the Interpretation of Accounting Standards for Enterprises No. 13 (Cai Kuai [2019] No. 21) (hereinafter referred to as the Interpretation No. 13) in December 2019.

Interpretation No. 13 revised the three elements that constitute a business and refined the judgment conditions of the business. For the purchaser of a business combination not under the same control, "concentration test" is introduced when judging whether the acquired business activity or combination of assets constitutes a business.

Interpretation No. 13 clarifies that the related parties of an enterprise include joint ventures of other common member units (including parent company and subsidiary companies) of the enterprise group, and joint ventures of investors that exercise joint control over the enterprise.

Interpretation No. 13 will take effect starting from January 1, 2020. The Group adopts prospective application to account for the above-mentioned changes in accounting policies.

The adoption of Interpretation No. 13 did not have a significant impact on the financial status, operating results and related party disclosures of the Group.

③ The Ministry of Finance issued the Notice on Printing and Distributing the Regulations on Accounting Treatment of Rental Concessions During Covid-19 (Caikuai [2020] No. 10) in June 2020, according to which a simplified approach can be used when it comes to rental concession

during the pandemic.

The Group adopted the simplified method in the accounting treatment regulations for reduction in rents that occurred starting from January 1, 2020 (see Note 3, 29, (3)). During the reduction or exemption period or when a reduction agreement is reached and the relevant rights and obligations are released and waived, the relevant rent reduction is included in the profit and loss. The affected amount of the above simplified method on the profit of the current period is RMB 532,549.48.

The Group does not apply the above simplified treatment method to rent reductions incurred before January 1, 2020.

(2) Changes in important accounting estimates

Null

(3) Related items in the financial statements (at the beginning of the year) that have been adjusted according to the New Revenue Standards

Consolidated Balance Sheet

Item	December 31, 2019	January 01, 2020	Adjustment
accounts receivable	5,636,056,135.06	5,502,053,347.60	-134,002,787.46
stock	2,016,452,159.26	1,226,778,019.83	-789,674,139.43
contract assets	-	897,529,672.45	897,529,672.45
deferred tax assets	266,364,031.92	272,559,324.33	6,195,292.41
advance receipt	1,513,867,627.95	-	-1,513,867,627.95
contract liabilities	-	1,352,612,834.95	1,352,612,834.95
other current liabilities	-	161,254,793.00	161,254,793.00
estimated liabilities	-	13,615,587.02	13,615,587.02
undistributed profit	6,724,405,683.30	6,690,838,134.25	-33,567,549.05

Balance Sheet of Parent Company

Item	December 31, 2019	January 01, 2020	Adjustment
accounts receivable	2,599,230,817.44	2599193052.62	-37,764.82
contract assets	-	37,764.82	37,764.82
advance receipt	548,146,605.78	-	-548,146,605.78
contract liabilities	-	485,085,491.84	485,085,491.84
other current liabilities	-	63,061,113.94	63,061,113.94

(2) Changes in important accounting estimates

Applicable, Not applicable



(3) Related items in the financial statement (at the beginning of the year) that have been adjusted according to the New Revenue Standards and the new leasing standards

applicable

whether to adjust items on the balance sheet at the beginning of the year

Yes No

Consolidated Balance Sheet

Unit: RMB

Items	December 31, 2019	January 1, 2020	Adjustment Amount
Current Assets:			
Monetary Funds	4,428,414,585.06	4,428,414,585.06	
Provision of Settlement Funds			
Loans to Other Banks			
Trading Financial Assets	42,914,749.15	42,914,749.15	
Derivative Financial Assets			
Notes Receivable	1,380,885,831.13	1,380,885,831.13	
Accounts Receivable	5,636,056,135.06	5,502,053,347.60	-134,002,787.46
Receivable Financing	789,077,684.98	789,077,684.98	
Advance Payments	540,951,524.82	540,951,524.82	
Premiums Receivable			
Reinsurance Premiums Receivable			
Reserves for Reinsurance Contract Receivable			
Other Receivables	290,865,902.72	290,865,902.72	
Wherein: Interest Receivable			
Dividends Receivable			
Buying back the Sale of Financial Assets			
Stock	2,016,452,159.26	1,226,778,019.83	-789,674,139.43
Contract Assets		897,529,672.45	897,529,672.45
Assets Held for Sale			



Non-current Assets Due within One Year			
Other Current Assets	321,259,114.60	321,259,114.60	
Total Current Assets	15,446,877,686.78	15,420,730,432.34	-26,147,254.44
Non-current Assets:			
Loans and Advances Disbursed			
Debt Investment			
Other Debt Investment			
Long-term Receivables			
Long-term Equity Investment			
Other Equity Instrument Investments	259,998,230.03	259,998,230.03	
Other Non-current Financial Assets	16,640,831.94	16,640,831.94	
Investment Real Estate			
Fixed Assets	4,349,008,635.30	4,349,008,635.30	
Construction in Progress	626,523,807.66	626,523,807.66	
Productive Biological Assets			
Oil and Gas Assets			
Right-of-use Assets			
Intangible Assets	990,616,190.80	990,616,190.80	
Development Expenditure			
Goodwill	72,881,767.24	72,881,767.24	
Long-term Unamortized Expenses	22,250,899.78	22,250,899.78	
Deferred Tax Assets	266,364,031.92	272,559,324.33	6,195,292.41
Other Non-current Assets	364,498,107.11	364,498,107.11	
Total Non-current Assets	6,968,782,501.78	6,974,977,794.19	6,195,292.41
Total Assets	22,415,660,188.56	22,395,708,226.53	-19,951,962.03
Current Liabilities:			
Short-term Borrowings	3,092,642,634.13	3,092,642,634.13	



Borrowings from Central Bank			
Loans from Other Banks			
Trading Financial Liabilities			
Derivative Financial Liabilities			
Notes Payable	650,231,761.16	650,231,761.16	
Accounts Payable	2,641,858,837.08	2,641,858,837.08	
Advance Receipts	1,513,867,627.95		-1,513,867,627.95
Contract Liabilities		1,352,612,834.95	1,352,612,834.95
Financial Assets Sold for Repurchase			
Receipt of Deposits and Deposits from Other Banks			
Funds Received as Agent of Stock Exchange			
Funds Received as Agent of Stock Underwriting			
Employee Compensation Payable	71,883,465.42	71,883,465.42	
Taxes Payable	318,635,501.93	318,635,501.93	
Other Payables	1,796,480,353.16	1,796,480,353.16	
Wherein: Interest Payable			
Dividends Payable	39,800.00	39,800.00	
Handling Charges and Commission Payable			
Reinsurance Premiums Payable			
Liabilities Held for Sale			
Non-current Liabilities Due within One Year			
Other Current Liabilities		161,254,793.00	161,254,793.00
Total Current Liabilities	10,085,600,180.83	10,085,600,180.83	
Non-current Liabilities:			



Reserves for Insurance Contract			
Long-term Borrowings	408,000,000.00	408,000,000.00	
Bonds Payable	1,584,525,345.68	1,584,525,345.68	
Wherein: Preferred Shares			
Perceptual Bonds			
Lease Liabilities			
Long-term Payables			
Long-term Employee Compensation Payable			
Estimated Liabilities		13,615,587.02	13,615,587.02
Deferred Income	363,760,251.35	363,760,251.35	
Deferred Tax Liabilities	13,905,379.69	13,905,379.69	
Other Non-current Liabilities			
Total Non-current Liabilities	2,370,190,976.72	2,383,806,563.74	13,615,587.02
Total Liabilities	12,455,791,157.55	12,469,406,744.57	13,615,587.02
Owners' Equity:			
Share Capital	1,487,735,509.00	1,487,735,509.00	
Other Equity Instruments	415,138,820.10	415,138,820.10	
Wherein: Preferred Shares			
Perceptual Bonds			
Capital Reserves	1,350,936,097.25	1,350,936,097.25	
Minus: Treasury Shares	513,038,129.11	513,038,129.11	
Other Comprehensive Income	34,236,800.41	34,236,800.41	
Appropriative Reserves			
Surplus Reserves	240,588,444.32	240,588,444.32	
General Risk Reserves			
Undistributed Profits	6,724,405,683.30	6,690,838,134.25	-33,567,549.05
Total Owners' Equity Attributable to the Parent	9,740,003,225.27		-33,567,549.05



Company			
Minority Interests	219,865,805.74	219,865,805.74	
Total Owners' Equity	9,959,869,031.01	9,926,301,481.96	-33,567,549.05
Total Liabilities and Owners' Equity	22,415,660,188.56	22,395,708,226.53	-19,951,962.03

Details

The completed and unsettled payments related to the provision of waterproofing engineering construction services that do not meet the unconditional right of collection are included in the contract assets; the settled but unfinished payments as well as advance receipts of coiled materials and coatings related to the provision of waterproofing engineering construction services should be reclassified as contract liabilities; the warranty related to coils, coatings and other commodities as well as the waterproofing engineering services shall be included into contract assets; the loss of pending contract losses shall be included in estimated liabilities and operating costs

Balance Sheet of the Parent Company

Unit: RMB

Items	December 31, 2019	January 1, 2020	Adjustment Amount
Current Assets:			
Monetary Funds	1,376,226,253.02	1,376,226,253.02	
Trading Financial Assets	42,914,749.15	42,914,749.15	
Derivative Financial Assets			
Notes Receivable	945,403,970.67	945,403,970.67	
Accounts Receivable	2,599,230,817.44	2,599,193,052.62	-37,764.82
Receivable Financing	131,110,688.37	131,110,688.37	
Advance Payments	209,457,606.05	209,457,606.05	
Other Receivables	4,089,563,640.08	4,089,563,640.08	
Wherein: Interest Receivable			
Dividends Receivable	800,000,000.00	800,000,000.00	
Stock	25,756,585.78	25,756,585.78	
Contract Assets		37,764.82	37,764.82
Assets Held for Sale			
Non-current Assets Due within One Year			



Other Current Assets	53,785,501.36	53,785,501.36	
Total Current Assets	9,473,449,811.92	9,473,449,811.92	
Non-current Assets:			
Debt Investment			
Other Debt Investment			
Long-term Receivables			
Long-term Equity Investment	3,215,175,394.33	3,215,175,394.33	
Other Equity Instrument Investments	254,441,284.80	254,441,284.80	
Other Non-current Financial Assets	16,640,831.94	16,640,831.94	
Investment Real Estate			
Fixed Assets	52,090,664.93	52,090,664.93	
Construction in Progress			
Productive Biological Assets			
Oil and Gas Assets			
Right-of-use Assets			
Intangible Assets	55,516,571.59	55,516,571.59	
Development Expenditure			
Goodwill			
Long-term Unamortized Expenses	421,813.18	421,813.18	
Deferred Tax Assets	93,263,984.68	93,263,984.68	
Other Non-current Assets	106,914,239.60	106,914,239.60	
Total Non-current Assets	3,794,464,785.05	3,794,464,785.05	
Total Assets	13,267,914,596.97	13,267,914,596.97	
Current Liabilities:			
Short-term Borrowings	1,762,975,927.02	1,762,975,927.02	
Trading Financial Liabilities			
Derivative Financial Liabilities			



Notes Payable	387,868,658.41	387,868,658.41	
Accounts Payable	1,916,374,580.24	1,916,374,580.24	
Advance Receipts	548,146,605.78		-548,146,605.78
Contract Liabilities		485,085,491.84	485,085,491.84
Employee Compensation Payable	21,477,241.94	21,477,241.94	
Taxes Payable	56,857,224.31	56,857,224.31	
Other Payables	2,701,324,047.44	2,701,324,047.44	
Wherein: Interest Payable			
Dividends Payable	39,800.00	39,800.00	
Liabilities Held for Sale			
Non-current Liabilities Due within One Year			
Other Current Liabilities		63,061,113.94	63,061,113.94
Total Current Liabilities	7,395,024,285.14	7,395,024,285.14	
Non-current Liabilities:			
Long-term Borrowings	300,000,000.00	300,000,000.00	
Bonds Payable	1,584,525,345.68	1,584,525,345.68	
Wherein: Preferred Shares			
Perceptual Bonds			
Lease Liabilities			
Long-term Payables			
Long-term Employee Compensation Payable			
Estimated Liabilities			
Deferred Income			
Deferred Tax Liabilities	9,837,317.51	9,837,317.51	
Other Non-current Liabilities			
Total Non-current Liabilities	1,894,362,663.19	1,894,362,663.19	
Total Liabilities	9,289,386,948.33	9,289,386,948.33	
Owners' Equity:			



Share Capital	1,487,735,509.00	1,487,735,509.00	
Other Equity Instruments	415,138,820.10	415,138,820.10	
Wherein: Preferred Shares			
Perceptual Bonds			
Capital Reserves	1,367,050,364.16	1,367,050,364.16	
Minus: Treasury Shares	513,038,129.11	513,038,129.11	
Other Comprehensive Income	53,075,092.08	53,075,092.08	
Appropriative Reserves			
Surplus Reserves	240,588,444.32	240,588,444.32	
Undistributed Profits	927,977,548.09	927,977,548.09	
Total Owners' Equity	3,978,527,648.64	3,978,527,648.64	
Total Liabilities and Owners' Equity	13,267,914,596.97	13,267,914,596.97	

Details

The completed and unsettled payments related to the provision of waterproofing engineering construction services that do not meet the unconditional right of collection are included in the contract assets; the settled but unfinished payments as well as advance receipts of coiled materials and coatings related to the provision of waterproofing engineering construction services should be reclassified as contract liabilities; the warranty related to coils, coatings and other commodities as well as the waterproofing engineering services shall be included into contract assets; the loss of pending contract losses shall be included in estimated liabilities and operating costs

(4) Comparative data collected when the New Revenue Standards and New Leasing Standards were first implemented starting from 2020

√ Applicable □ Not applicable

Consolidated Balance Sheet

Item	December 31, 2019	January 01, 2020	Adjustment
accounts receivable	5,636,056,135.06	5,502,053,347.60	-134,002,787.46
stock	2,016,452,159.26	1,226,778,019.83	-789,674,139.43
contract assets	-	897,529,672.45	897,529,672.45
deferred tax assets	266,364,031.92	272,559,324.33	6,195,292.41
advance receipt	1,513,867,627.95	-	-1,513,867,627.95



contract liabilities	-	1,352,612,834.95	1,352,612,834.95
other current liabilities	-	161,254,793.00	161,254,793.00
estimated liabilities	-	13,615,587.02	13,615,587.02
undistributed profit	6,724,405,683.30	6,690,838,134.25	-33,567,549.05

Balance Sheet of Parent Company

Item	December 31, 2019	January 01, 2020	Adjustment
accounts receivable	2,599,230,817.44	2599193052.62	-37,764.82
contract assets	-	37,764.82	37,764.82
advance receipt	548,146,605.78	-	-548,146,605.78
contract liabilities	-	485,085,491.84	485,085,491.84
other current liabilities	-	63,061,113.94	63,061,113.94

VI. Taxes

1. Main taxes and tax rate

taxes	tax basis	tax rate
value-added tax	taxable income	16、11、13、10、6、5、3
urban maintenance and construction tax	turnover tax payable	1、5、7
corporate income tax	taxable income	25
education surcharge	turnover tax payable	3、5

If there are taxable entities with different corporate income tax rates, the information should be disclosed

name of taxable entities	income tax rates

2. Tax incentives

(1) The company obtained the High-tech Enterprise Certificate (certificate number: GR202011005375) issued by the Beijing Municipal Commission of Science and Technology, Beijing Municipal Bureau of Finance, and Beijing Municipal Taxation Bureau of the State Administration of Taxation on December 2, 2020. According to the Administrative Measures for the Recognition of High-tech Enterprises and the Corporate Income Tax Law of the People's Republic of China, the company will calculate and pay 15% corporate income tax during the following three years (2020-2022) after obtaining the recognition of high-tech enterprises.

(2) On December 5, 2019, Xuzhou Woniushan Company obtained the High-tech Enterprise Certificate issued by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial Bureau of Taxation, and Jiangsu Provincial Local Taxation Bureau (Certificate Number: GR201932005071). According to the Administrative

Measures for the Recognition of High-tech Enterprises and the Corporate Income Tax Law of the People's Republic of China", Xuzhou Woniushan Company shall calculate and pay 15% of corporate income tax during the following three years (2019-2021) after obtaining the recognition of high-tech enterprises.

(3) The Yueyang company obtained the High-tech Enterprise Certificate (certificate number: GR202043000355) issued by the Hunan Provincial Commission of Science and Technology, Hunan Provincial Bureau of Finance, and Hunan Provincial State Bureau of Taxation on September 11, 2020. According to the Administrative Measures for the Recognition of High-tech Enterprises and the Corporate Income Tax Law of the People's Republic of China, the company will calculate and pay 15% corporate income tax during the following three years (2020-2022) after obtaining the recognition of high-tech enterprises.

(4) The Hangzhou company obtained the High-tech Enterprise Certificate (certificate number: GR201933004798) issued by the Zhejiang Provincial Commission of Science and Technology, Zhejiang Provincial Bureau of Finance, Zhejiang State Taxation Bureau and Zhejiang Local Taxation Bureau on December 4, 2019. According to the Administrative Measures for the Recognition of High-tech Enterprises and the Corporate Income Tax Law of the People's Republic of China, the Hangzhou company will calculate and pay 15% corporate income tax during the following three years (2019-2021) after obtaining the recognition of high-tech enterprises.

(5) The Jinzhou company obtained the High-tech Enterprise Certificate (certificate number: GR201821001006) issued by the Liaoning Provincial Commission of Science and Technology, Liaoning Provincial Bureau of Finance and Liaoning Provincial State Bureau of Taxation on November 30, 2018. According to the Administrative Measures for the Recognition of High-tech Enterprises and the Corporate Income Tax Law of the People's Republic of China, the Jinzhou Company will calculate and pay 15% corporate income tax during three (2018-2020) after obtaining the recognition of high-tech enterprises.

(6) Beijing Engineering Company obtained the High-tech Enterprise Certificate (certificate number: GR201811009323) issued by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance and Beijing State Taxation Bureau on November 30, 2018. According to the Administrative Measures for the Recognition of High-tech Enterprises and the Corporate Income Tax Law of the People's Republic of China, Beijing Engineering Company will calculate and pay 15% corporate income tax during the following three years (2018-2020) after obtaining the recognition of high-tech enterprises.

(7) The Huizhou company obtained the High-tech Enterprise Certificate (certificate number: GR201844008067) issued by the Guangdong Provincial Commission of Science and Technology, Guangdong Provincial Bureau of Finance and Guangdong Provincial State Bureau of Taxation on November 28, 2018. According to the Administrative Measures for the Recognition of High-tech Enterprises and the Corporate Income Tax Law of the People's Republic of China, the Huizhou Company will calculate and pay 15% corporate income tax during the following three years (2018-2020) after obtaining the recognition of high-tech enterprises.

(8) Shanghai Technology Company obtained the High-tech Enterprise Certificate (certificate number:



GR201831003544) issued by the Shanghai Municipal Commission of Science and Technology, Shanghai Municipal Bureau of Finance and Shanghai State Taxation Bureau on November 27, 2018. According to the Administrative Measures for the Recognition of High-tech Enterprises and the Corporate Income Tax Law of the People's Republic of China, Shanghai Technology Company will calculate and pay 15% corporate income tax during the following three years (2018-2020) after obtaining the recognition of high-tech enterprises.

(9) The Tangshan company obtained the High-tech Enterprise Certificate (certificate number: GR201913001819) issued by the Hebei Provincial Commission of Science and Technology, Hebei Provincial Bureau of Finance and Hebei Provincial State Bureau of Taxation on October 30, 2019. According to the Administrative Measures for the Recognition of High-tech Enterprises and the Corporate Income Tax Law of the People's Republic of China, the Tangshan Company will calculate and pay 15% corporate income tax during the following three years (2019-2021) after obtaining the recognition of high-tech enterprises.

(10) The Xianyang Company meets the requirements of the No. 12 announcement of Notice of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on Corporate Income Tax Regarding the Western Development Strategy in 2012. The Liquan County State Taxation Bureau allowed the company to calculate and pay 15% corporate income tax in 2020.

(11) The Kunming Company meets the requirements of the No. 58 announcement of Notice of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on Taxation Policies Regarding the Western Development Strategy. The Local Taxation Bureau of Wuhua District, Kunming allowed the company to calculate and pay 15% corporate income tax in 2020.

(12) The Minjian Company obtained the High-tech Enterprise Certificate (certificate number: GR201711000530) issued by the Beijing Municipal Commission of Science and Technology, Beijing Municipal Bureau of Finance and Beijing Municipal Taxation Bureau on October 21, 2020. According to the Administrative Measures for the Recognition of High-tech Enterprises and the Corporate Income Tax Law of the People's Republic of China, the Minjian Company will calculate and pay 15% corporate income tax during the following three years (2020-2022) after obtaining the recognition of high-tech enterprises.

VII. Notes to Items of Consolidated Financial Statements

1. Monetary Funds

Unit: RMB

Unit: RMB

Items	Ending balance	Opening balance
Cash on Hand	4424269.25	5561402.39



Bank Deposits	559,107,732.96	420,638,016.36
Other Monetary Funds	420,253,347.32	216,473,013.31
Total	6,015,754,939.53	442,841,458.06
Of which: Total Funds Deposited Abroad	1,003,281,511.47	201,796,952.28

Other Instructions

At the end of the current period, the Group has the following restricted monetary funds: RMB 267,684,884.73 Security Deposit Paid for Issuance of Acceptance Bills, RMB 250,953.68 Loan Margin, RMB 99,327,925.96 Guarantee Deposit, RMB 50,677,452.20 Factoring Margin, RMB 2,312,130.75 Migrant Workers' Wages Margin and RMB 23,852,320.00 Frozen Litigation Margin, totaling RMB 444,105,667.32.

2. Trading Financial Assets

Unit: RMB

Items	Ending balance	Opening balance
Financial Assets Measured at Fair Value through Profit or Loss	299,165,286.97	42,914,749.15
Of which:		
Debt Instrument Investments	299,165,286.97	42,914,749.15
Of which:		
Total	299,165,286.97	42,914,749.15

Other Instructions:

3. Notes Receivable

(1) Notes Receivable Presented by Category

Unit: RMB

Items	Ending balance	Opening balance
Trade Acceptance Bills	1,549,955,058.32	1,380,885,831.13
Total	1,549,955,058.32	1,380,885,831.13

Unit: RMB

Category	Ending balance					Opening balance				
	Book Balance		Reserve for Bad Debts		Book Value	Book Balance		Reserve for Bad Debts		Book Value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	



				n					n	
Of which:										
Notes Receivable with Reserve for Bad Debts on a Combination Basis	1,565,611,170.00	100.00%	15,656,111.68	1.00%	1,549,955,058.32	1,387,820,966.06	100.00%	6,935,134.93	0.50%	1,380,885,831.13
Of which:										
Trade Acceptance Bills	1,565,611,170.00	100.00%	15,656,111.68	1.00%	1,549,955,058.32	1,387,820,966.06	100.00%	6,935,134.93	0.50%	1,380,885,831.13
Total	1,565,611,170.00	100.00%	15,656,111.68	1.00%	1,549,955,058.32	1,387,820,966.06	100.00%	6,935,134.93	0.50%	1,380,885,831.13

Reserve for Bad Debts by Single Item: 0

Unit: RMB

Name	Ending balance			
	Book Balance	Reserve for Bad Debts	Provision Proportion	Provision Reason

Reserve for Bad Debts by Single Item: 0

Unit: RMB

Name	Ending balance			
	Book Balance	Reserve for Bad Debts	Provision Proportion	Provision Reason

Reserve for Bad Debts by Single Item:

Unit: RMB

Name	Ending balance			
	Book Balance	Reserve for Bad Debts	Provision Proportion	Provision Reason

Reserve for Bad Debts on a Combination Basis: 15,656,111.68

Unit: RMB

Name	Ending balance		
	Book Balance	Reserve for Bad Debts	Provision Proportion
Trade Acceptance Bills	1,565,611,170.00	15,656,111.68	1.00%
Total	1,565,611,170.00	15,656,111.68	--

Instructions on Determination of Combination Basis:

Reserve for Bad Debts on a Combination Basis:

Unit: RMB

Name	Ending balance		
	Book Balance	Reserve for Bad Debts	Provision Proportion

Instructions on Determination of Combination Basis:

If Reserve for Bad Debts of Notes Receivable is provided in accordance with the general model of



estimated credit loss, please refer to relevant information regarding Reserve for Bad Debts of Other Receivables disclosed:

Applicable Not Applicable

(2) Withdrawn, Recovered or Reversed Reserve for Bad Debts during the Current Period

Withdrawal of Reserve for Bad Debts during the Current Period:

Unit: RMB

Category	Opening balance	Change Amount during the Current Period				Ending balance
		Withdrawal	Recovery or Reversal	Write-off	Others	
Trade Acceptance Bills	6,935,134.93	8,720,976.75				15,656,111.68
Total	6,935,134.93	8,720,976.75				15,656,111.68

Wherein, significant recovered or reversed Reserve for Bad Debts during the Current Period:

Applicable Not Applicable

(3) Notes Receivable Endorsed or Discounted by the Company but Not Due on the Balance Sheet at the End of the Current Period

Unit: RMB

Items	Amount Derecognized at the End of the Current Period	Amount Not Derecognized at the End of the Current Period
Trade Acceptance Bills		715,870,236.39
Total		715,870,236.39

(4) Notes Transferred into Accounts Receivable by the Company at the End of the Current Period Due to the Drawer's Failure to Perform Obligations

Unit: RMB

Items	Amount Transferred into Accounts Receivable at the End of the Current Period
Trade Acceptance Bills	22,930,508.92
Total	22,930,508.92

Other Instructions



4. Accounts Receivable

(1) Accounts Receivable Disclosed by Category

Unit: RMB

Category	Ending balance					Opening balance				
	Book Balance		Reserve for Bad Debts		Book Value	Book Balance		Reserve for Bad Debts		Book Value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Accounts Receivable with Reserve for Bad Debts by Single Item	5,174,102.25	0.08%	5,174,102.25	100.00%		5,037,712.25	0.08%	5,037,712.25	100.00%	
Of which:										
Accounts Receivable with Reserve for Bad Debts on a Combination Basis	6,794,433,173.10	99.92%	692,948,467.02	10.20%	6,101,484,706.08	6,043,015,108.32	99.92%	540,961,760.72	8.95%	5,502,053,347.60
Of which:										
Accounts Receivable from Other Clients	6,794,433,173.10	99.92%	692,948,467.02	10.20%	6,101,484,706.08	6,043,015,108.32	99.92%	540,961,760.72	8.95%	5,502,053,347.60
Total	6,799,607,275.35	100.00%	698,122,569.27	10.27%	6,101,484,706.08	6,048,052,820.57	100.00%	545,999,472.97	9.03%	5,502,053,347.60

Reserve for Bad Debts by Single Item: 5,174,102.25

Unit: RMB

Name	Ending balance			
	Book Balance	Reserve for Bad Debts	Provision Proportion	Provision Reason
Amount that Cannot be Recovered	5,174,102.25	5,174,102.25	100.00%	Expected to be irrecoverable
Total	5,174,102.25	5,174,102.25	--	--

Reserve for Bad Debts by Single Item:

Unit: RMB

Name	Ending balance			
	Book Balance	Reserve for Bad Debts	Provision Proportion	Provision Reason

Reserve for Bad Debts on a Combination Basis: 692,948,467.02

Unit: RMB

Name	Ending balance



	Book Balance	Reserve for Bad Debts	Provision Proportion
Less than 1 year	5,386,272,939.50	265,004,628.62	4.92%
1-2 years	802,236,387.26	93,300,091.84	11.63%
2-3 years	304,769,307.75	88,992,637.86	29.20%
3-4 years	86,586,644.39	44,938,468.44	51.90%
4-5 years	69,940,706.51	56,085,452.55	80.19%
More than 5 years	144,627,187.69	144,627,187.71	100.00%
Total	6,794,433,173.10	692,948,467.02	--

Instructions on Determination of Combination Basis:

Reserve for Bad Debts on a Combination Basis:

Unit: RMB

Name	Ending balance		
	Book Balance	Reserve for Bad Debts	Provision Proportion

Instructions on Determination of Combination Basis:

If Reserve for Bad Debts of Accounts Receivable is provided in accordance with the general model of estimated credit loss, please refer to relevant information regarding Reserve for Bad Debts of

Other Receivables disclosed:

Applicable Not Applicable

Disclosure by Aging

Unit: RMB

Aging	Book Balance
Less than 1 year (included)	5,386,272,939.50
1-2 years	802,334,887.26
2-3 years	304,815,407.75
More than 3 years	306,184,040.84
3-4 years	87,974,094.39
4-5 years	69,940,706.51
More than 5 years	148,269,239.94
Total	6,799,607,275.35

The Company shall abide by the disclosure requirements of Listed Company's Engagement in Nonmetal Building Materials Business, No. 13 of the Guidelines of Shenzhen Stock Exchange on Industry Information Disclosure.

(2) Reserve for Bad Debts Withdrawn, Recovered or Reversed during the Current Period

Reserve for Bad Debts during the Current Period:

Unit: RMB

Category	Opening balance	Change Amount during the Current Period				Ending balance
		Withdrawal	Recovery or Reversal	Write-off	Others	
Accounts Receivable from Non-affiliated Clients	545,999,472.97	155,519,233.85	90,360.00	3,305,777.55		698,122,569.27
Total	545,999,472.97	155,519,233.85	90,360.00	3,305,777.55		698,122,569.27

Wherein, significant recovered or reversed Reserve for Bad Debts during the Current Period:

Unit: RMB

Company Name	Amount Recovered or Reversed	Recovery Way

(3) Accounts Receivable Actually Written-off during the Current Period

Unit: RMB

Items	Write-off Amount
Accounts Receivable Actually Written-off	3,305,777.55

Wherein, significant accounts receivable written-off:

Unit: RMB

Company Name	Nature of Accounts Receivable	Write-off Amount	Write-off Reason	Write-off Procedures Performed	Whether the Funds are Generated from Connected Transactions

Instruction on write-off of Accounts Receivable:

(4) Top Five Accounts Receivable at the End of the Current Period by the Debtor

Unit: RMB

Company Name	Ending Balance of Accounts Receivable	Proportion in the Ending Balance of Total Accounts Receivable	Ending Balance of Reserve for Bad Reserves
Client 1	683,930,348.26	10.06%	42,022,808.66
Client 2	627,207,737.57	9.22%	33,254,461.82
Client 3	309,804,407.65	4.56%	15,304,423.16
Client 4	235,575,098.56	3.46%	17,011,563.46
Client 5	211,356,686.51	3.11%	10,447,715.11



Total	2,067,874,278.55	30.41%	
-------	------------------	--------	--

(5) Accounts Receivable Derecognized Due to the Transfer of Financial Assets

Item	Transfer Way	Amount Derecognized	Gain or Loss Relating to the Derecognition
Accounts Receivable	Factoring	1,576,689,346.17	-85,451,716.54
Accounts Receivable	Asset Securitization	580,475,640.00	-25,755,397.14
Total		2,157,164,986.17	-111,207,113.68

5. Receivable Financing

Unit: RMB

Items	Ending balance	Opening balance
Notes Receivable	1,311,224,344.22	789,077,684.98
Total	1,311,224,344.22	789,077,684.98

Increase or Decrease in the Financing Amount for Accounts Receivable and Changes in Fair Value:

Applicable Not Applicable

If Financing Impairment Provision of Accounts Receivable is provided in accordance with the general model of estimated credit loss, please refer to relevant information regarding Financing Impairment Provision of Other Receivables disclosed:

Applicable Not Applicable

Other Instructions:

(1) Some subsidiaries under the Group discount and endorse some bank acceptance bills based on their daily fund management needs, so the bank acceptance bills for such subsidiaries are classified into Financial Assets Measured at Fair Value through Other Comprehensive Income.

(2) The Group has no bank acceptance bills with impairment provision by single item. On 31 December 2020, the Group held that there was no significant credit risk in its bank acceptance bills, and no major losses would occur arising out of the defaults of banks.

6. Advance Payments

(1) Advance Payments Presented by Aging

Unit: RMB

Aging	Ending balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	430,155,563.13	95.85%	508,827,745.38	94.06%
1-2 years	13,055,700.68	2.91%	25,638,974.26	4.74%
2-3 years	3,110,685.50	0.69%	3,849,650.28	0.71%
More than 3 years	2,481,385.35	0.55%	2,635,154.90	0.49%
Total	448,803,334.66	--	540,951,524.82	--

Instructions on why significant Advance Payments whose aging exceeds 1 year are not settled in time:

The Group's balance of advance payments whose aging exceeds 1 year is RMB18,647,771.53, mainly undue advance procurement payments.

(2) Ending Balance of Top Five Advance Payments by Advance Payments Receiver

The total ending balance of Top Five Advance Payments by Advance Payments Receiver during the current period is RMB194,246,056.37, accounting for 43.28% of total ending balance of advance payments.

Other Instructions:

7. Other Receivables

Unit: RMB

Items	Ending balance	Opening balance
Other Receivables	327,498,516.90	290,865,902.72
Total	327,498,516.90	290,865,902.72

(1) Other Receivables

1) Other Receivables Presented by Category

Unit: RMB

Nature of Funds	Ending Book Balance	Opening Book Balance
Security Deposit, Margin	192,749,808.05	197,231,747.04
Intercourse Funds	103,184,158.69	38,003,897.22
Project Borrowings	83,869,379.83	55,330,946.04
Petty Cash	42,083,909.93	47,480,656.49
Others	7,768,266.01	6,376,713.95
Total	429,655,522.51	344,423,960.74

2) Reserve for Bad Debts

Unit: RMB

Reserve for Bad Debts	Phase I	Phase II	Phase III	Total
	Expected Credit Loss for the Next 12 Months	Expected Credit Loss during the Entire Duration (no credit impairment occurred)	Expected Credit Loss during the Entire Duration (credit impairment occurred)	
Balance on 1 January 2020	50,632,975.25		2,925,082.77	53,558,058.02
Balance on 1 January 2020 during the Current Period	—	—	—	—
Withdrawal during the Current Period	18,409,412.01	30,000,000.00	189,535.58	48,598,947.59
Balance on 31 December 2020	69,042,387.26	30,000,000.00	3,114,618.35	102,157,005.61

Significant changes in the book balance of Loss Reserves:

Applicable Not Applicable

Disclosure by Aging

Unit: RMB

Aging	Book Balance
Less than 1 year (included)	218,156,268.51
1-2 years	144,234,894.87
2-3 years	20,024,429.71
Over 3 years	47,239,929.42
3-4 years	8,752,674.64
4-5 years	7,523,543.00
Over 5 years	30,963,711.78
Total	429,655,522.51

3) Reserve for Bad Debts Withdrawn, Recovered or Reversed during the Current Period

Reserve for Bad Debts during the Current Period:

Unit: RMB

Category	Opening balance	Change Amount during the Current Period				Ending balance
		Withdrawal	Recovery or Reversal	Write-off	Others	



Reserve for Bad Debts	53,558,058.02	48,598,947.59				102,157,005.61
Total	53,558,058.02	48,598,947.59				102,157,005.61

Wherein, Reserve for Bad Debts to be reversed or with significant amount during the Current Period:

Unit: RMB

Company Name	Amount Recovered or Reversed	Recovery Way
--------------	------------------------------	--------------

4) Ending Balance of Top Five Other Receivables by the Debtor

Unit: RMB

Company Name	Nature of Funds	Ending balance	Aging	Proportion in Total Ending Balance of Other Receivables	Ending Balance of Reserve for Bad Debts
Fusheng Group Co., Ltd.	Security Deposit, Margin	100,000,000.00	1-2 years	23.27%	30,000,000.00
Sichuan Oriental Yuhong Building Materials Co., Ltd.	Intercourse Funds	76,491,896.76	Less than 1 year	17.80%	3,824,594.84
Beijing Enterprises Development Corporation	Security Deposit, Margin	20,000,000.00	Over 5 years	4.65%	600,000.00
Shanghai Yueda Construction Engineering Co., Ltd.	Intercourse Funds	7,302,838.03	Less than 2 years	1.70%	642,014.86
Tangshan Fenghong Real Estate Co., Ltd.	Intercourse Funds	6,833,250.34	1-2 years	1.59%	683,325.03
Total	--	210,627,985.13	--	49.02%	35,749,934.73

8. Stock

Whether the Company needs to abide by the disclosure requirements of the real estate industry:

No

(1) Stock by Category

Unit: RMB

Items	Ending balance			Opening balance		
	Book Balance	Stock Falling Price Reserves or	Book Value	Book Balance	Stock Falling Price Reserves or	Book Value



		Contract Performance Costs Impairment Provisions			Contract Performance Costs Impairment Provisions	
Raw Materials	744,351,878.95	328,858.67	744,023,020.28	639,251,601.51	402,172.58	638,849,428.93
Goods in Stock	421,550,172.95	5,780,416.99	415,769,755.96	548,908,726.02	3,068,490.14	545,840,235.88
Revolving Materials	39,348,319.21		39,348,319.21	42,088,355.02		42,088,355.02
Total	1,205,250,371.11	6,109,275.66	1,199,141,095.45	1,230,248,682.55	3,470,662.72	1,226,778,019.83

The Company shall abide by the disclosure requirements of Listed Company's Engagement in Nonmetal Building Materials Business, No. 13 of the Guidelines of Shenzhen Stock Exchange on Industry Information Disclosure

(2) Stock Falling Price Reserves and Contract Performance Costs Impairment Provisions

Unit: RMB

Items	Opening balance	Increased Amount during the Current Period		Decreased Amount during the Current Period		Ending balance
		Withdrawal	Others	Recovery or Reversal	Others	
Raw Materials	402,172.58			73,313.91		328,858.67
Goods in Stock	3,068,490.14	3,721,564.92		1,009,638.07		5,780,416.99
Total	3,470,662.72	3,721,564.92		1,082,951.98		6,109,275.66

Items	Specific Basis for Determined Net Realizable Value/Remaining Consideration and Costs to be Incurred	Reason for Stock Falling Price Reserves/Contract Performance Costs Impairment Provisions Reversed or Written-off during the Current Period
Raw Materials	Deduct the costs to be incurred at the time of completion, selling expense and relevant taxes from the expected sales prices of finished products	Sold
Goods in Stock	Deduct the estimated selling expenses and relevant taxes to be incurred from the expected sales prices	Sold

9. Contract Assets

Unit: RMB



Items	Ending balance			Opening balance		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Completed but Unsettled Assets	1,906,551,708.90	94,374,309.58	1,812,177,399.32	803,289,726.45	39,762,841.46	763,526,884.99
Quality Guarantee Deposit	136,153,995.51	45,112,995.76	91,040,999.75	191,943,865.84	57,941,078.38	134,002,787.46
Total	2,042,705,704.41	139,487,305.34	1,903,218,399.07	995,233,592.29	97,703,919.84	897,529,672.45

Significant change in the book value of contract assets during the current period and the underlying reason:

Unit: RMB

Items	Change Amount	Change Reason
-------	---------------	---------------

If Reserve for Bad Debts of Contract Assets is provided in accordance with the general model of estimated credit loss, please refer to relevant information regarding the Reserve for Bed Debts of Other Receivables disclosed:

Applicable Not Applicable

Impairment Reserves Withdrawn for Contract Assets during the Current Period

Unit: RMB

Items	Amount Withdrawn during the Current Period	Amount Reversed during the Current Period	Amount Written-off during the Current Period	Reason
Completed but Unsettled Assets	54,611,468.12			
Quality Guarantee Deposit		12,828,082.62		
Total	54,611,468.12	12,828,082.62		--

Other Instructions:

10. Other Current Assets

Unit: RMB

Items	Ending balance	Opening balance
Input Tax to be Credited	225,402,539.65	298,475,404.80
Withholding Income Tax	5,243,035.31	22,634,029.71
Other Withholding Taxes	540,166.96	149,680.09
Total	231,185,741.92	321,259,114.60



Other Instructions:

11. Long-term Equity Investments

Unit: RMB

Invested Enterprise	Opening Balance (Book Value)	Change Amount during the Current Period								Ending Balance (Book Value)	Ending Balance of Impairment Reserves	
		Additional Investment	Reduced Investment	Investment Gain or Loss under the Equity Method	Adjustment of Other Comprehensive Income	Change Amount of Other Equities	Announcement on Distribution of Cash Dividends or Profits	Withdrawal of Impairment Reserves	Others			
I. Joint Ventures												
II. Associated Enterprises												
Jiangsu Oriental Yuhong Renovation Engineering Co., Ltd.		3,000,000.00		154,630.17							3,154,630.17	
Sichuan Oriental Yuhong Building Materials Co., Ltd.				-1,663,240.25		155,041,188.24					153,377,947.99	
Shanghai Yueda Construction Engineering Co., Ltd.						9,374,972.10					9,374,972.10	
Subtotal		3,000,000.00		-1,508,610.08		164,416,160.34					165,907,550.26	
Total		3,000,000.00		-1,508,610.08		164,416,160.34					165,907,550.26	

Other Instructions

12. Other Equity Instrument Investments

Unit: RMB

Items	Ending balance	Opening balance
Equity Instrument Investments	417,735,618.77	259,998,230.03
Total	417,735,618.77	259,998,230.03

Non-trading equity instrument investments during the current period are disclosed by item

Unit: RMB

Item Name	Confirmed Dividend Income	Cumulative Profits	Cumulative Losses	Amount Transferred from Other Comprehensive Income to Retained Earnings	Reason for being Measured at Fair Value through Other Comprehensive Income	Reason for the Transfer of Other Comprehensive Income into Retained Earnings
Beijing Zhongguancun Bank Corporation Limited		71,448,808.76				
Huibang Life Insurance Co., Ltd.						
Shanghai Songjiang Junhe Small Loan Co., Ltd.			102,000,000.00			
Shanghai Junhe Financial Holdings Co., Ltd.			34,759,220.00			
Lodi Environmental Protection Technology Co., Ltd.			8,543,406.36			

Other Instructions:

Instruction: The Company set up Huibang Life Insurance Co., Ltd. together with other 8 companies including Fujian Donglin Construction Engineering Co., Ltd., and the Company invested RMB149,000,000. As of 31 December 2020, Huibang Life Insurance Co., Ltd. is still being established.

13. Other Non-current Financial Assets

Unit: RMB

Items	Ending balance	Opening balance
Equity Instrument Investments	52,529,578.10	16,640,831.94
Total	52,529,578.10	16,640,831.94

Other Instructions:

14. Fixed Assets

Unit: RMB

Items	Ending balance	Opening balance
Fixed Assets	4,755,145,766.45	4,349,008,635.30
Total	4,755,145,766.45	4,349,008,635.30

(1) Fixed Assets

Unit: RMB

Items	Buildings and Structures	Machinery	Transportation Devices	Others	Total
I. Original Book Value:					
1. Opening Balance	2,644,934,571.68	2,485,924,137.70	55,521,296.83	233,073,168.08	5,419,453,174.29
2. Amount Increased during the Current Period	497,370,387.99	513,366,525.16	7,083,168.44	66,612,676.68	1,084,432,758.27
(1) Procurement	44,897,970.79	39,085,850.18	7,083,168.44	36,831,892.19	127,898,881.60
(2) Transfer from Construction in Progress	452,472,417.20	474,280,674.98		29,780,784.49	956,533,876.67
(3) Increase from Enterprise Combination					
3. Amount Decreased during the Current Period	146,946,214.38	107,478,966.26	4,907,820.73	18,382,239.93	277,715,241.30



(1) Disposal or Scrap	11,029,899.27	33,951,121.08	3,738,574.42	9,973,228.07	58,692,822.84
Other Amount Decreased	135,916,315.11	73,527,845.18	1,169,246.31	8,409,011.86	219,022,418.46
4. Ending Balance	2,995,358,745.29	2,891,811,696.60	57,696,644.54	281,303,604.83	6,226,170,691.26
II. Accumulative Depreciation					
1. Opening Amount	342,320,657.35	587,385,217.03	27,645,748.01	111,667,737.58	1,069,019,359.97
2. Amount Increased during the Current Period	143,944,481.70	248,648,575.82	7,979,026.16	45,022,399.87	445,594,483.55
(1) Withdrawal	143,944,481.70	248,648,575.82	7,979,026.16	45,022,399.87	445,594,483.55
3. Amount Decreased during the Current Period	7,608,799.58	23,326,230.08	2,899,143.47	11,179,924.60	45,014,097.73
(1) Disposal or Scrap	255,319.13	15,050,190.95	2,480,917.05	8,876,104.35	26,662,531.48
Other Amount Decreased	7,353,480.45	8,276,039.13	418,226.42	2,303,820.25	18,351,566.25
4. Ending Balance	478,656,339.47	812,707,562.77	32,725,630.70	145,510,212.85	1,469,599,745.79
III. Impairment Reserves					
1. Opening Balance	996,411.98	428,767.04			1,425,179.02
2. Amount Increased during the Current Period					
(1) Withdrawal					
3. Amount Decreased during the Current Period					
(1) Disposal or Scrap					



4. Ending Balance	996,411.98	428,767.04			1,425,179.02
IV. Book Value					
1. Book Value	2,515,705,993.84	2,078,675,366.79	24,971,013.84	135,793,391.98	4,755,145,766.45
2. Opening Book Value	2,301,617,502.35	1,898,110,153.63	27,875,548.82	121,405,430.50	4,349,008,635.30

(2) Fixed Assets without Property Certificate

Unit: RMB

Items	Book Value	Why the Property Certificate is not secured
Property of Tiandingfeng Holdings Co., Ltd.	83,264,761.75	In progress
Property of Hangzhou Company	179,170,390.54	In progress
Property of Wuhu Company	132,511,855.38	Has not completed and settled yet
Property of Xianyang Company	122,958,735.00	In progress
Property of Yueyang Company	62,971,769.86	In progress
Property of Tangshan Company	104,016,377.97	In progress
Property of Caparol (China) Ltd.	263,007,999.40	In progress
Property of Jingmen Company	91,156,956.35	In progress
Property of Macheng Sunshine	29,787,816.49	Has not completed and settled yet

Other Instructions

As of 31 December 2020, among the Group's fixed assets, the book value of mortgaged buildings was RMB316,489,392.14. Please see details in Item 60 of Note V.

15. Construction in Progress

Unit: RMB

Items	Ending balance	Opening balance
Construction in Progress	711,601,594.11	626,523,807.66
Total	711,601,594.11	626,523,807.66

(1) Construction in Progress

Unit: RMB

Items	Ending balance			Opening balance		
	Book Balance	Impairment	Book Value	Book Balance	Impairment	Book Value



		Provision			Provision	
Headquarters Base Construction Project	331,123,880.67		331,123,880.67	177,337,703.01		177,337,703.01
R&D Building for Nanjing Jiangning Science and Technology Project	186,713,341.49		186,713,341.49	72,013,906.01		72,013,906.01
Tiandingfeng No.7 Production Workshop Building and Supporting Project				16,022,110.37		16,022,110.37
Chuzhou Nonwoven Project with a Capacity of 100,000 tons (Phase I)	80,346,203.82		80,346,203.82	64,845,214.33		64,845,214.33
Puyang Production Base Construction Project				38,469,653.61		38,469,653.61
Equipment to be Installed	34,255,500.77		34,255,500.77	1,613,819.46		1,613,819.46
General mortar workshop and outdoor supporting project of Lushan factory	449,745.77		449,745.77	3,771,031.58		3,771,031.58
Kunshan Huaqiao Headquarters Building	6,007,708.37		6,007,708.37	5,886,366.94		5,886,366.94
Guangzhou Zengcheng South China				3,208,340.28		3,208,340.28



Headquarters Base Project						
Xianyang Production Base Construction Project Phase II	193,341.44		193,341.44	4,574,040.02		4,574,040.02
Macheng Sunshine Factory Project	17,922,644.59		17,922,644.59	2,575,962.55		2,575,962.55
Comprehensive Upgrading and Expansion Project of Waterproof and Thermal Insulation Materials in Yueyang Factory				1,805,430.97		1,805,430.97
Wuhu Factory Coils Production Line No. 4				1,315,897.15		1,315,897.15
Tiandingfeng 10-ton Gas Steam Boiler and Pipeline Project with a Capacity of 10 tons				1,332,689.00		1,332,689.00
Technical transformation project of Workshop I in Xuzhou factory				11,854,001.94		11,854,001.94
Sichuan Factory with an annual output of 20.4 million m ² modified bituminous sheet material, 40,000 tons of water-proof coating, 280,000				29,380,507.26		29,380,507.26



tons of mortar, 300,000 m ³ extruded sheet						
New Energy Saving, Thermal Insulation and Sealing Material Project with an Annual Capacity of 20,000 tons	12,511,908.37		12,511,908.37			
Laixi Factory Coils Workshop II	28,932,594.09		28,932,594.09			
Laixi Factory Intelligent Warehouse	6,115,703.74		6,115,703.74			
Tangshan No. 2 Factory Infrastructure Project				135,394,698.82		135,394,698.82
Tangshan factory high strength extruded floor heating plate and EPS line production line project	2,303,061.93		2,303,061.93			
Color Mortar Production Line of Tangshan Factory	1,461,275.07		1,461,275.07	1,461,275.07		1,461,275.07
DAW Hangzhou Production Base Project	218,040.03		218,040.03	27,980,451.55		27,980,451.55
Jingmen Plant Production and R&D Base Construction Project Phase I	3,046,643.96		3,046,643.96	15,226,708.82		15,226,708.82
Caparol Yueyang Cloud Building Materials				10,453,998.92		10,453,998.92



Production Base Project												
Total	711,601,594.11			711,601,594.11		626,523,807.66						626,523,807.66

(2) Changes in Major Construction in Progress during the Current Period

Unit: RMB

Item Names	Budget	Opening balance	Amount Increase d during the Current Period	Amount Transferr ed into Fixed Assets during the Current Period	Other Amounts Decrease d during the Current Period	Ending balance	Proporti on of Cumulati ve Project Income in the Budget	Project Progress	Accumul ative Amount of Capitaliz ed Interest	Of which: Capitaliz ed Interest Amount during the Current Period	Interest Capitaliz ation Rate during the Current Period	Fund Source
Headqua rters Base Construc tion Project	500,000,000.00	177,337,703.01	158,835,480.58			336,173,183.59	67.24%	70%				Others
R&D Building for Nanjing Jiangning Construc tion Science and Technolo gy Project	400,000,000.00	72,013,906.01	114,699,435.48			186,713,341.49	46.67%	60%	5,115,138.87	5,115,138.87	0.06%	Others
Tianding feng No.7 Producti on Worksho p	220,000,000.00	16,022,110.37	116,532,853.01	132,554,963.38			97.52%	100%				Others



Building and Supporting Project												
Chuzhou Nonwoven Project with a Capacity of 100,000 tons (Phase I)	712,944,000.00	64,845,214.33	38,316,445.36	22,815,455.87		80,346,203.82	77.67%	85%		16,556,902.88		0.06% Others
Puyang Production Base Construction Project	420,475,400.00	38,469,653.61	55,384,847.63	93,854,501.24			90.40%	100%				Others
Tiandingfeng Low Nitrogen Boiler Project with a capacity of 39,000,000 kcal/h	39,500,000.00		27,625,207.38	27,625,207.38			69.94%	100%				Others
General Mortar Workshop and Outdoor Supporting Project of Lushan Factory	158,590,000.00	3,771,031.58	11,843,003.76	15,164,289.57		449,745.77	30.69%	40%				Others



New Energy Saving, Thermal Insulation and Sealing Material Project with an Annual Capacity of 20,000 tons	167,875,600.00		12,511,908.37			12,511,908.37	7.45%	10%				Others
Xianyan Production Base Construction Project Phase II	77,000,000.00	4,574,040.02	2,057,179.82	6,631,219.84			94.66%	100%				Others
Workshop II of Asphalt Coils of Jiande Factory	56,485,984.00		56,014,310.72	56,014,310.72			99.16%	100%				Others
Workshop I of Polymer Coils in Jiande Factory	37,850,200.00		37,093,196.00	37,093,196.00			98.00%	100%				Others
Macheng Sunshine Project	50,000,000.00	2,575,962.55	19,895,690.64	4,549,008.60		17,922,644.59	44.94%	60%				Others
Comprehensive Upgrading and Expansion Project	130,000,000.00	1,805,430.97	65,777,866.96	67,583,297.93			94.84%	100%				Others



of Waterpro of and Thermal Insulatio n Material s in Yueyang factory												
Technica l Transfor mation Project of Worksho p I of Xuzhou Factory	17,500,0 00.00	11,854,0 01.94	5,488,61 5.89	17,342,6 17.83			99.10%	100%				Others
DAW Hangzho u Producti on Base Project	289,120, 780.00	27,980,4 51.55	44,871,1 46.15	72,633,5 57.67		218,040. 03	74.29%	90%				Others
Caparol Yueyang Cloud Building Material s Producti on Base Project	289,000, 000.00	10,453,9 98.92	58,853,8 97.40	69,307,8 96.32			54.45%	70%				Others
Laixi Factory Coils Worksho p II	66,325,0 00.00		28,932,5 94.09			28,932,5 94.09	43.62%	50%				Others
Jingme Plant Product	310,000, 000.00	15,226,7 08.82	16,579,2 20.21	28,759,2 85.07		3,046,64 3.96	69.18%	80%	1,035,31 4.91	638,294. 08	0.05%	金融机 构贷款



ion and R&D Base Construction Project Phase I												
Tangshan No. 2 Factory Infrastructure Project	230,000,000.00	135,394,698.82	75,082,885.69	210,477,584.51			91.51%	100%				Others
Total	4,172,666,964.00	582,324,912.50	946,395,785.14	862,406,391.93		666,314,305.71	--	--	22,707,356.66	5,753,432.95		--

16. Intangible Assets

(1) Intangible Assets

Unit: RMB

Items	Land Use Right	Patent Right	Non-Patents	Right to Use a Trademark	Software	Total
I. Original Book Value						
1. Opening Balance	1,005,236,684.37	2,937,940.52	2,724,709.43	1,431,900.00	78,742,053.24	1,091,073,287.56
2. Amount Increased during the Current Period	597,005,323.74	61,320.75		453,268.85	9,783,476.12	607,303,389.46
(1) Procurement	597,005,323.74	61,320.75		453,268.85	9,783,476.12	607,303,389.46
(2) Internal R&D						
(3) Increase from Enterprise Combination						



3. Amount Decreased during the Current Period	82,412,734.15				483,857.26	82,896,591.41
(1) Disposal					475,639.40	475,639.40
Other Amounts Decreased	82,412,734.15				8,217.86	82,420,952.01
4. Ending Balance	1,519,829,273.96	2,999,261.27	2,724,709.43	1,885,168.85	88,041,672.10	1,615,480,085.61
II. Accumulated Amortization						
1. Opening Balance	81,020,779.88	343,305.01	454,145.91	496,282.22	18,142,583.74	100,457,096.76
2. Amount Increased during the Current Period	21,989,237.26	108,363.43	261,252.53	36,271.95	5,452,029.46	27,847,154.63
(1) Withdrawal	21,989,237.26	108,363.43	261,252.53	36,271.95	5,452,029.46	27,847,154.63
3. Amount Decreased during the Current Period	4,081,215.30				83,984.84	4,165,200.14
(1) Disposal					78,398.70	78,398.70
Other Amounts Decreased	4,081,215.30				5,586.14	4,086,801.44
4. Ending Balance	98,928,801.84	451,668.44	715,398.44	532,554.17	23,510,628.36	124,139,051.25
III. Impairment Reserves						
1. Opening Balance						
2. Amount Increased during the Current Period						

(1) Withdrawal						
3. Amount Decreased during the Current Period						
(1) Disposal						
4. Ending Balance						
IV. Book Value						
1. Ending Book Value	1,420,900,472.12	2,547,592.83	2,009,310.99	1,352,614.68	64,531,043.74	1,491,341,034.36
2. Opening Book Value	924,215,904.49	2,594,635.51	2,270,563.52	935,617.78	60,599,469.50	990,616,190.80

At the end of the Reporting Period, the intangible assets resulting from the Company's internal R&D accounted for 0.00% of the intangible asset balance.

(2) Land Use Rights without Property Certificate

Unit: RMB

Items	Book Value	Why the Property Certificate is not secured
Land of Deyang Hongde	163,065,533.58	In progress

Other Instructions:

- ① At the end of the Reporting Period, the Group had no intangible assets resulting from internal R&D.
- ② At the end of the Reporting Period, the book value of mortgaged land use right among the Group's intangible assets was RMB64,268,539.99. See details in Item 60 of Notes V.

17. Goodwill

(1) Original Book Value of Goodwill

Unit: RMB

Name of Invested Company or Matter Relating to the Formation	Opening balance	Amount Increased during the Current Period		Amount Decreased during the Current Period		Ending balance
		From Enterprise		Disposal		

of Goodwill		Combination			
Guangdong Fudatec	20,509,184.80				20,509,184.80
Kunming Branch	13,469,206.10				13,469,206.10
Tianjin Engineering	6,815,807.91				6,815,807.91
DAWASIALIMI TED	6,110,065.21				6,110,065.21
Shanghai Yueda	4,623,456.08			4,623,456.08	
Macheng Sunshine	21,354,047.14				21,354,047.14
Total	72,881,767.24			4,623,456.08	68,258,311.16

(2) Goodwill Impairment Provision

Unit: RMB

Name of Invested Company or Matter Relating to the Formation of Goodwill	Opening balance	Amount Increased during the Current Period		Amount Decreased during the Current Period		Ending balance
		Withdrawal		Disposal		
Total						

Relevant information on the asset group or asset portfolio to which the goodwill belongs

The Group calculates the recoverable amount of the asset group by estimating the present value of future cash flow. Based on the financial budgets approved by the management, the Group estimates the cash flow in the next 5 years, and the cash flow growth rate for the subsequent years is expected to be 4.00%, which will not exceed the long-term average growth rate of the businesses of the asset group. Based on previous performance and its forecasts of market development, the management prepares the above financial budgets. The pre-tax discount rate adopted for calculating the present value of future cash flow is 12.00%, which has reflected the risks of some branches. In accordance with the results of impairment test, the goodwill is not impaired at the end of the Reporting Period.

Explain the goodwill impairment test process, key parameters (the growth rate during the forecast period, the growth rate during the stable period, profit margin, discount rate and forecast period, etc., which are used for forecasting the present value of future cash flow), and the method of confirming goodwill impairment losses:

Influence of Goodwill Impairment Test

Other Instructions

18. Long-term Unamortized Expenses

Unit: RMB

Items	Opening balance	Amount Increased during the Current Period	Amount Amortized during the Current Period	Other Amounts Decreased	Ending balance
Decoration Fee of Rented House	10,905,922.88	2,089,431.02	6,796,620.70		6,198,733.20
Factory Transformation Fee	5,627,880.64	6,486,885.13	2,459,176.05		9,655,589.72
Strategic Planning Consultation Fee	3,122,316.97		1,257,579.94		1,864,737.03
Others	2,594,779.29	6,400,746.94	1,861,259.07	1,103,811.97	6,030,455.19
Total	22,250,899.78	14,977,063.09	12,374,635.76	1,103,811.97	23,749,515.14

Other Instructions

19. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred Income Tax Assets that are Not Offset

Unit: RMB

Items	Ending balance		Opening balance	
	Deductible Temporary Differences	Deferred Tax Assets	Deductible Temporary Differences	Deferred Tax Assets
Asset Impairment Reserves	856,415,506.03	138,994,963.17	624,643,971.01	106,900,674.51
Deductible Losses	9,136,618.71	2,284,154.68	253,587,050.41	38,038,057.56
Equity Incentives	1,464,814,500.51	225,787,146.76	426,461,760.77	65,511,784.67
Deferred Income	182,548,055.38	29,054,147.19	263,778,960.75	56,980,336.84
Change in Fair Value of Other Debt Investments through Other Comprehensive Income	35,142,075.15	5,366,538.29	34,189,805.00	5,128,470.75
Estimated Liabilities	3,810,968.42	608,859.40		



Total	2,551,867,724.20	402,095,809.49	1,602,661,547.94	272,559,324.33
-------	------------------	----------------	------------------	----------------

(2) Deferred Income Tax Liabilities that are Not Offset

Unit: RMB

Items	Ending balance		Opening balance	
	Taxable Temporary Differences	Deferred Tax Liabilities	Taxable Temporary Differences	Deferred Tax Liabilities
Change in Fair Value of Other Debt Investments	71,448,808.76	10,717,321.31	62,441,284.80	9,366,192.72
Profit and Loss from Fair Value Changes	4,981,848.25	747,277.24	3,140,831.94	471,124.79
Taxable Differences in Depreciation Expense	30,840,773.76	5,587,264.19	19,579,255.45	4,068,062.18
Total	107,271,430.77	17,051,862.74	85,161,372.19	13,905,379.69

(3) Deferred Income Tax Assets or Deferred Income Tax Liabilities Presented in Net Value after being Offset

Unit: RMB

Items	Ending Offsettable Amount of Deferred Income Tax Assets and Deferred Income Tax Liabilities	Ending Balance of Deferred Inco Deferred Income Tax Assets or Deferred Income Tax Liabilities after the Offset	Opening Offsettable Amount of Deferred Income Tax Assets and Deferred Income Tax Liabilities	Opening Balance of Deferred Inco Deferred Income Tax Assets or Deferred Income Tax Liabilities after the Offset
Deferred Tax Assets		402,095,809.49		272,559,324.33
Deferred Tax Liabilities		17,051,862.74		13,905,379.69

(4) Details of Unrecognized Deferred Income Tax Assets

Unit: RMB

Items	Ending balance	Opening balance
Deductible Temporary Differences	106,541,940.56	58,301,202.05
Deductible Losses	513,512,659.03	388,869,624.50
Total	620,054,599.59	447,170,826.55



(5) Deductible Losses of Unrecognized Deferred Income Tax Assets will be Due in the Following Years

Unit: RMB

Year	Ending Balance	Opening Balance	Remark
2020		2,724,941.47	
2021	7,185,547.76	17,696,161.38	
2022	18,175,961.11	26,693,171.08	
2023	68,237,377.23	73,260,545.47	
2024	252,306,077.38	268,494,805.10	
2025	167,607,695.56		
Total	513,512,659.04	388,869,624.50	--

Other Instructions:

20. Other Non-current Assets

Unit: RMB

Items	Ending balance			Opening balance		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Prepaid Land Transfer Fee	79,668,012.00		79,668,012.00	164,065,533.58		164,065,533.58
Prepaid Project Funds	136,482,520.67		136,482,520.67	200,432,573.53		200,432,573.53
Others	154,702,047.17		154,702,047.17			
Total	370,852,579.84		370,852,579.84	364,498,107.11		364,498,107.11

Other Instructions:

21. Short-term Borrowings

(1) Short-term Borrowings Presented by Category

Unit: RMB

Items	Ending balance	Opening balance
Guaranteed Loans	2,463,016,460.00	2,968,534,514.29
Pledge and Mortgage Loans		98,353,788.39



Discount Loans for Trade Acceptance Bills	57,039,119.08	25,754,331.45
Accrued Interest	4,617,850.26	
Total	2,524,673,429.34	3,092,642,634.13

Instructions on the classification of short-term borrowings:

Guaranteed loan consists of the following parts:

A. The Company's shareholder, Mr. Li Weiguo, provided joint liability guarantee for the credit agreement signed between the company and Beijing Rural Commercial Bank Shunyi Sub-branch. The maximum debt amount is RMB300,000.00. As of 31 December 2020, the balance of this short-term loan is RMB50,000,000.00;

B. The Company's shareholder, Mr. Li Weiguo, provided joint liability guarantee for the credit agreement signed between the company and the Bank of East Asia (China) Co., Ltd. Beijing Branch. The maximum debt amount is RMB550,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB170,000,000.00;

C. The Company's shareholder, Mr. Li Weiguo, provided joint liability guarantee for the credit agreement signed between the company and Citibank (China) Co., Ltd. Beijing Branch. The maximum debt amount is USD40 million. As of 31 December 2020, the balance of this short-term loan is RMB135,000,000.00, and the accrued interest is RMB3,655,500.00;

D. The Company's shareholder, Mr. Li Weiguo, provided joint liability guarantee for the credit agreement signed between the company and HSBC Bank (China) Co., Ltd. Beijing Branch. The maximum debt is RMB200,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB100,000,000.00, and the accrued interest is RMB801,700.00;

E. The Company's shareholder, Mr. Li Weiguo, provided joint liability guarantee for the credit agreement signed between the company and Bank of Jiangsu Co., Ltd. Beijing Branch. The maximum debt amount is RMB260,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB150,000,000.00;

F. The Company's shareholder, Mr. Li Weiguo, provided joint liability guarantee for the credit agreement signed between the company and Bank of Communications Co., Ltd. Beijing Shangdi Sub-branch. The maximum debt amount is RMB400,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB200,000,000.00;

G. The Company's shareholder Mr. Li Weiguo and his spouse, Ms. Wang Rui, provided joint liability guarantee for the credit agreement signed between the company and Kunlun Bank Co., Ltd. The maximum debt amount is RMB60,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB60,000,000.00;

H. The Company's shareholder, Mr. Li Weiguo, provided joint liability guarantee for the credit agreement signed between the company and Industrial and Commercial Bank of China Co., Ltd.



Beijing Shijingshan Sub-branch. The maximum debt is RMB300,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB30,000,000.00;

I. The Company's shareholder, Mr. Li Weiguo, provided joint liability guarantee for the credit agreement signed between the company and the Beijing Pilot Free Trade Zone Branch of Agricultural Bank of China Co., Ltd. The maximum debt amount is RMB300,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB200,000,000.00;

J. The Company's shareholder, Mr. Li Weiguo, provided joint liability guarantee for the credit agreement signed between the company and Bank of China Co., Ltd. Beijing Capital Airport Sub-branch. The maximum debt amount is RMB390,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB250,500,000.00;

K. The Company provided joint guarantee liability for the credit agreement signed by Guangzhou Fuda Company and Industrial and Commercial Bank of China Co., Ltd. Guangzhou Green Finance Reform and Innovation Pilot Zone Huadu Sub-branch. The maximum amount of debt guaranteed is RMB250,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB18,516,500.00.

L. The Company provided joint liability guarantee for the credit agreement signed between Tiandingfeng Company and China Construction Bank Co., Ltd. Linyi Sub-branch. The maximum amount of debt guaranteed is RMB55,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB30,000,000.00;

M. The Company provides joint liability guarantee for the credit agreement signed between Chuzhou Tiandingfeng Company and Industrial and Commercial Bank of China Co., Ltd. Chuzhou Huifengge Sub-branch. The maximum amount of debt guaranteed is RMB50,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB40,000,000.00;

N. The Company provides joint liability guarantee for the credit agreement signed between Shanghai Technology Company and Shanghai Jinshan Petrochemical Branch of China Construction Bank Co., Ltd. The maximum amount of debt guaranteed is RMB160,000,000.00. As of 31 December 2020, the balance of this short-term loan is RMB100,000,000.00, and the accrued interest is RMB116,700.00;

O. The Company provided joint and several liability for the credit agreement signed between Shanghai Oriental Yuhong Waterproof Technology Co., Ltd. and Shanghai Rural Commercial Bank Shanyang Sub-Branch with the guaranteed debt ceiling value of RMB50,000,000.00. As of 31 December 2020, the short-term debt balance was RMB2,000,000.00, and the accrued interest was RMB2,100.00.

P. The Company provided joint and several liability for the credit agreement signed between Shanghai Oriental Yuhong Waterproof Engineering Co. Ltd. and Shanghai Rural Commercial Bank Shanyang Sub-Branch with the guaranteed debt ceiling value of RMB50,000,000.00. As of 31



December 2020, the short-term debt balance was RMB2,000,000.00, and the accrued interest was RMB2,100.00.

Q. The Company provided joint and several liability for the credit agreement signed between Xuzhou Wonewsun New Waterproof Materials Co., Ltd. and Bank of Communications Xuzhou Xinyi Sub-Branch with the guaranteed debt ceiling value of RMB80,000,000.00. As of 31 December 2020, the short-term debt balance was RMB80,000,000.00.

I. The Company provided joint and several liability for the credit agreement signed between Jiangsu Wonewsun Building Energy Efficiency Technology Co., Ltd. and Bank of Communications Jiangning Sub-Branch with the guaranteed debt ceiling value of RMB25,000,000.00. As of 31 December 2020, the short-term debt balance was RMB25,000,000.00.

S. The Company provided joint and several liability for the credit agreement signed between Tangshan Oriental Yuhong Waterproof Technology Co., Ltd. and Bank of Communications Tangshan Fengnan Sub-Branch with the guaranteed debt ceiling value of RMB80,000,000.00. As of 31 December 2020, the short-term debt balance was RMB40,000,000.00, and the accrued interest was RMB39,700.00.

T. The Company provided joint and several liability for the credit agreement signed between Xianyang Oriental Yuhong Building Materials Co., Ltd. and Bank of Communications Xianyang Branch with the guaranteed debt ceiling value of RMB70,000,000.00. As of 31 December 2020, the short-term debt balance was RMB70,000,000.00.

U. The Company provided joint and several liability for the credit agreement signed between Xianyang Oriental Yuhong Building Materials Co., Ltd. and China Construction Bank Liquan Sub-Branch with the guaranteed debt ceiling value of RMB50,000,000.00. As of 31 December 2020, the short-term debt balance was RMB50,000,000.00.

V. The Company provided joint and several liability for the credit agreement signed between Wuhu Oriental Yuhong Building Materials Co., Ltd. and Industrial and Commercial Bank of China Wuhu Branch with the guaranteed debt ceiling value of RMB120,000,000.00. As of 31 December 2020, the short-term debt balance was RMB70,000,000.00.

W. The Company provided joint and several liability for the credit agreement signed between Wuhu Oriental Yuhong Building Materials Co., Ltd. and Industrial Bank Wuhu Branch with the guaranteed debt ceiling value of RMB130,000,000.00. As of 31 December 2020, the short-term debt balance was RMB60,000,000.00.

X. The Company provided joint and several liability for the credit agreement signed between Wuhu Oriental Yuhong Building Materials Co., Ltd. and Shanghai Pudong Development Bank Wuhu Branch with the guaranteed debt ceiling value of RMB130,000,000.00. As of 31 December 2020, the short-term debt balance was RMB30,000,000.00.



Y. The Company provided joint and several liability for the credit agreement signed between Hangzhou Oriental Yuhong Building Materials Co., Ltd. and Industrial and Commercial Bank of China Jiande Sub-Branch with the guaranteed debt ceiling value of RMB200,000,000.00. As of 31 December 2020, the short-term debt balance was RMB60,000,000.00.

Z. The Company provided joint and several liability for the credit agreement signed between Oriental Yuhong Laixi R&D and Production Logistics Base and Industrial and Commercial Bank of China Qingdao Nanjing Road Guidu Sub-Branch with the guaranteed debt ceiling value of RMB200,000,000.00. As of 31 December 2020, the short-term debt balance was RMB100,000,000.00.

AA. The Company provided joint and several liability for the credit agreement signed between Oriental Yuhong Laixi R&D and Production Logistics Base and China Construction Bank Qingdao Branch with the guaranteed debt ceiling value of RMB100,000,000.00. As of 31 December 2020, the short-term debt balance was RMB100,000,000.00.

AB. The Company provided joint and several liability for the credit agreement signed between Oriental Yuhong Laixi R&D and Production Logistics Base and Agricultural Bank of China Laixi Sub-Branch with the guaranteed debt ceiling value of RMB100,000,000.00. As of 31 December 2020 the short-term debt balance was RMB100,000,000.00.

AC. The Company provided joint and several liability for the credit agreement signed between Jingmen Oriental Yuhong Building Materials Co., Ltd. and Industrial and Commercial Bank of China Jingmen Branch Duodao Sub-Branch with the guaranteed debt ceiling value of RMB80,000,000.00. As of 31 December 2020, the short-term debt balance was RMB80,000,000.00.

AD. The Company provided joint and several liability for the credit agreement signed between Huizhou Oriental Yuhong Building Materials Co., Ltd. and China Construction Bank Huizhou Aotou Sub-Branch with the guaranteed debt ceiling value of RMB150,000,000.00. As of 31 December 2020, the short-term debt balance was RMB60,000,000.00.

Discount loan of Trade Acceptance Bills consists of following parts:

A. The Company and Beijing Oriental Yuhong Waterproof Engineering Co. Ltd., Shanghai Oriental Yuhong Waterproof Technology Co., Ltd., Shanghai Oriental Yuhong Waterproof Engineering Co. Ltd., Guangdong Oriental Yuhong Waterproof Engineering Co. Ltd., Sichuan Oriental Yuhong Waterproof Engineering Co. Ltd. and Kunshan Building Materials Co., Ltd. discounted undue commercial bills they received and obtained the bank loan of RMB57,039,100.00.

22. Notes Payable

Unit: RMB



Type	Ending balance	Opening balance
Trade Acceptance Bills	152,959,122.45	407,769,972.98
Bank Acceptance Bills	375,645,731.39	242,461,788.18
Total	528,604,853.84	650,231,761.16

At the end of the Reporting Period, the total amount of Notes Payable due but unpaid is RMB0.00.

23. Accounts Payable

(1) Accounts Payable Presented

Unit: RMB

Items	Ending balance	Opening balance
Loans	2,416,963,837.53	2,024,721,635.65
Engineering Equipment Fee	493,865,309.59	376,598,960.00
Freight	120,133,093.08	141,594,389.84
Labor Fees	65,871,800.58	77,683,639.66
Others	17,874,120.58	21,260,211.93
Total	3,114,708,161.36	2,641,858,837.08

24. Contract Liabilities

Unit: RMB

Items	Ending balance	Opening balance
Loans	1,583,715,975.47	987,990,946.41
Project Funds	494,021,121.12	364,621,888.54
Total	2,077,737,096.59	1,352,612,834.95

Significant Change Amount in Book Value during the Reporting Period and the Underlying Reason

Unit: RMB

Items	Change Amount	Reason for Change

25. Employee Compensation Payable

(1) Employee Compensation Payable Presented

Unit: RMB

Items	Opening balance	Amount Increased during the Current Period	Amount Decreased during the Current Period	Ending balance



I. Short-term Compensation	70,367,560.64	1,749,113,496.38	1,662,276,805.26	157,204,251.76
II. Post-resignation Benefits - Defined Contribution Plans	1,515,904.78	35,134,374.20	34,944,674.00	1,705,604.98
Total	71,883,465.42	1,784,247,870.58	1,697,221,479.26	158,909,856.74

(2) Short-term Compensation Presented

Unit: RMB

Items	Opening balance	Amount Increased during the Current Period	Amount Decreased during the Current Period	Ending balance
1. Salary, Bonus, Allowance and Subsidy	64,960,922.86	1,594,720,875.95	1,509,205,593.70	150,476,205.11
2. Employee Benefits		46,348,049.91	46,348,049.91	
3. Social Insurance Premiums	1,385,684.95	42,031,119.43	41,792,168.52	1,624,635.86
Of which: Medical Insurance Premium	598,391.84	38,483,613.11	38,498,883.90	583,121.05
Work Injury Insurance Premium	51,467.02	1,391,461.33	1,113,112.29	329,816.06
Maternity Insurance Premium	735,826.09	2,156,044.99	2,180,172.33	711,698.75
4. Housing Provident Fund	2,063,236.51	49,337,716.46	48,894,450.08	2,506,502.89
5. Labor Union Expenditure and Employee Education Fund	1,957,716.32	16,675,734.63	16,036,543.05	2,596,907.90
Total	70,367,560.64	1,749,113,496.38	1,662,276,805.26	157,204,251.76

(3) Defined Contribution Plans Presented

Unit: RMB

Items	Opening balance	Amount Increased during the Current Period	Amount Decreased during the Current Period	Ending balance
1. Basic Endowment Insurance Premium	1,239,557.29	33,671,934.10	33,565,286.86	1,346,204.53
2. Unemployment	276,347.49	1,462,440.10	1,379,387.14	359,400.45



Insurance Premium				
Total	1,515,904.78	35,134,374.20	34,944,674.00	1,705,604.98

Other Instructions:

26. Taxes Payable

Unit: RMB

Items	Ending balance	Opening balance
Value-added Tax	152,714,167.24	48,405,943.19
Corporate Income Tax	336,642,366.36	218,607,197.65
Individual Income Tax	12,279,095.09	26,063,847.93
Urban Maintenance and Construction Fee	14,903,726.34	9,352,263.90
Education Surcharge	12,890,087.87	7,818,557.49
Land Use Tax	3,522,731.43	3,302,669.12
House Property Tax	8,396,676.32	2,787,277.64
Others	2,312,713.19	2,297,745.01
Total	543,661,563.84	318,635,501.93

Other Instructions:

27. Other Payables

Unit: RMB

Items	Ending balance	Opening balance
Dividends Payable	39,800.00	39,800.00
Other Payables	2,583,939,971.88	1,796,440,553.16
Total	2,583,979,771.88	1,796,480,353.16

(1) Dividends Payable

Unit: RMB

Items	Ending balance	Opening balance
Ordinary Share Dividends	39,800.00	39,800.00
Total	39,800.00	39,800.00

Other Instructions, including significant dividends payable but unpaid for more than 1 year, for which the reason why they're not paid shall be given:

**(2) Other Payables****1) Other Payables Presented by Nature**

Unit: RMB

Items	Ending balance	Opening balance
Security Deposit, Quality Guarantee Deposit, Margin	589,006,733.41	573,457,920.72
Intercourse Funds	1,339,663,104.51	317,996,450.97
Repurchase Obligations of Restricted Shares	388,711,596.39	513,038,129.11
Project Funds Payable	204,405,998.64	273,145,138.16
Equity Acquisition Fee	23,318,195.40	23,318,195.40
Others	38,834,343.53	95,484,718.80
Total	2,583,939,971.88	1,796,440,553.16

28. Non-current Liabilities Due within One Year

Unit: RMB

Items	Ending balance	Opening balance
Long-term Borrowings Due within One Year	399,421,050.00	
Long-term Payables Due within One Year	414,779.84	
Total	399,835,829.84	

Other Instructions:

(1) Long-term Borrowings Due within One Year

Items	Ending balance	Opening balance
Mortgage Loans	312,421,050.00	-
Guaranteed Loans	87,000,000.00	-
Total	399,421,050.00	-

(2) Long-term Payables Due within One Year

Item	Ending balance	Opening balance
Long-term Payables	414,779.84	-

29. Other Current Liabilities

Unit: RMB



Items	Ending balance	Opening balance
Prepaid and Deferred Taxes	200,358,468.92	161,254,793.00
Total	200,358,468.92	161,254,793.00

Change Amount of Short-term Bonds Payable.

Unit: RMB

Bond Name	Face Value	Date of Issue	Bond Period	Amount Issued	Opening balance	Amount Issued during the Current Period	Interest Accrued based on Face Value	Amortization of Premiums and Discounts	Amount Repaid during the Current Period	Ending balance
-----------	------------	---------------	-------------	---------------	-----------------	---	--------------------------------------	--	---	----------------

Other Instructions:

30. Long-term Borrowings

(1) Long-term Borrowings Presented by Category

Unit: RMB

Items	Ending balance	Opening balance
Mortgage Loans	46,578,950.00	
Guaranteed Loans	375,000,000.00	408,000,000.00
Accrued Interest	125,777.77	
Total	421,704,727.77	408,000,000.00

Instructions on the classification of Long-term Borrowings:

A. Tangshan Technology Company and Jinzhou Company respectively mortgaged their own real estate with a total value of RMB316,489,400.00, and the company's shareholder Mr. Li Weiguo provided a joint liability guarantee. The company obtained the highest debt limit of the Export-Import Bank of China of RMB300,000.00. As of 31 December 2020, the balance of this long-term loan is RMB300,000,000.00;

B. Jingmen Company mortgaged its own land use rights and construction in progress, the value of which is RMB28,589,800.00 in total, and the company provided joint liability guarantees and obtained the highest debt of Bank of China Co., Ltd. Jingmen Branch of RMB190,000,000.00. As of 31 December 2020, the balance of this long-term loan is RMB59,000,000.00;

C. Nanjing Hongshan Company mortgaged its own land use rights with a total value of RMB38,725,400, and the company provided joint liability guarantees and obtained the highest debt of Bank of Ningbo Co., Ltd., which was RMB100,000,000.00. As of 31 December 2020, the balance of this long-term loan is RMB0.00, and the mortgage of its own land use rights has not been unblocked.



Guaranteed loan consists of the following parts:

A. Mr. Li Weiguo, the shareholder of the company, provided joint liability guarantee for the credit agreement signed between the company and China Rural Commercial Bank Co., Ltd. Shunyi Sub-branch. The maximum debt amount is RMB500,000,000.00. As of 31 December 2020, the balance of this long-term loan is RMB100,000,000.00;

B. The company provided joint liability guarantee for the credit agreement signed by Chuzhou Tiandingfeng Company and Bank of China Chuzhou Branch. The maximum amount of debt guaranteed is RMB390,000,000.00. As of 31 December 2020, the balance of this long-term loan is RMB320,000,000.00, and the accrued interest is RMB125,800.00;

C. The Company provided joint liability guarantee for the credit agreement signed between Wuhu Company and Wuhu Yangzi Rural Commercial Bank Co., Ltd. The maximum amount of debt guaranteed is RMB50,000,000.00. As of 31 December 2020, the balance of this long-term loan is RMB42,000,000.00;

Other Instructions: Including interest rate intervals:

Items	2020.12.31	2019.12.31
Mortgage Loans	359,000,000.00	-
Guaranteed Loans	462,000,000.00	408,000,000.00
Accrued Interest	125,777.77	
Subtotal	821,125,777.77	408,000,000.00
Minus: Long-term Borrowings Due within One Year	399,421,050.00	-
Total	421,704,727.77	408,000,000.00

31. Bonds Payable

(1) Bonds Payable

Unit: RMB

Items	Ending balance	Opening balance
Convertible Corporate Bond		1,584,525,345.68
Total		1,584,525,345.68

(2) Change Amount of Bonds Payable (Excluding Preferred Shares, Perceptual Bonds and Other Financial Instruments Classified into Financial Liabilities)

Unit: RMB

Bond	Face	Date of	Bond	Amount	Opening	Amount	Interest	Amortizat	Amount	Amount	Ending
------	------	---------	------	--------	---------	--------	----------	-----------	--------	--------	--------

Name	Value	Issue	Period	Issued	balance	Issued during the Current Period	Accrued based on Face Value	ion of Premiums and Discounts	Repaid during the Current Period	Converte d into Shares during the Current Period	balance
Yuhong Convertible Bond	1,840,000,000.00	25 September 2017	6 years	1,840,000,000.00	1,584,525,345.68		6,131,086.33	23,525,476.34	1,228,456.48	1,612,953,451.87	
Total	--	--	--	1,840,000,000.00	1,584,525,345.68		6,131,086.33	23,525,476.34	1,228,456.48	1,612,953,451.87	

(3) Conversion Conditions and Conversion Timeline for Convertible Corporate Bonds

According to the Approval ZJXU [2017] No. 894 by China Securities Regulatory Commission, the Company issued 18,400,000 convertible corporate bonds to the public on 25 September 2017, with a face value of RMB100.00 for each bond, totaling RMB1.84 billion, with a bond period of 6 years.

The coupon rates of the convertible corporate bonds issued by the Company are 0.3% in the first year, 0.5% in the second year, 1.0% in the third year, 1.3% in the fourth year, 1.5% in the fifth year and 1.8% in the sixth year. The interest is paid annually, and the interest payment date refers to the exact date one year later after the date of issue or interest payment for the convertible corporate bond. If such date is a legal holiday or a rest day, the interest will be paid on the following working day, and no additional interest will be paid for the postponed day. An interest-bearing year is just between two neighboring interest payment dates. The conversion period starts on the first trading day six months after the date of issuing the convertible corporate bond (29 September 2017, namely, the date when the raised funds are transferred to the account of the Issuer), namely, from 29 March 2018 to 25 September 2023. The bond holders may apply for the conversion of the bonds into the shares during the conversion period.

In accordance with the resolutions of the Ninth Session of the Seventh Board Meeting and the Ninth Session of the Seventh Supervisors' Meeting, the Company decided to exercise conditional redemption right of Yuhong Convertible Bonds, and repurchased all Yuhong Convertible Bonds that have not transferred into shares based on their face value and the accrued interest for the current period. From 1 January 2020 to January 31 December 2020, the Company had a total of 82,049,188 shares converted from its convertible corporate bonds.

As of 31 December 2020, the Company repurchased all Yuhong Convertible Bonds registered on the Redemption Registration Date based on the face value and accrued interest for the current period.

32. Long-term Payables

Unit: RMB

Items	Ending balance	Opening balance
Long-term Payables	57,898,026.47	
Total	57,898,026.47	

(1) Long-term Payables Presented by Nature

Unit: RMB

Items	Ending balance	Opening balance
-------	----------------	-----------------

Other Instructions:

Items	2020.12.31	2019.12.31
Long-term Payables	58,312,806.31	-
Subtotal	58,312,806.31	-
Minus: Long-term Payables Due within One Year	414,779.84	-
Total	57,898,026.47	-

33. Expected Liabilities

Unit: RMB

Items	Ending balance	Opening balance	Underlying Reason
Pending Litigations	19,736,914.09		
Onerous Contracts Subject to Enforcement	16,899,970.10	13,615,587.02	
Total	36,636,884.19	13,615,587.02	--

Other instructions, including relevant important assumptions and estimation instructions about key expected liabilities:

34. Deferred Income

Unit: RMB

Items	Opening balance	Amount Increased during the Current Period	Amount Decreased during the Current Period	Ending balance	Underlying Reason
Governmental Grants	363,760,251.35	135,385,200.00	149,232,712.64	349,912,738.71	See details in the Instructions



Total	363,760,251.35	135,385,200.00	149,232,712.64	349,912,738.71	--
-------	----------------	----------------	----------------	----------------	----

Programs relating to Governmental Grants:

Unit: RMB

Liability Items	Opening balance	Amount of New Grant during the Current Period	Amount Recorded in Non-operating Income during the Current Period	Amount Recorded in Other Income during the Current Period	Amount for Covering Cost Expenses during the Current Period	Other Changes	Ending balance	Related to Assets /Related to Proceeds
Industrial Program Development Subsidy		21,081,800.00					21,081,800.00	Related to Assets
Incentive and Support Fund		22,500,000.00					22,500,000.00	Related to Assets
Reward and Subsidy for Plant Project		1,100,000.00		146,666.78			953,333.22	Related to Assets
Reward and Subsidy for Plant Project		2,700,000.00		360,000.00			2,340,000.00	Related to Assets
Fixed assets investment and Development Fund Award	29,557,528.33	15,503,400.00		2,075,208.98			42,985,719.35	Related to Assets
Reward Fund for Fengnan R&D and Production Base	64,464,000.00	40,000,000.00		5,223,200.00			99,240,800.00	Related to Assets
Industrial Support Fund for Southwest Headquarter	95,000,000.00	32,500,000.00		7,889,062.50		119,610,937.50		Related to Assets



s Base and Southwest Production Base								
R&D and Innovation Platform Subsidy	5,434,000.00			543,400.00			4,890,600.00	Related to Assets
Special Fund for Building a Powerful Manufacturing-based Province	1,586,666.67			159,999.96			1,426,666.71	Related to Assets
Laibin Government Support Fund	14,677,407.27			298,018.44			14,379,388.83	Related to Assets
XPS Foam Industry HCFCs Elimination Project	12,171,356.52			2,394,365.28			9,776,991.24	Related to Assets
Finance Bureau and Government Support Funds of Puyang Industrial Park	49,577,398.92			2,668,507.92			46,908,891.00	Related to Assets
Return of Shift Dormitory of Construction Project of New Materials Equipment R&D Headquarters	4,952,480.00						4,952,480.00	Related to Assets



Industrial Revitalization and Technological Transformation Investment projects	11,644,000.00			1,274,000.00			10,370,000.00	Related to Assets
Tiandingfeng Nonwovens R&D and Production Base Project	20,303,640.00			1,127,980.00			19,175,660.00	Related to Assets
Boiler Renovation Project	788,979.30			139,231.56			649,747.74	Related to Assets
Infrastructure Construction Funds for Energy Saving, Circular Economy and Resource Saving Projects	1,965,000.00			491,250.00			1,473,750.00	Related to Assets
Water-proof High-performance Renovation Fund	106,250.00			37,500.00			68,750.00	Related to Assets
Special Fund for Transformation of Strategic Emerging Industries in Hunan	2,736,363.65			381,818.16			2,354,545.49	Related to Assets



Province								
Compensation Fund for Infrastructure in Yunxi District of Yueyang City	4,911,957.36			795,505.56			4,116,451.80	Related to Assets
Compensation Fund for Infrastructure construction	17,086,550.00			1,097,800.00			15,988,750.00	Related to Assets
Modified Asphalt Waterproofing Membrane Project of Fengnan Science and Technology Bureau	200,000.00			100,000.00			100,000.00	Related to Assets
Special Funds for Technological Transformation	608,333.33			100,000.00			508,333.33	Related to Assets
Special Fund for Technological Transformation in Tangshan	4,320,000.00			540,000.00			3,780,000.00	Related to Assets
Compensation Fund for Construction of Industrial Park Project in Liqun County	10,657,500.00			630,000.00			10,027,500.00	Related to Assets



Construction Support Fund for Strong a Manufacturing Province by Anhui Provincial People's Government	3,088,000.00			386,000.00			2,702,000.00	Related to Assets
Subsidy Project for key R & D and Innovation Platform of Strategic Emerging Industries	6,466,590.00			718,510.00			5,748,080.00	Related to Assets
Intelligent Warehouse Logistics Construction Project	1,456,250.00			43,750.00			1,412,500.00	Related to Assets
Total	363,760,251.35	135,385,200.00		29,621,775.14		119,610,937.50	349,912,738.71	

Other Instructions:

Other Instructions:

(1) Nantong Oriental Yuhong Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received the industrial bonus and subsidy of RMB21,081,800.00 appropriated by the Management Committee under Lusi Port Economic Development Zone, Qidong, Jiangsu in December 2020, mainly used for industrial construction of new building materials production base project. Nantong Oriental Yuhong Building Materials Co., Ltd. classified the government subsidy as the government subsidy related to assets.

(2) Jilin Oriental Yuhong Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received the support fund of RMB22,500,000.00 appropriated by the Management Committee under Changchun Jiutai Economic Development Zone in November 2020, mainly used for the first-phase construction of the production base. Jilin Oriental Construction Materials Co., Ltd. classified the fund as government subsidy related to assets.

(3) Yueyang Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the fixed asset investment project fund of RMB1,100,000.00 appropriated by the Development and Reform Bureau of Yunxi District, Yueyang in May 2020, mainly used for the fixed asset investment construction. Yueyang Oriental Yuhong Waterproof Technology Co., Ltd.

classified the government subsidy as government subsidy related to assets.

(4) Hunan Caparol Building Materials Co., Ltd., Company, a wholly owned subsidiary of the Company, received the fixed asset investment and management project fund of RMB2,700,000.00 appropriated by Yueyang Municipal Commission of Development and Reform in May 2020, mainly used for the fixed asset investment construction. Hunan Caparol Construction Materials Co., Ltd. classified the government subsidy as government subsidy related to assets.

(5) Jingmen Oriental Yuhong Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received the fixed asset investment and development fund of a total of RMB45,184,600.00 appropriated by Jingmen Duodao District Finance Bureau respectively in October and December 2019 and July and October 2020, mainly used for the fixed asset investment construction. Jingmen Oriental Yuhong Building Materials Co., Ltd. classified the government subsidy as government subsidy related to assets.

(6) Tangshan Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the special funds for technical upgrading of a total of RMB104,464,000.00 appropriated by Tangshan Fengnan District Industry and Information Technology Bureau respectively in April and December 2019 and January 2020, mainly used for the second-phase plant and Fengnan R&D production base construction. Tangshan Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(7) Sichuan Oriental Yuhong Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received the industrial support fund for southwest headquarters base and southwest production base of a total of RMB127,500,000.00 appropriated by the Finance Bureau of Deyang National Economic Technological Development Area respectively in June, October and December 2019 and January, April and June 2020, mainly used for southwest base construction. Sichuan Oriental Yuhong Building Materials Co., Ltd. classified the government subsidy as government subsidy related to assets. The Company transferred 51% of the equity of Sichuan Oriental Yuhong Building Materials Co., Ltd. Current deferred revenue and other income decreased by RMB119,610,937.50.

(8) Wuhu Oriental Yuhong Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received the R&D innovation platform subsidy of RMB5,434,000.00 appropriated by Wuhu Sanshan District Finance Bureau in December 2019, mainly used for the construction of the waterproof material testing R&D center. Wuhu Oriental Yuhong Building Materials Co., Ltd. Company classified the government subsidy as government subsidy related to assets.

(9) Yueyang Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the special fund for building a strong manufacturing province of RMB1,600,000.00 appropriated by the National Treasury Centralized Payment Accounting Center in November 2019, mainly used for items like enterprise R&D and technical upgrading. Yueyang Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(10) Guangxi Oriental Yuhong Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received Laibin Production Base subsidy of RMB14,900,921.10 appropriated by the Finance Bureau of Laibin Overseas Chinese Management Area in March and April 2019, mainly used for the construction of Laibin production base in Guangxi Province. Guangxi Oriental Yuhong Building Materials Co., Ltd. classified the government subsidy as government subsidy related to assets.

(11) Guangzhou Fuda Insulation Material Co., Ltd., a wholly owned subsidiary of the Company, received project fund of a total of RMB19,680,546.13 respectively in December 2019, April 2017, April, 2015, September and January 2014 and April 2013, mainly used for the elimination projects of HCFCs in the XPS foam industry. Guangzhou Fuda Insulation Material Co., Ltd. classified the government subsidy as government subsidy related to assets.

(12) Henan Oriental Yuhong Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received the project support fund of a total of RMB53,370,158.32 appropriated by the Finance Bureau of Puyang Industrial Park respectively in January 2019 and December and June 2018, mainly used for technology research and development, technical upgrading and infrastructure construction. Henan Oriental Yuhong Building Materials Co., Ltd. classified the government subsidy as government subsidy related to assets.

(13) Oriental Yuhong Civil Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received the refund for shift dormitory building E of the new material equipment research and development headquarters base construction project of RMB4,952,480.00 appropriated by the Finance Bureau of Beijing Economic-Technological Development Area in January 2019, mainly used for the construction of shift dormitories. Oriental Yuhong Civil Building Materials Co., Ltd. classified the government subsidy as government subsidy related to assets.

(14) Shandong Tiandingfeng Nonwovens Co., Ltd., a wholly owned subsidiary of the Company, received the industrial revitalization and technical upgrading investment project fund of RMB16,740,000.00 appropriated by Shandong Development and Reform Commission in April 2015, mainly used for the construction of polyester spunbond needle-punched nonwovens with annual output of 24,000 tons of Tiandingfeng. Shandong Tiandingfeng Nonwovens Co., Ltd. classified the government subsidy as government subsidy related to assets.

(15) Chuzhou Tiandingfeng Nonwovens Co. Ltd., a wholly owned subsidiary of the Company, received the project fund of RMB23,020,000.00 appropriated by Chuzhou Tongsheng Investment Development Co. Ltd. representing the Management Committee of Anhui Chuzhou Economic and Technological Development Zone in Chuzhou, Anhui in April 2017, mainly used for research and development project and production base project. Chuzhou Tiandingfeng Nonwovens Co. Ltd. classified the government subsidy as government subsidy related to assets.

(16) Shanghai Oriental Yuhong Waterproof Technology Co., Ltd., a subsidiary of the Company, received the boiler improvement subsidy of RMB1,284,000.00 appropriated by Shanghai Jinshan District Finance Bureau in September and October 2016, mainly used for boiler improvement project of enterprise. Shanghai Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(17) Yueyang Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the capital construction fund for energy conservation and circular economy and resource conservation project of RMB3,930,000.00 appropriated by Hunan Provincial Department of Finance in November 2015, mainly used for energy-saving transformation of waterproof material energy system of enterprise. Yueyang Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(18) Yueyang Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the 2014 key assistance fund for municipal level private enterprises of RMB300,000.00 appropriated by Yueyang Municipal Finance Bureau and Yueyang Economic and Information Technology Bureau in May 2015, mainly used for newly building, rebuilding and

extending fixed assets with enterprise self-raised funds. Yueyang Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(19) Yueyang Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the special fund for the strategic transformation of emerging industries of RMB3,500,000.00 in December 2017, mainly used for High performance environmental protection EVA waterproof board generic technological breakthrough. Yueyang Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(20) Yueyang Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the compensation fund for infrastructure construction of Yunxi District, Yueyang of RMB5,900,000.00 appropriated by Yueyang Yunxi District Development and Reform Bureau in October 2018, mainly used for civil engineering, equipment purchase and installation. Yueyang Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(21) Tangshan Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the compensation fund for infrastructure construction of RMB21,956,000.00 appropriated by the Management Committee under Tangshan Fengnan District Industry and Information Technology Bureau in January 2014, mainly used for improving infrastructure supporting facilities. Tangshan Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(22) Tangshan Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the modified asphalt waterproof coiled material project fund of RMB500,000.00 appropriated by Tangshan Fengnan District Finance Bureau in November 2016, mainly used for the asphalt waterproof coiled material project. Tangshan Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(23) Tangshan Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the 2014 special fund for technical upgrading of industrial enterprises in Tangshan of RMB1,000,000.00 appropriated by Tangshan Fengnan District Finance Bureau in December 2014, mainly used for new plants. Tangshan Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(24) Tangshan Oriental Yuhong Waterproof Technology Co., Ltd., a wholly owned subsidiary of the Company, received the 2014 special fund for technical upgrading of RMB5,400,000.00 appropriated by Tangshan Fengnan District Industry and Information Technology Bureau in January 2018, mainly used for infrastructure construction and improving production supporting facilities. Tangshan Oriental Yuhong Waterproof Technology Co., Ltd. classified the government subsidy as government subsidy related to assets.

(25) Xianyang Oriental Yuhong Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received the compensation fund for the construction of Liquan Industrial Park of a total of RMB12,600,000.00 appropriated by the Management Committee under Liquan Industrial Park respectively in June and September 2015 and May 2016, mainly used for Liquan New Material Industrial Park engineering project. Xianyang Oriental Yuhong Building Materials Co., Ltd. classified the government subsidy as the government subsidy related to assets.

(26) Wuhu Oriental Yuhong Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received the support fund for building a strong manufacturing province supported by the

People's Government of Anhui Province of RMB3,860,000.00 appropriated by Wuhu Sanshan District Finance Bureau in November 2017, mainly used for the construction of the production and R&D base. Wuhu Oriental Yuhong Building Materials Co., Ltd. classified the government subsidy as government subsidy related to assets.

(27) Wuhu Oriental Yuhong Building Materials Co., Ltd., a wholly owned subsidiary of the Company, received the key R&D innovation platform subsidy of the strategic transformation of emerging industries of RMB7,185,100.00 appropriated by Wuhu Sanshan District Finance Bureau in November 2018, mainly used for waterproof technical research and development. Wuhu Oriental Yuhong Building Materials Co., Ltd. classified the government subsidy as government subsidy related to assets.

(28) Oriental Yuhong Laixi R&D and Production Logistics Base, a wholly owned subsidiary of the Company, received the project support fund of RMB1,500,000.00 appropriated by Laixi Municipal Finance Bureau in September 2017, mainly used for the construction of production research and development base. Oriental Yuhong Laixi R&D and Production Logistics Base classified the government subsidy as government subsidy related to assets.

35. Share Capital

Unit: RMB

	Opening balance	Changes during the period (+/-)					Ending balance
		Stock issue	Bonus issue	Bonus issue from capital reserves	Other	Subtotal	
Total shares	1,487,735,509.00			784,892,348.00	76,536,630.00	861,428,978.00	2,349,164,487.00

Other statements:

(1) According to the resolution made on the 9th Meeting of the 7th board of directors and the 9th Meeting of the 7th board of supervisors, the company decided to exercise Oriental Yuhong-CB's conditional redemption rights and redeemed all the unconverted Oriental Yuhong-CB at the price of denomination plus current accrued interests, increasing 82,049,188 shares.

(2) According to the 2020 semi-annual profit distribution passed in the company's first extraordinary general meeting in 2020, by June 30, 2020, based on the total share capital of 1,569,784,697 shares, five shares are increased by transferring to all the shareholders with capital reserves for every 10 shares, involving a total of 784,892,348 shares.

(3) According to the authorization of the second 2016 extraordinary general meeting of shareholders of the company and the resolution of the 4th meeting of the 7th board of directors, due to the resignation of some incentive staff, or situation that personal performance appraisal is not up to standard or not fully up to standard, which cannot meet the unlocking conditions of restricted stock, the Company repurchased and wrote off a total of 5,512,558 shares including part of the first grant of shares in the second phase of restricted stock incentive plan that have been granted but not yet unlocked and part of reserved shares of the second phase of restricted stock incentive plan.

36. Other equity instruments

(1) Statement of changes in financial instruments such as preferred shares outstanding and perpetual bonds issued at the end of the period

Unit: RMB

Financial instruments outstanding	Beginning of Period		Increase in current period		Decrease in current period		End of Period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Convertible bond	18,393,259	415,138,820.10			18,393,259	415,138,820.10		
Total	18,393,259	415,138,820.10			18,393,259	415,138,820.10		

Changes in other equity instruments during the period, reasons for the changes, and the basis for the related accounting treatment:

Other statements:

37. Capital reserves

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Capital premium (share premium)	1,042,576,950.15	2,024,818,832.10	794,346,882.24	2,273,048,900.01
Other capital reserves	308,359,147.10	296,225,655.88	85,918,388.11	518,666,414.87
Total	1,350,936,097.25	2,321,044,487.98	880,265,270.35	2,791,715,314.88

Other statements, including changes in the current period, relevant reasons for the changes:

(1) The Company exercised Oriental Yuhong-CB's conditional redemption rights and redeemed all the unconverted Oriental Yuhong-CB at the price of denomination plus current accrued interests, increasing RMB82,049,188 of capital reserve - share premium.

(2) In the current period, the Company repurchases and wrote off the restricted stock 5,512,558 shares that incentive staff obtained but fail to meet the unlocking conditions, reducing the capital reserve-share premium by RMB9,454,534.24

(3) The first granted part of the company's second restricted stock incentive plan has reached the unlocking period, The company converted the accumulated amortization of RMB85,918,388.11 included in other capital reserves during the waiting period for equity-settled share-based payments in previous years into capital reserves-equity premium;

(4) The increase in the company's other capital reserves in the current period includes the amortization expenses of the equity-settled share-based payment in waiting period included in the

capital reserve, and the net increase in the estimated deductible amount before tax in the future period that exceeds the cost confirmed during the waiting period, totaling RMB296,225,655.88.

38. Treasury stock

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Treasury stock	513,038,129.11		124,326,532.72	388,711,596.39
Total	513,038,129.11		124,326,532.72	388,711,596.39

Other statements, including changes in the current period, relevant reasons for the changes:

The company's current treasury shares was reduced through the third unlock of this year of the first granted part of the second phase of restricted stock incentive plan, the second unlock of this year of the reserved part of the second phase of restricted stock incentive plan, and the third and fourth repurchase and cancellation of the first-granted part of the second-phase restricted stock incentive plan for which the incentive staff in the current period did not fully meet the unlocking conditions and the second repurchase and cancellation of the reserved portion of the second-phase restricted stock incentive plan. A total of RMB124,326,532.72 of treasury stock decreased.

39. Other comprehensive income

Unit: RMB

Item	Opening balance	Current period incurred						Ending balance
		Incurrance before income tax for the current period	Minus: included in other comprehensive income in previous period and transferred to profit and loss in the current period	Minus: included in other comprehensive income in previous period and transferred to retained income in the current period	Minus: Income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified into profit and loss	21,877,906.24	8,737,388.74			1,351,128.59	7,386,260.15		29,264,166.39
Changes in fair value of investments in other equity instruments	21,877,906.24	8,737,388.74			1,351,128.59	7,386,260.15		29,264,166.39
II. Other comprehensive income that will be reclassified into profit or loss	12,358,894.17	-28,775,421.78				-28,775,421.78		-16,416,527.61



Translation differences between financial statement on foreign currencies	12,358,894.17	-28,775,421.78				-28,775,421.78		-16,416,527.61
Other comprehensive income	34,236,800.41	-20,038,033.04			1,351,128.59	-21,389,161.63		12,847,638.78

Other statements, including the adjustment of the effective part of the cash flow hedge profit and loss into the initial confirmation amount of the hedged item:

40. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Statutory surplus reserves	240,588,444.32	135,666,701.01		376,255,145.33
Total	240,588,444.32	135,666,701.01		376,255,145.33

Other statements concerning surplus reserve, including changes in the current period, relevant reasons for the changes:

Note: According to the Articles of Association, the Company shall withdraw the statutory surplus according to the 10% of net profit.

41. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Undistributed profit at the end of the previous period before adjustment	6,724,405,683.30	5,193,171,079.88
Adjustments of total undistributed profit at the beginning of the period (increase+, decrease-)	-33,567,549.05	-8,933,081.55
Adjusted opening undistributed profit	6,690,838,134.25	5,184,237,998.33
Plus: Net profit attributable to owners of the parent company in current period	3,388,870,065.01	2,065,944,687.98
Minus: Withdrawal of statutory surplus reserves	135,666,701.01	85,213,863.31
Dividends payable on common stock	470,935,409.10	440,563,139.70
Undistributed profit at the end of the period	9,473,106,089.15	6,724,405,683.30

Breakdown of adjusted undistributed profit at the beginning of the period:

- 1) Due to the retrospective adjustment of the Accounting Standards for Enterprises and relevant new regulations, the undistributed profit at the beginning totaling RMB-33,567,549.05 was affected.
- 2) Due to the change of accounting policies, the undistributed profit at the beginning of the period totaling RMB0.00 was affected.

- 3) Due to the correction of major accounting errors, the undistributed profit at the beginning of the period totaling RMB0.00 was affected.
- 4) Due to changes in the scope of combination incurred by the same control, the undistributed profit at the beginning of the period totaling RMB0.00 was affected.
- 5) Due to other adjustment, the undistributed profit at the beginning of the period totaling RMB0.00 was affected.

42. Operating income and costs

Unit: RMB

Item	Current period incurred		Previous period incurred	
	Income	Costs	Income	Costs
Main business	21,653,657,945.92	13,614,531,166.58	18,034,276,608.66	11,557,541,928.04
Other business	76,715,092.60	66,301,048.51	120,067,562.74	107,492,727.23
Total	21,730,373,038.52	13,680,832,215.09	18,154,344,171.40	11665034655.27

Regarding the audited net profit before and after deduction of non-recurring profit and loss, is the lower figure of them negative?

Yes No

Income related information:

Unit: RMB

Contract classification	Section 1	Section 2		Total
Among which				
Among which				
Among which				
Among which				
Among which				
Among which				
Among which				

Information relating to performance obligations:

The Group's sale of coiled materials, coatings and other commodities is a performance obligation at a certain point in time. The Group's provision of waterproof construction services is a performance obligation to perform within a certain period of time.

Information relating to the transaction price apportioned to the remaining performance of obligation:

The amount of income corresponding to performance obligations that have been contracted but have not been fulfilled or have not yet been fulfilled at the end of the reporting period is RMB11,125,098,075.85, of which XX is expected to be recognized as income in the year XXXX, XX is expected to be recognized as income in the year XXXX, and XX is expected to be recognized

as income in the year XXXX.

Other statements:

The Group's provision of waterproof construction services is a performance obligation to perform within a certain period of time. As of December 31, 2020, some of the Group's waterproofing construction service contracts are still in the process of performance and are apportioned to the transaction price of outstanding (or partially outstanding) performance obligations; it is related to the performance progress of the corresponding waterproof construction service contract and will be recognized as revenue according to the performance progress during the future performance period of the corresponding waterproof construction service contract.

Income breakdown

Major operating areas	Current period incurred
Within China	21480938158.75
Hong Kong and Macau	2734415.45
Other countries or regions	246700464.32
Total	21,730,373,038.52
Main Product Types	Current period incurred
Coil sales	11,233,150,470.49
Coating sales	6,013,805,058.74
Waterproof construction	3,303,727,678.75
Other incomes	1,102,974,737.94
Material sales	76,715,092.60
Total	21,730,373,038.52
Main business income	Current period incurred
Among which: confirmed at a certain point in time	18,349,930,267.17
Confirmed at a certain point in time	3,303,727,678.75
Income of other business	76,715,092.60
Total	21,730,373,038.52

43. Taxes and surcharges

Unit: RMB

Item	Current period incurred	Previous period incurred
urban maintenance and construction ta	65,259,527.38	45,470,177.50
education surcharge	52,027,693.34	36,890,830.21
Property tax	22,650,306.12	18,622,111.55
Land use tax	17,730,333.57	20,010,668.63
Stamp duty	25,177,215.96	15,028,404.79



Others	3,051,062.57	3,405,892.94
Total	185,896,138.94	139,428,085.62

Other statements:

Statement: See Note 4, Taxes for details of the calculation criteria for taxes and surcharges.

44. Selling expenses

Unit: RMB

Item	Current period incurred	Previous period incurred
Employee compensation	741846379.54	646331789.47
Transportation and handling charges		612210115.20
Advertising fees	278828675.20	316537361.39
Consulting fees	276339052.81	181784165.54
Promotion fee	185052463.31	112107980.45
Travel expenses	52073834.56	59565304.24
Business Hospitality	70761356.83	50893853.41
Material consumption	54330944.41	37109986.67
Property rent expenses	19817694.92	19529612.83
Construction maintenance fee	18880625.31	19145828.33
Office expenses	16633651.86	15320270.30
Others	73123190.48	71115213.83
Total	1787687869.23	2141651481.66

Other statements:

45. Administrative expenses

Unit: RMB

Item	Current period incurred	Previous period incurred
Employee compensation	657186670.45	618138513.17
Equity incentive	160064666.53	19021287.46
Depreciation	91559327.13	67574189.53
Consulting fees	76881400.87	34533396.85
Travel expenses	33783756.34	28,911,334.87
Rent and heating charges	28094366.02	29386648.52
Office expenses	27163553.12	33172824.33



Business Hospitality	27066977.99	22928166.44
Amortization of intangible assets	25513483.20	19660266.47
Vehicle expenses	22398985.68	12724997.04
Fees for hiring intermediaries	17549704.46	8051439.43
Testing expenses	15965242.63	3693550.95
Recruitment expenses	3928263.20	2218115.01
Others	73423178.87	65297787.18
Total	1260579576.49	965312517.25

Other statements:

46. R&D expenses

Unit: RMB

Item	Current period incurred	Previous period incurred
Employee compensation	135261398.67	111158372.22
Material expenses	269707863.38	206471722.04
Process equipment development and manufacturing costs	15744158.08	7867159.94
Depreciation	11585486.79	6245735.47
Patent royalties	8828393.28	7933873.04
Fuel power cost	5880337.55	6245735.47
Office expenses	2412208.48	1678588.77
Testing and laboratory processing cost	1893218.08	1390655.74
Others	12340640.36	7714170.60
Total	463,653,704.67	356706013.29

Other statements:

47. Financial expenses

Unit: RMB

Item	Current period incurred	Previous period incurred
Total interest expense	266374920.60	367,410,443.35
Minus: Capitalization of interest	5753432.95	397020.83
Interest expense	260621487.65	367013422.52
Minus: Interest income	39586932.94	33610634.12
Profit and loss on exchange	29301865.84	-813514.80



Procedure fees and others	30331473.91	26941011.76
Factoring fee	99192516.66	53857990.06
Total	379860411.12	413388275.42

Other statements:

48. Other gains

Unit: RMB

Sources of other gains	Current period incurred	Previous period incurred
Incentives of technology innovation and product development in the high-speed rail new zone	3500000.00	4778048.58
Special funds for enterprise support	3308200.00	2031100.00
Industrial support funds	1643000.00	2259084.18
Headquarters Economic Policy Awards	3000000.00	123671.67
High-end Special Found of Beijing Municipal Bureau of Economy and Information Technology	1000000.00	2630085.65
Business contribution award	7686500.00	1127980.00
Office space subsidy	3300400.00	1912700.00
Reward for pilot integration of the two industries	1000000.00	1274000.00
Tax Refund	13680000.00	4778048.58
Innovation Development Subsidy	10440000.00	2031100.00
Jiande Development and Reform Archive [2020] No. 7 Special Subsidy for Marine Economic Development	1000000.00	
2019 CANS certification award	1000000.00	
Project support funds	1193900.00	1198465.00
Incentives for Transformation of Scientific and Technological Achievements	4200000.00	
Province-thriving Manufacturing Funds	1000000.00	1912700.00
Preferential Policy Subsidy for Investment Promotion	8955756.69	7,524,063.36
Central subsidies for prevention and control of air, water and soil pollution	1250000.00	
Sino-Singapore Tianjin Eco-City Subsidy	97309895.15	37108034.40



Award Fund		
Fiscal support funds	1359000.00	
Provincial industrial development funds and special funds for the development of SMEs	6220000.00	
Support incentive funds	7255835.57	1198465.00
Project subsidy funds	1894349.33	
Tax incentive award	5242980.20	1002800.00
Support Incentive Funds of Fengnan Economic Development Zone Management Committee	10450939.84	7,524,063.36
Corporate income tax incentives	3696300.00	
Wangcheng Community Support Fund	10648246.02	3642340.90
Performance awards	3620000.00	
Refund of enterprise income tax	3427000.00	
Jiande High-tech Industrial Park Settlement Support Funds	2571080.91	7307862.27
Industry Support Fund for Southwest Headquarters Base and Southwest Production Base	7889062.50	
Fengnan R&D and production base incentive funds	5223200.00	1002800.00
HCFCs phase-out project in XPS foam industry	2394365.28	2259084.18
Fixed Asset Investment Development Fund Awards	2075208.98	123671.67
Government Support Funds of Puyang Industrial Park Finance Bureau	2668507.92	2630085.65
Tiandingfeng Non-woven cloth R&D and Production Base Project	1127980.00	1127980.00
Compensation funds for infrastructure construction	1097800.00	1097800.00
Investment projects for industrial revitalization and technological transformation	1274000.00	1274000.00
Chuzhou Enterprise Development Fund		5000000.00
Funds for innovative and entrepreneurial technology investment projects		1500000.00



Supplementary Funds for Tax Incremental Award of Hunan Industrial Enterprise Technological Transformation		1404200.00
Special funds for enterprise support		4106500.00
Supporting funds to promote the development of enterprises entering the zone		5900000.00
Special non-curing application rewards		1000000.00
Jinshan Financial Support FundsFiscal support funds		1633000.00
Ten Outstanding Investment Projects Award Funds		1000000.00
2019 Enterprise Support Funds (First Batch)		134540000.00
Funds for enterprise support		26990000.00
Others	43430163.08	28452673.24
Total	287033671.47	286544409.25

49. Investment income

Unit: RMB

Item	Current period incurred	Previous period incurred
Income from long-term equity investments accounted with the equity method	-1508610.08	
Investment income from disposal of long-term equity investments	100505451.56	
Investment income of trading financial assets during the holding period	90759.59	3000000.00
Gains from the remeasurement of the remaining equity at fair value after loss of control	108609954.48	
Total	207697555.55	3000000.00

Other statements:

50. Income on changes in fair value

Unit: RMB

Sources of income from changes in fair	Current period incurred	Previous period incurred
--	-------------------------	--------------------------



value		
Other non-current financial assets	888746.16	1938718.34
Total	888746.16	1938718.34

Other statements:

51. Credit impairment loss

Unit: RMB

Item	Current period incurred	Previous period incurred
Loss on bad debts of other receivables	-48598947.59	-5204551.14
Bad debt losses on notes receivable	-8720976.75	-606991.14
Bad debt losses on accounts receivable	-160904455.73	-127634728.74
Total	218,224,380.07	-133,446,271.02

Other statements:

52. Asset impairment loss

Unit: RMB

Item	Current period incurred	Previous period incurred
II. Loss on decline in value of inventories and impairment loss on contract performance costs	-3648774.13	-8352057.30
XII. Contract asset impairment losses	-41980812.03	
Total	-45629586.16	-8352057.30

Other statements:

53. Income on disposal of assets

Unit: RMB

Sources of income from disposal of assets	Current period incurred	Previous period incurred
Gains on disposal of fixed assets (losses are denoted by "-")	-114471.72	-868452.20

54. Non-operating income

Unit: RMB

Item	Current period incurred	Previous period incurred	Amount included in current
------	-------------------------	--------------------------	----------------------------



			non-recurring profit and loss
Total gains on disposal of non-current assets	1693212.93	1489180.33	1693212.93
Among which: gains from retirement of fixed assets	1693212.93	1489180.33	1693212.93
inventory profit	34845.30	951352.55	34845.30
Fines and others	12033798.06	12646032.18	12033798.06
Total	13761856.29	15086565.06	13761856.29

Government subsidies included in the current profit and loss:

Unit: RMB

Subsidized items	Issuer	Reason of issuance	Characteristics	Does the subsidy affect the profit and loss of the current year	Is it special subsidy?	Current period incurred	Previous period incurred	Asset-related/profit-related

Other statements:

55. Non-operating expenses

Unit: RMB

Item	Current period incurred	Previous period incurred	Amount included in current non-recurring profit and loss
External donation	3667182.79	945500.00	3667182.79
Total loss on disposal of non-current assets	30095791.04	10065252.11	30095791.04
Among which: loss from retirement of fixed assets	30095791.04	10065252.11	30095791.04
Litigation compensation	19736914.09		19736914.09
Fines and late fees	2798491.87	21448682.80	2798491.87
Extraordinary loss	2810127.67	10549698.99	2810127.67
Inventory loss	2848134.15	1758993.46	2848134.15
Total	61956641.61	44768127.36	

Other statements:

56. Income tax expenses

(1) Income tax expense chart

Unit: RMB

Item	Current period incurred	Previous period incurred
Current income tax expenses	822568881.38	571082627.50
deferred tax expenses	-54058714.27	-54386009.64
Total	768510167.11	516696617.86

(2) Accounting profit and income tax expense adjustment process

Unit: RMB

Item	Current period incurred
Total profit	4155319872.89
Income tax expense at statutory/applicable rates	623297980.93
Impact of different tax rates applied to subsidiaries	133010616.09
Impact of adjusting income taxes for prior periods	1953306.43
Impact of non-deductible costs, expenses and losses	12972239.20
Impact of using deductible losses on unrecognized deferred tax assets in prior periods	-17891979.27
Impact of deductible temporary differences or deductible losses on unrecognized deferred tax assets in current period	32377265.11
Profit and loss of joint ventures and associates accounted in the equity method	-226291.51
Tax impact of the research and development fee with deduction (denoted by "-")	-16982969.87
Income tax expenses	768510167.11

Other statements:

57. Other comprehensive income

See more details in Note 39.

58. Cash flow statement items

(1) Cash received from other operation-related activities

Unit: RMB

Item	Current period incurred	Previous period incurred
Account Current	1037215466.23	135799404.29
Government subsidies and incentives	302536265.23	431986366.66
Fines and others	12033798.06	12646032.18
Restricted margin	411110.63	
Total	1352196640.15	580431803.13

Statement on cash received from other operation-related activities

(2) Cash paid for other operation-related activities

Unit: RMB

Item	Current period incurred	Previous period incurred
Out-of-pocket expenses	1916689679.87	1746970879.96
Account Current	220499762.11	488855131.33
litigation freeze	23852320.00	
Donation expenses	3667182.79	945500.00
Restricted funds	51030531.57	3657171.72
Fines and late fees etc.	5646626.02	21448682.80
Total	2221386102.36	2261877365.81

Statement on cash paid for other operation-related activities

(3) Cash received from other investment-related activities

Unit: RMB

Item	Current period incurred	Previous period incurred
Interest income	39586932.94	33610634.12
Total	39586932.94	33610634.12

Statement on cash received from other investment-related activities

(4) Cash paid for other investment-related activities

Unit: RMB

Item	Current period incurred	Previous period incurred
------	-------------------------	--------------------------



Disposal investment expenses	584613.57	
Total	584613.57	

Statement on cash paid for other investment-related activities

(5) Cash received from other activities related to fund-raising

Unit: RMB

Item	Current period incurred	Previous period incurred
Loan margin	5449114.23	
Total	5449114.23	

Statement on cash received from other activities related to fund-raising:

(6) Cash paid for other activities related to fund-raising

Unit: RMB

Item	Current period incurred	Previous period incurred
Restricted share repurchase	26594550.16	37203105.15
Loan margin		4194629.94
Total	26594550.16	41397735.09

Statement on cash paid for other activities related to fund-raising:

59. Supplementary information to cash flow statement

(1) Supplementary information to cash flow statement

Unit: RMB

Supplementary information	Amount in current period	Amount in previous period
1. Adjusting net profit to cash flow of operating activities:	--	--
Net profit	3386809705.78	2075261309.80
Plus: asset impairment reserve	263853966.23	141798328.32
Depreciation of fixed assets and productive biological assets, consumption of oil and gas assets	445594483.55	322344243.16
Depreciation of right-of-use assets		
Amortization of intangible assets	27847154.63	32460472.83
Amortization of long-term unamortized expenses	12374635.76	12890420.10



Losses on disposal of fixed assets, intangible assets and other long-term assets (gains denoted by a "-")	114471.72	868452.20
Fixed asset scrap losses (gains are denoted by a "-")	28402578.11	8576071.78
Loss on changes in fair value (gains denoted by a "-")	-888746.16	-1938718.34
Financial expenses (gains denoted by a "-")	260621487.65	367013422.52
Investment losses (gains denoted by a "-")	-207697555.55	-3000000.00
Decrease in deferred income tax assets (increase denoted by a "-")	-55626339.68	-54386009.64
Increase in deferred income tax liability (decrease denoted by a "-")	1567625.41	2739155.30
Decrease in inventory (increase denoted by a "-")	827278922.94	147681459.59
Decrease in operating receivables (increase denoted by a "-")	-2638181693.61	-2176495194.20
Increase in operating payables (decrease denoted by a "-")	1439560092.19	681235225.60
Other	160064666.53	31911707.56
Net cash flow from operating activities	3951695455.50	1588960346.58
2 Significant investment and fund-raising activities that do not involve cash receipts and disbursements:	--	--
Debt to Capital	1612953451.87	
Convertible corporate bonds maturing within one year		
Financing lease into fixed Fixed Assets		
3. Net changes in cash and cash equivalents:	--	--
Ending balance of cash	5571649272.21	4211941571.75
Minus: Opening balance of cash	4211941571.75	4631320369.80
Plus: Ending balance of cash equivalents		
Minus: Opening balance of cash equivalents		
Net increase of cash and cash equivalents:	1359707700.46	-419378798.05

**(2) Net cash received from the disposal of subsidiaries in current period**

Unit: RMB

	Amount
Cash or cash equivalents received from the disposal of subsidiaries in current period	178702900.00
Among which	--
Sichuan Building Materials Company	161369400.00
Yueda Construction	17333500.00
Minus: Cash and cash equivalents held by the subsidiary on the date of loss of control	10432171.95
Among which	--
Sichuan Building Materials Company	49345.85
Yueda Construction	10382826.10
Among which	--
Net cash received from the disposal of subsidiaries	168270728.05

Other statements:

(3) Composition of cash and cash equivalents

Unit: RMB

Item	Ending balance	Opening balance
I. Cash	5571649272.21	4211941571.75
of which: cash on hand	4424269.25	5561402.39
Bank deposits readily available for payment	5567225002.96	4206380169.36
III. Ending balance of cash and cash equivalents	5571649272.21	4211941571.75

Other statements:

60. Notes on changes of owner's equity table

Description of the name of the "other" items that has adjusted the ending balance of the previous year and the amount of such adjustment:

61. Assets with restricted ownership or use rights

Unit: RMB

Item	Ending Book Value	Cause of restriction
------	-------------------	----------------------



Monetary Funds	444105667.32	Margin and litigation freeze
Notes Receivable	30377061.20	Pledge of bank loans
Fixed Assets	316489392.14	Bank loan mortgage
Intangible Assets	64268539.99	Pledge of bank loans
Accounts Receivable	500000000.00	Pledge of bank loans
Construction in Progress	3046643.96	Bank loan mortgage
Total	1358287304.61	--

Other statements:

62. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Ending balance of foreign currencies	Conversion rate	Converted RMB ending balance
Monetary Funds	--	--	
among which: USD	31751522.07	6.5249	207175506.35
EUR	15645.63	8.0250	125556.18
HKD			
HKD	2679355.51	0.8416	2255052.77
CAD	101959.90	5.1161	521637.04
Accounts Receivable	--	--	
among which: USD	3524543.55	6.5249	22997294.24
EUR	30,030.53	8.0250	240995.00
HKD			
GBP	7585.69	8.8903	67439.06
Accounts Payable			
among which: EUR	3588394.33	8.0250	28796864.52
Long-term borrowings	--	--	
among which: USD			
EUR			
HKD			

Other statements:

(2) The description of overseas business entities, including for important overseas business entities, shall disclose the main overseas operating locations, the bookkeeping base currency and the basis for such selection, and the reasons for the change in such bookkeeping base currency if there is any.

Applicable, Not applicable

63. Government subsidies

(1) Basics of government subsidies

Unit: RMB

Type	Amount	Presentation item	Amount included in current profit and loss
------	--------	-------------------	--

(2) Refund of government subsidies

Applicable, Not applicable

Other statements:

(1) Government subsidies included in deferred income, subsequently measured with gross method.

Subsidized items	Type	December 31, 2019	Amount of new subsidy in current period	of Amounts converted into gains or loss in the current period	Other changes	December 31, 2020	Presentation items converted into gains or loss in the current period	Asset-related profit-related
Industrial project development subsidies (Note 1)	Fiscal allocation	-	21081800.00	-	-	21081800.00	Other gains	Asset-related
Incentive support funds (Note 2)	Fiscal allocation	-	22500000.00	-	-	22500000.00	Other gains	Asset-related
Funding and awards for plant project (Note 3)	Fiscal allocation	-	1100000.00	146666.78	-	953333.22	Other gains	Asset-related
Funding and awards for plant project (Note 4)	Fiscal allocation	-	2700000.00	360000.00	-	2340000.00	Other gains	Asset-related



Fixed Asset Investment Development Fund Awards	Fiscal allocation	29557528.33	15503400.00	2075208.98	- 42985719.35	Other gains	Asset-related
Fengnan R&D and production base incentive funds	Fiscal allocation	64464000.00	40000000.00	5223200.00	- 99240800.00	Other gains	Asset-related
(Note 6)							
Industry Support Fund for Southwest Headquarters Base and Southwest Production Base	Fiscal allocation	95000000.00	32500000.00	7889062.50	119,610,937.50	- Other gains	Asset-related
(Note 7)							
R&D Innovation Platform Subsidy	Fiscal allocation	5434000.00		543400.00	- 4890600.00	Other gains	Asset-related
(Note 8)							
Province-thriving Special Fund	Fiscal allocation	1586666.67		159999.96	- 1426666.71	Other gains	Asset-related
(Note 9)							
Laibin Government Support Fund	Fiscal allocation	14677407.27		298018.44	- 14379388.83	Other gains	Asset-related
(Note 10)							
HCFCs phase-out project in XPS foam industry	Fiscal allocation	12171356.52		2394365.28	- 9776991.24	Other gains	Asset-related
(Note 11)							
Government Support Funds of Puyang Industrial Park Finance Bureau	Fiscal allocation	49577398.92		2668507.92	- 46908891.00	Other gains	Asset-related
(Note 12)							
Return of the shift dormitory in the construction project of Building E of the new material equipment R&D headquarters base	Fiscal allocation	4952480.00		-	- 4952480.00	Other gains	Asset-related



Investment projects for industrial revitalization and technological transformation (Note 14)	Fiscal allocation	11644000.00	1274000.00	- 10370000.00	Other gains	Asset-related
Tiandingfeng Non-woven cloth R&D and Production Base Project (Note 15)	Fiscal allocation	20303640.00	1127980.00	- 19175660.00	Other gains	Asset-related
Boiler renovation project (Note 16)	Fiscal allocation	788979.30	139231.56	- 649747.74	Other gains	Asset-related
Energy-saving circular economy and resource-saving project infrastructure funds (Note 17)	Fiscal allocation	1965000.00	491250.00	- 1473750.00	Other gains	Asset-related
Funds for innovation of high-performance waterproof coatings (Note 18)	Fiscal allocation	106250.00	37500.00	- 68750.00	Other gains	Asset-related
Special funds for the transformation of strategic emerging industries in Hunan Province (Note 19)	Fiscal allocation	2736363.65	381818.16	- 2354545.49	Other gains	Asset-related
Infrastructure Compensation Fund of Yunxi District, Yueyang City (Note 20)	Fiscal allocation	4911957.36	795505.56	- 4116451.80	Other gains	Asset-related
Compensation funds for infrastructure construction (Note	Fiscal allocation	17086550.00	1097800.00	- 15988750.00	Other gains	Asset-related



21)

Modified Asphalt Waterproof Coil Project of Fengnan Science and Technology Bureau (Note 22)	Fiscal allocation	200000.00	100000.00	-	100000.00	Other gains	Asset-relate d
--	----------------------	-----------	-----------	---	-----------	----------------	-------------------

Special Fund for technological renovation (Note	Fiscal allocation	608333.33	100000.00	-	508333.33	Other gains	Asset-relate d
---	----------------------	-----------	-----------	---	-----------	----------------	-------------------

23)

Special Fund for Tangshan technological renovation (Note	Fiscal allocation	4320000.00	540000.00	-	3780000.00	Other gains	Asset-relate d
---	----------------------	------------	-----------	---	------------	----------------	-------------------

24)

Compensation funds for the construction of Liquan Industrial Park Project (Note	Fiscal allocation	10657500.00	630000.00	-	10027500.00	Other gains	Asset-relate d
---	----------------------	-------------	-----------	---	-------------	----------------	-------------------

25)

Anhui Province's Support Fund for Province-thriving Manufacturing Development(Not	Fiscal allocation	3088000.00	386000.00	-	2,702,000.00	Other gains	Asset-relate d
---	----------------------	------------	-----------	---	--------------	----------------	-------------------

e 26)

Subsidy projects of R&D innovation platform of strategic emerging industries	Fiscal allocation	6466590.00	718510.00	-	5,748,080.00	Other gains	Asset-relate d
---	----------------------	------------	-----------	---	--------------	----------------	-------------------

Intelligent warehouse logistics construction project (Note 28)	Fiscal allocation	1456250.00	43750.00	-	1412500.00	Other gains	Asset-relate d
--	----------------------	------------	----------	---	------------	----------------	-------------------

Total	—	363760251.3	135385200.0	29621775.14	119,610,937.3	349912738.7	—
		5	0	50	1		

Statements:

Note 1: The Nantong Company received RMB21,081,800.00 from the Management Committee of Jiangsu Qidong Lvsigang Economic Development Zone in December 2020, which was mainly used for the industrial development of the new building material production base project; Nantong Company included this fund into asset-related government subsidies.

Note 2: Jilin Yuhong Company received a support fund of RMB22,500,000.00 from the Management Committee of Changchun Jiutai Economic Development Zone in November 2020, which was mainly used for the first phase construction of the production base; Jilin Yuhong Company included this fund into asset-related government subsidies.

Note 3: The Yueyang Company received a fixed-asset investment project fund of RMB1,100,000.00 from the Development and Reform Bureau of Yunxi District, Yueyang City in May 2020, which was mainly used for fixed asset investment and construction; Yueyang Company included this fund into asset-related government subsidy.

Note 4: Hunan Deai Weiyun Building Materials Technology Co., Ltd. received a fixed asset investment and management project fund of RMB2,700,000.00 from Yueyang Development and Reform Commission in May 2020, which was mainly used for fixed asset investment and construction; Hunan Deai Weiyun Building Materials Technology Co., Ltd. included this fund into asset-related government subsidies.

Note 5: Jingmen Company received a total of RMB45,184,600.00 from the Finance Bureau of Duodao District, Jingmen City in October 2019, December 2019, July and October 2020, which was mainly used for fixed asset investment and construction; Jingmen Company included this fund into asset-related government subsidies.

Note 6: Tangshan Technology Company received a total of RMB104,464,000.00 from the Bureau of Industry and Information of Fengnan District, Tangshan City in April 2019, December 2019 and January 2020, which was mainly used for the construction of the second phase of the factory and the Fengnan R&D and production; Tangshan Technology Company included this fund into asset-related government subsidies.

Note 7: Sichuan Building Materials Company received a total of RMB127,500,000.00 from the Finance Bureau of Deyang Economic and Technological Development Zone in June, October and December 2019, January, April and June 2020 as the Southwest Headquarters Base and Southwest Production Base Fund, which was mainly used for the construction of the southwest base; Sichuan Building Materials Company included this fund into asset-related government subsidies.

Note 8: Wuhu Company received a subsidy of R&D Innovation Platform, a total of RMB5,434,000.00 yuan from the Finance Bureau of Sanshan District, Wuhu City in December 2019, which was mainly used for the platform construction of testing and R&D center of waterproof materials; Wuhu Company included this fund into asset-related government subsidies.

Note 9: Yueyang Company received a special fund of Province-thriving manufacturing of RMB1,600,000.00 from Yueyang Yunxi District Treasury Centralized Payment Accounting Center in November 2019, which is mainly used for enterprise research and development, technological transformation and other project expenditures; Yueyang Company included this fund into



asset-related government subsidies.

Note 10: Guangxi Construction Company received a subsidy of Laibin production base of RMB14,900,921.10 from the Finance Bureau of Laibin Overseas Chinese Management District in March and April 2019, which is mainly used for the construction of Laibin production base in Guangxi; Guangxi Construction Company included his fund into asset-related government subsidies.

Note 11: Fuda Energy Saving Company received a total of RMB19,680,546.13 of project allocation allocated in December 2019, April 2017, April 2015, September and January 2014, and April 2013, which were mainly used for HCFCs phase-out projects in XPS foam industry; Guangzhou Fuda Company included this fund into asset-related government subsidies.

Note 12: Henan Company received a total of RMB53,370,158.32 of project support funds allocated by Puyang Industrial Park Finance Bureau in January 2019, December 2018 and June 2018, which were mainly used for technological research and development, technological transformation and infrastructure construction; Henan Company included this fund into asset-related government subsidies.

Note 13: Minjian Company received a return of RMB4,952,480.00 from the Finance Bureau of Beijing Municipal Technology Development Zone to the shift dormitory in Building E of the New Material Equipment Research and Development Headquarters Base Construction Project, which was mainly used for shift dormitory construction; Minjian Company included this fund as an asset-related government subsidy.

Note 14: Tiandingfeng Company received RMB16,740,000.00 from the Shandong Provincial Development and Reform Commission in April 2015 for investment projects for industrial revitalization and technological transformation, which was mainly used for the construction project of Tiandingfeng Company's polyester spunbond needled linoleum basecloth with annual production of 24,000 tons per year; Tiandingfeng Company included this fund into asset-related government subsidies.

Note 15: Tiandingfeng Chuzhou Company received a project fund of RMB23,020,000.00 from Chuzhou Tongsheng Investment Development Co., Ltd. in April 2017 allocated on behalf of Management Committee of Anhui Chuzhou Economic and Technological Development Zone, which was mainly used for research and development and production base projects; Tiandingfeng Chuzhou Company included this fund into asset-related government subsidies.

Note 12: Henan Company received a total of RMB1,284,000.00 of project support funds allocated by Puyang Industrial Park Finance Bureau in January 2016, December 2016 and June 2018, which were mainly used for technological research and development, technological transformation and infrastructure construction; Henan Company included this fund into asset-related government subsidies.

Note 17: Yueyang Company received in November 2015 the capital construction fund allocated by Hunan Provincial Department of Finance for energy-saving circular economy and resource-saving projects, totaling RMB3,930,000.00, which was mainly used for energy-saving renovation of



energy system of enterprise waterproof material; Yueyang Company included this fund into asset-related government subsidies.

Note 18: Yueyang Company received in May 2015 RMB300,000.00 from Yueyang Municipal Finance Bureau and Yueyang Municipal Economic and Information Commission for key assistance funds for private enterprises in 2014, which were mainly used for construction, renovation and expansion of fixed assets built with self-raised funds; Yueyang Company included this fund into asset-related government subsidies.

Note 19: Yueyang Company received a special fund of RMB3,500,000.00 for the transformation of strategic emerging industries in December 2017, which was mainly used for research and development technologies of key common features of high-performance and environment-friendly EVA waterproof board; Yueyang Company included this fund into asset-related government subsidies.

Note 20: Yueyang Company received RMB5,900,000.00 from Development and Reform Bureau of Yunxi District, Yueyang City in October 2018, which was mainly used for civil construction, equipment purchase and installation; Yueyang Company included this fund into asset-related government subsidies.

Note 21: Tangshan Technology Company received a compensation fund for infrastructure construction of RMB21,956,000.00 from the Management Committee of Fengnan Coastal Industrial Zone of Tangshan City in January 2014, which was mainly used to improve infrastructure supporting facilities; Tangshan Technology Company included this fund into asset-related government subsidies.

Note 22: Tangshan Technology Company received RMB500,000.00 from the Finance Bureau of Fengnan District, Tangshan City in November 2016 for the modified asphalt waterproofing membrane project, which was mainly used for the asphalt waterproofing membrane project; Tangshan Technology Company included this fund into asset-related government subsidies.

Note 23: Tangshan Technology Company received a special fund of 2014 Tangshan technological transformation of industrial enterprises of RMB1,000,000.00 from the Finance Bureau of Fengnan District, Tangshan City, which was mainly used for the construction of new factories; Tangshan Technology Company included this fund into asset-related government subsidies.

Note 24: Tangshan Technology Company received a special fund for technological renovation of RMB5,400,000.00 from the Bureau of Industry and Information of Fengnan District of Tangshan City in January 2018, which is mainly used for infrastructure construction and improvement of production supporting facilities; Tangshan Technology Company included this fund into asset-related government subsidies.

Note 25: Xianyang Company received a project compensation fund of RMB12,600,000.00 from the Administrative Committee Office of Liqun Industrial Park in June, September 2015, and May 2016, which was mainly used for the new material industrial park project in Liqun County; Xianyang Company included this fund into asset-related government subsidies.

Note 26: Wuhu Company received in November 2017 a Province-thriving manufacturing fund of RMB3,860,000.00 from the Finance Bureau of Sanshan District, Wuhu City allocated by the Anhui Provincial People's Government, which was mainly used for the construction of production research and development bases; Wuhu Company included this fund into asset-related government subsidies.

Note 27: Wuhu Company received in November 2018 subsidies and project compensation for key R&D and innovation platforms for strategic emerging industries allocated by Finance Bureau of Sanshan, Wuhu, totaling RMB7,185,100.00, which was mainly for R&D of waterproof materials, infrastructure of production and R&D base, etc. Wuhu Company include this fun into asset-related government subsidies.

Note 28: Qingdao Company received a project support fund of RMB1,500,000.00 from Laixi Municipal Finance Bureau in September 2017, which was mainly used for the construction of production and research base; Qingdao Company include this fund into asset-related government subsidies.

(2) Government subsidies included in the current profit and loss using the gross method.

Subsidized items	Type	Amount included into profit and loss in previous period	Amount included into profit and loss in current period	Presentation included into profit	Asset-related/profit-related
Investment in technological innovation and product development in the high-speed rail new zone (Note 1)	Fiscal allocations	4778048.58	3500000.00	Other gains	Profit-related
Special funds for enterprise support (Note 2)	Fiscal allocations	2031100.00	3308200.00	Other gains	Profit-related
Industrial support funds (Note 3)	Fiscal allocations	-	1643000.00	Other gains	Profit-related
Headquarters Awards (Note 4)	Economic Policy Fiscal allocations	-	3000000.00	Other gains	Profit-related
High-end Special Fund of Beijing Municipal Bureau of Economy and Information Technology (Note 5)	Fiscal allocations	-	1000000.00	Other gains	Profit-related
Business contribution awards (Note 6)	Fiscal allocations	-	7686500.00	Other gains	Profit-related
Subsidies for office space (Note 7)	Fiscal allocations	1912700.00	3300400.00	Other gains	Profit-related
Incentives for pilot integration of the two industries (Note 8)	Fiscal allocations	-	1000000.00	Other gains	Profit-related
Tax Refund (Note 9)	Fiscal	-	13680000.00	Other gains	Profit-related



	allocations				
Innovation Development Grants (Note 10)	Fiscal allocations	-	10440000.00	Other gains	Profit-related
Jiande Development and Reform Archive [2020] No. 7 Special subsidies for marine economic development (Note 11)	Fiscal allocations	-	1000000.00	Other gains	Profit-related
2019 CANS Certification Award (Note 12)	Fiscal allocations	-	1000000.00	Other gains	Profit-related
Project support funds (note 13)	Fiscal allocations	1198465.00	1193900.00	Other gains	Profit-related
Incentives for Transformation of Scientific and Technological Achievements (Note 14)	Fiscal allocations	-	4200000.00	Other gains	Profit-related
Province-thriving Manufacturing Fund (Note 15)	Fiscal allocations	-	1000000.00	Other gains	Profit-related
Preferential Policy Subsidy for Investment Promotion (Note 16)	Fiscal allocations	7,524,063.36	8955756.69	Other gains	Profit-related
Central subsidies for prevention and control of air, water and soil pollution (Note 17)	Fiscal allocations	-	1250000.00	Other gains	Profit-related
Sino-Singapore Tianjin Eco-City Subsidy Award Fund (Note 18)	Fiscal allocations	37108034.40	97309895.15	Other gains	Profit-related
Fiscal support funds (note 19)	Fiscal allocations	-	1359000.00	Other gains	Profit-related
Provincial industrial development funds and special funds for the development of SMEs (Note 20)	Fiscal allocations	-	6220000.00	Other gains	Profit-related
Support incentive funds (Note 21)	Fiscal allocations	-	7255835.57	Other gains	Profit-related
Project subsidy funds (note 22)	Fiscal allocations	-	1894349.33	Other gains	Profit-related
Tax incentives (Note 23)	Fiscal allocations	1002800.00	5242980.20	Other gains	Profit-related
Support Incentive Funds of Fengnan Economic Development Zone Management Committee (Note 24)	Fiscal allocations	-	10450939.84	Other gains	Profit-related
Corporate income tax incentives (Note 25)	Fiscal allocations	-	3696300.00	Other gains	Profit-related
Wangcheng Community Support Fund (Note 26)	Fiscal allocations	3642340.90	10648246.02	Other gains	Profit-related



Performance awards (Note 27)	Fiscal allocations	-	3620000.00	Other gains	Profit-related
Corporate income tax refund (Note 28)	Fiscal allocations	-	3427000.00	Other gains	Profit-related
Jiande High-tech industrial Park Settlement Support Funds (Note 29)	Fiscal allocations	7307862.27	2571080.91	Other gains	Profit-related
Industry Support Fund for Southwest Headquarters Base and Southwest Production Base (Note 30)	Fiscal allocations	-	7889062.50	Other gains	Asset-related
Fengnan R&D and production base incentive funds (Note 31)	Fiscal allocations	-	5223200.00	Other gains	Asset-related
HCFCs phase-out project in XPS foam industry (Note 32)	Fiscal allocations	2259084.18	2394365.28	Other gains	Asset-related
Fixed Asset Investment Development Fund Awards (Note 33)	Fiscal allocations	123671.67	2075208.98	Other gains	Asset-related
Government Support Funds of Puyang Financial Bureau for Industrial Park (Note 34)	Fiscal allocations	2630085.65	2668507.92	Other gains	Asset-related
Tiandiefeng Non-woven cloth R&D and Production Base Project (Note 35)	Fiscal allocations	1127980.00	1127980.00	Other gains	Asset-related
Compensation funds for infrastructure construction (Note 36)	Fiscal allocations	1097800.00	1097800.00	Other gains	Asset-related
Investment projects for industrial revitalization and technological transformation (Note 37)	Fiscal allocations	1274000.00	1274000.00	Other gains	Asset-related
Chuzhou Enterprise Development Fund	Fiscal allocations	5000000.00	-	Other gains	Profit-related
Funds for innovative and entrepreneurial technology investment projects	Fiscal allocations	1500000.00	-	Other gains	Profit-related
Supplementary Funds for Incremental Award of Hunan Industrial Enterprise Technological Transformation	Tax allocations	1404200.00	-	Other gains	Profit-related
Special funds for enterprise support	Fiscal allocations	4106500.00	-	Other gains	Profit-related
Supporting funds to promote the	Fiscal allocations	5900000.00	-	Other gains	Profit-related

development of enterprises allocations entering the zone						
Special non-curing application rewards	Fiscal allocations	1000000.00		-Other gains	Profit-related	
Jinshan Financial Support Funds	Fiscal support funds allocations	1633000.00		-Other gains	Profit-related	
Ten Outstanding Investment Projects Award Funds	Fiscal allocations	1000000.00		-Other gains	Profit-related	
2019 Enterprise Support Funds (First Batch)	Fiscal allocations	134540000.00		-Other gains	Profit-related	
Funds for enterprise support	Fiscal allocations	26990000.00		-Other gains	Profit-related	
Others (Note 38)	Fiscal allocations	28452673.24	42,430,163.08	Other gains	Asset-related/ profit-related	
Total	—	286544409.25	287033671.47	—	—	

Statements:

Note 1: Hangzhou Company received an incentive of RMB3,500,000.00 from the Economic Development Center of Jiande High-tech Zone for technological innovation and product research and development in the high-speed rail new zone in the December 2020; Hangzhou Company included this fund into profit-related government subsidies.

Note 2: Chuzhou Tiandingfeng Company received a special fund of RMB3,308,200.00 from the Management Committee of Anhui Chuzhou Economic and Technological Development Zone in December 2020; Chuzhou Tiandingfeng included this fund into profit-related government subsidies.

Note 3: Tiandingfeng Holding Company received an Industrial support fund of RMB1,643,000.00 from the Management Committee of Anhui Chuzhou Economic and Technological Development Zone in December 2020; Tiandingfeng Holding Company included this fund into profit-related government subsidies.

Note 4: Guangdong Building Material Company received the Headquarters Economic Policy Award of RMB3,000,000.00 from the Finance Bureau of Guangzhou Nansha Economic and Technological Development Zone in December 2020, Guangdong Building Material Company included this fund into profit-related government subsidies.

Note 5: The Company received a special high-tech fund of RMB1,000,000.00 from the Beijing Economic and Information Bureau in the December 2020; the parent company included this fund into profit-related government subsidies.

Note 6: Kunshan Oriental Yuhong Building Materials Co., Ltd. received a business contribution award of RMB7,686,500.00 from Huaqiao Branch of Kunshan Finance Bureau in December 2020; Kunshan Oriental Yuhong Building Materials Co., Ltd. included this fund into profit-related government subsidies.



Note 7: Kunshan Oriental Yuhong Building Materials Co., Ltd. received an office space subsidy of RMB3,300,400.00 from Huaqiao Branch of Kunshan Finance Bureau in December 2020; Kunshan Oriental Yuhong Building Materials Co., Ltd. include this fund into profit-related government subsidies.

Note 8: Xuzhou Wo'niu Mountain Company received RMB1,000,000.00 as a pilot award for the integration of two industries from Xinyi City Finance in December 2020. Xuzhou Wo'niu Mountain Company included this fund into profit-related government subsidies.

Note 9: Xianyang Company received a tax refund of RMB13,680,000.00 from the Investment Promotion Bureau of Liquan County in November and September 2020. Xianyang Company included this fund into profit-related government subsidies.

Note 10: Kunshan Oriental Yuhong Building Materials Co., Ltd. received a government subsidy of RMB10,440,000.00 from the Kunshan Development and Reform Commission in November 2020. Kunshan Oriental Yuhong Building Materials Co., Ltd. included this fund into profit-related government subsidies.

Note 11: Caparol (China) Co., Ltd. received a special subsidy for marine economic development of RMB1,000,000.00 from the Jiande City Finance Bureau in April and October 2020. Caparol (China) Co., Ltd. included this fund into profit-related government subsidies.

Note 12: Wuhu Company received CANS Certificate Award of RMB1,000,000.00 from Sanshan District, Wuhu City. Wuhu Company included this fund into profit-related government subsidies.

Note 13: Wuhu Company received support fund of RMB1,193,00.00 from Finance Bureau of Sanshan District, Wuhu City. Wuhu Company included this fund into profit-related government subsidies.

Note 14: Kunming Company received RMB4,200,000.00 for the Transformation of scientific and technological achievements from the Yunnan Provincial Department of Science and Technology in September 2020. Kunming Company included this fun into profit-related government subsidies.

Note 15: Yueyang Company received RMB1,000,000.00 as a province-thriving manufacturing fund allocated by Hunan Provincial Department of Finance in September 2020. Yueyang Company included this fund into profit-related government subsidies.

Note 16: Xuzhou Wo'niu Mountain Company received a Preferential Policy Subsidy for Investment Promotion of RMB8,955,756.69 from the Xinyi Municipal People's Government in March and September 2020. Xuzhou Wo'niu Mountain Company included this fund into profit-related government subsidies.

Note 17: Tiandingfeng Company received RMB1,250,000.00 of pollution prevention funds allocated by the Linyi Finance in August 2020. Tiandingfeng Company included this fund into profit-related government subsidies.

Note 18: Tianjin Hongzhi Company in May and July 2020, Tianjin Hongzhi Company in April 2020, Beijing Oriental Yuhong Waterproof Technology Co., Ltd. Tianjin Branch in April received a total



of RMB97,309,895.15, as subsidy and industrial promotion award allocated by Sino-Singapore Tianjin Eco-City. The corresponding companies included such fund into profit-related government subsidies.

Note 19: Shanghai Technology Company received RMB1,359,000.00 of financial support fund from Shanghai Jinshan District Finance Bureau in July 2020, and Shanghai Technology Company included this fund into profit-related government subsidies.

Note 20: Sichuan Building Materials Company received a special fund of RMB6,220,000.00 from the Finance Bureau of Deyang Economic and Technological Development Zone in July 2020. Sichuan Building Materials Company included this fund into profit-related government subsidies.

Note 21: Tangshan Technology Co., Ltd. received RMB7,255,835.57 of support award funds from the Management Committee of Hebei Fengnan Economic Development Zone in May 2020. Tangshan Technology Co. included this fund into profit-related government subsidies.

Note 22: Tangshan Technology Company received RMB1,894,349.33 of subsidy funds allocated by the Management Committee of Hebei Fengnan Economic Development Zone in May 2020. Tangshan Technology Company included this fund into profit-related government subsidies.

Note 23: Henan Company received RMB5,242,980.20 in tax incentives allocated by the Finance Bureau of Puyang Industrial Park in March and May 2020. Henan Company included this fund into profit-related government subsidies.

Note 24: Tangshan Technology Company received RMB10,450,939.84 as an incentive fund from the Management Committee of Hebei Fengnan Economic Development Zone in April 2020. Tangshan Technology Company included this fund into profit-related government subsidies.

Note 25: Wuhu Company received an income tax reward of RMB3,696,300.00 from the Finance Bureau of Sanshan District, Wuhu City in April 2020. Wuhu Company included this fund into profit-related government subsidies.

Note 26: Qingdao company received RMB10,648,246.02 of tax refund from Laixi Municipal People's Government in April 2020. Qingdao company included this fund into profit-related government subsidies.

Note 27: Shanghai Oriental Yuhong Waterproof Technology Co., Ltd. received a performance reward of RMB3,620,000.00 from the Hongkou Investment Service Center in March 2020. Shanghai Oriental Yuhong Waterproof Technology Co., Ltd. included this fund into profit-related government subsidies.

Note 28: Wuhu Company received an enterprise income tax refund of RMB3,427,000.00 from the Finance Bureau of Sanshan District, Wuhu City in February 2020. Wuhu Company included this fund into profit-related government subsidies.

Note 29: The Company received the Jiande High-tech Industrial Park Settlement Support Fund of RMB2,571,080.91 in January 2020. The Company included this fund into profit-related government subsidies.



Note 30: Sichuan Building Materials Company received the support fund of RMB127,500,000.00 allocated in June, October, December 2019 and January, April, and June 2020, which were mainly used for the Southwest Headquarters Base and Southwest Production Base Industries. Sichuan Building Materials Company included this fund into asset-related government subsidies, which were amortized into other gains of RMB 7,889,062.50 in the current period.

Note 31: Tangshan Technology Company received a total of RMB104,464,000.00 of support awards in April, December 2019, and January 2020, which were mainly used for the Fengnan R&D and production base. Tangshan Technology Company included this fund into assets-related government subsidies, amortized into other gains of RMB5,223,200.00 in the current period.

Note 32: In December 2019, April 2017, April 2015, September and January 2014, and April 2013, Fuda Energy Saving Company received a total of RMB19,680,546.13 of project funds, which were mainly used for HCFCs phase-out project in XPS foam industry. Fuda Energy Saving Company included this fund into asset-related government subsidies, which were amortized into other gains of RMB 2,394,365.28 in the current period.

Note 33: Jingmen Company received a total of RMB45,184,600.00 of fiscal allocation from the Finance Bureau of Duodao District, Jingmen City in October, December 2019, July and October 2020, which were mainly for investment in fixed assets. Jingmen Company included this fund into asset-related government subsidies, which were amortized into other gains of RMB2,075,208.98 in the current period.

Note 34: In January 2019, June and December 2018, Henan Company received a total of RMB53,370,158.32 of project support funds allocated by the Finance Bureau of Puyang City Industrial Park, which were mainly used for technology research and development, technological transformation, and infrastructure construction. Henan Company included this fund into asset-related government subsidies, which were amortized into other gains of RMB2,668,507.92 in the current period.

Note 35: Chuzhou Tiandingfeng Company received RMB23,020,000.00 of project funds from Chuzhou Tongsheng Investment Development Co., Ltd. allocated on behalf of the Anhui Chuzhou Economic and Technological Development Zone Management Committee in April 2017, which was mainly for R&D and production base projects. Chuzhou Tiandingfeng Company included this fund into asset-related government subsidies, which were amortized into other gains of RMB1,127,980.00 in the current period.

Note 36: Tangshan Technology Company received RMB21,956,000.00 of infrastructure construction compensation funds allocated by the Management Committee of Fengnan Coastal Industrial Zone in Tangshan City in January 2014, which was mainly used to improve infrastructure facilities. Tangshan Technology Company included this fund into asset-related government subsidies, which was amortized into other gains of RMB1,097,800.00 in the current period.

Note 37: Tiandingfeng Company received RMB16,740,000.00 of Investment project fund for industrial revitalization and technological transformation allocated by Shandong Provincial Development and Reform Commission in April 2015, which was mainly used for the construction

project of Tiandingfeng Company's polyester spunbond needed linoleum cloth with annual production of 24,000 tons per year. Tiandingfeng Company included this fund into asset-related government subsidies, which was amortized into other gains of RMB1,274,000.00 in current period.

Note 38: In 2020, in addition to the government subsidies disclosed in detail above, 54 subsidiaries of the Group have received multiple small subsidies from local government, totaling RMB42,430,163.08, which were in relatively small amounts and thus are not described in detail.

64 Others

VIII Changes in merger

1 Subsidiaries

Whether the control of the subsidiary is lost due to one-time disposal of investment?

Yes No

Unit: RMB

Names of subsidiaries	Price of equity	Proportion of equity	Method of equity disposal	The time-point of loss of control	The basis of determination of loss of control	The difference between price of equity and investment to the subsidiary in consolidated financial statements	The proportion of remaining equity upon the loss of control over the subsidiary	The book value of remaining equity upon the loss of control over the subsidiary	The fair value of remaining equity upon the loss of control over the subsidiary	Gain or loss on remaining equity estimated based on the fair value	The basis of determination and assumptions on the fair value of remaining equity upon the loss of control over the subsidiary	The amount of other comprehensive income transferred to investment profit and loss associated with the equity investment of the original subsidiary
Sichuan Oriental Yuhong	161369400.00	51.00%	Equity transfer	November 30th, 2020	Completion of transfer	121582902.45	49.00%	48423577.00	155041188.24	106617611.23	Price confirmation based	



Constructi on Materials Co., Ltd.											on the transfer	
Yueda Constructi on Engineerin g Co., Ltd.	17333500. 00	45.89%	Equity transfer	December 31st, 2020	Completi on of transfer	7118544.2 0	24.82%	7382628.8 6	9374972.1 1	1992343.2 5	Price confirmati on based on the transfer	

Other statements:

Whether the control of the subsidiary is lost during the reporting period due to the disposal of investment to the subsidiary through multiple transactions?

Yes No

2 Others

Seven subsidiaries were dissolved and are not included in the consolidated financial statements of the reporting period including: Changzhou Oriental Yuhong Waterproof Materials Co., Ltd., Luzhou Oriental Yuhong Construction Materials Co. Ltd., Hubei Oriental Yuhong Construction Materials Co. Ltd., Zhejiang Hongyun New Material Technology Co., Ltd., Hai'an Hongde Real Estate Co., Ltd., Jiangsu Oriental Yuhong Construction Materials Co., Ltd., and Hai'an Hairun Real Estate Co., Ltd., Seven subsidiaries were dissolved and are not included in the consolidated financial statements of the reporting period.

New entities are included in the consolidated financial statements of the Reporting Period, namely, Zhanjiang Factory, Beijing Anticorrosion, Fuda Energy-saving, Wuhu New Material, Hainan Yuhong, Guangdong Yuhong, Hongyun Supply Chain, Nantong, Tianjin Yuhong, Jiangxi Construction Materials, Liaoning Construction Materials and Chongqing Construction Materials.

IX Interest in other entities

1 Interest in subsidiaries

(1) Composition of business groups

Names of subsidiaries	Main operation base	Place of registry	Nature of business	Ratio of shareholding		Method of acquisition
				Direct	Indirect	
Beijing Engineering Co.	Beijing	Shunyi District, Beijing	Waterproofing engineering and construction	100.00%		①



Shanghai Technology Co.	Shanghai	Jinshan District, Shanghai	Developing, manufacturing and selling of and construction with waterproofing, anticorrosive materials and thermal insulation materials	99.69%		①
Xuzhou Woniushan Co.	Jiangsu	Xuzhou City, Jiangsu Province	Manufacturing and selling of and construction with waterproofing, anticorrosive and thermal insulation materials	100.00%		②
Yueyang Co.	Hunan	Yueyang City, Hunan Province	Manufacturing and selling of and construction with waterproofing, anticorrosive thermal insulation materials, additives, building coating, mortar and equipment sets	86.36%	13.64%	①
Jinzhou Co.	Liaoning	Jinzhou City, Liaoning Province	Manufacturing and selling of coil coating	100.00%		①
Kunming Co.	Yunnan	Kunming City, Yunnan Province	Manufacturing and selling of waterproof materials, decorative materials and construction materials	100.00%		②
Huizhou Co.	Guangdong	Huizhou City, Guangdong Province	Manufacturing and selling of waterproofing, anticorrosive thermal insulation	100.00%		①

			materials and environmentally friendly construction materials, chemical products and construction machinery equipment			
Guangdong Engineering Co.	Guangdong	Guangzhou City, Guangdong Province	Selling of waterproofing materials and waterproof construction	100.00%		①
Sichuan Engineering Co.	Sichuan	Chengdu City, Sichuan Province	Selling of and construction with waterproofing materials	100.00%		①
Zhongkejiantong Co.	Beijing	Shunyi District, Beijing	Technological development and selling of construction materials and decorative materials, and labor subcontracting	100.00%		①
Sidaxin Co.	Beijing	Shunyi District, Beijing	Testing of waterproofing construction materials and the development and promotion of testing technology development and promotion of waterproofing construction materials	100.00%		①
Jiangsu Investment Co.	Jiangsu	Kunshan City, Jiangsu Province	Selling of waterproofing	100.00%		①



			materials, investment and imports and exports			
Xianyang Co.	Shaanxi	Liquan County, Shaanxi Province	Developing, manufacturing and selling of waterproofing, anticorrosive materials and thermal insulation materials and waterproofing construction	100.00%		①
Hongkong Investment Co.	Hongkong	Hongkong	Trading, selling of waterproofing materials, investment, consulting and training	100.00%		①
Wuhu Co.	Anhui	Wuhu City, Anhui Province	Manufacturing and selling of waterproofing materials	100.00%		①
Wuzhoutuyuan Co.	Beijing	Shunyi District, Beijing	Selling of goods, imports and exports of technologies and goods, consulting, storage	100.00%		②
Tangshan Technology Co.	Hebei	Tangshan City, Hebei Province	Development of technologies, selling of construction materials, waterproofing construction, imports and exports	100.00%		①
Tianjin Engineering Co.	Tianjin	Tianjin City	Selling of and construction with	100.00%		②



			waterproofing materials			
Hangzhou Co.	Zhejiang	Hangzhou City, Zhejiang Province	Manufacturing and selling of and construction with waterproofing materials	100.00%		①
Shenzhen Engineering Co.	Guangdong	Shenzhen City, Guangdong Province	Waterproofing solutions, constructions and development and selling of construction materials	100.00%		①
Minjian Co.	Beijing	Daxing District, Beijing	Selling of construction materials, waterproofing materials, building and industrial coating, mortar and decorative materials	100.00%		①
Qingdao	Shandong	Qingdao City, Shandong Province	Manufacturing and selling of waterproofing materials	100.00%		①
Nanjing Hongshan Co.	Jiangsu	Nanjing City, Jiangsu Province	Construction; selling and renting of owned real estate; property management	100.00%		①
Yuhong America	America	Pennsylvania America	Researching about waterproof materials	100.00%		①
Tibet Real Estate Co.	Tibet	Lhasa City, Tibet	Contract project on waterproofing construction	100.00%		①
Zhejiang Technology Co.	Zhejiang	Hangzhou City, Zhejiang	Environmentally friendly	51.00%		①



		Province	materials, construction materials; services and retailing			
Zhejiang Hongzhi Co.	Zhejiang	Hangzhou City, Zhejiang Province	Environmentally friendly materials, construction materials; services and retailing	51.00%		①
Zhejiang Hongyi Co.	Zhejiang	Hangzhou City, Zhejiang Province	Environmentally friendly materials, construction materials; services and retailing	51.00%		①
Xiushan Co.	Jiangsu	Suzhou City, Jiangsu Province	Construction, decoration, restoration and pipe installation	100.00%		①
Nanchang Co.	Jiangxi	Nanchang City, Jiangxi Province	Manufacturing and selling of waterproofing, anticorrosive materials and thermal insulation materials, construction equipment sets, and imports and exports of self-produced products	100.00%		①
Henan	Henan	Puyang City, Henan	Manufacturing and selling of waterproofing materials	100.00%		①
Guangdong Real Estate Co.	Guangdong	Guangzhou City, Guangdong	Consulting, services,	100.00%		①

		Province	investment of own funds			
Tiandingfeng Holding Co.	(请核查一下中文信息是否有误) Shandong	Chuzhou City, Anhui Province (请核查一下中文信息是否有误)	Research, manufacturing and sales of non-woven fabric and imports and exports	100.00%		①
Jingmen Co.	Hubei	Jingmen City, Hubei Province	Technical services and selling of waterproofing materials, anticorrosive materials and thermal insulation materials	100.00%		①
Xuchang Co.	Henan	Xuchang City, Henan Province	Developing, manufacturing and selling of waterproofing, anticorrosive materials and thermal insulation materials and waterproofing construction	100.00%		①
Hunan Co.	Hunan	Changde City, Hunan Province	Developing, manufacturing and selling of waterproofing, anticorrosive materials and thermal insulation materials and waterproofing construction	100.00%		①
Beijing Hongyun Co.	Beijing	BDA (Beijing Economic-Technological Development Area)	Technological development, economic information consultation and selling of	92.00%		①

			construction materials, decorative materials and machinery and equipment			
Lushan Huasha Co.	Jiangxi Province	Lushan Mountain, Jiangxi Province	Wholesaling of construction materials, decorative materials, manufacturing of construction materials, selling of port construction materials, consultation and services	100.00%		①
Intelligent Equipment Co.	Guangdong Province	Shenzhen City, Guangdong Province	R&D and selling of intelligent equipment; R&D and selling of accessories to engineering system; R&D and selling of intelligent equipment;	100.00%		①
Xiong'an Co.	Hebei Province	Xiong'an, Hebei Province	R&D and selling of construction materials; waterproofing, anticorrosive and insulation construction and decoration services	100.00%		①
Shanghai New Materials Co.	Shanghai	Songjiang District, Shanghai	Developing, manufacturing and selling of waterproofing, anticorrosive	100.00%		①



			materials and thermal insulation materials; waterproofing construction; imports and exports of goods and technologies			
Tianjin New Materials Co.	Tianjin City	China (Tianjin) Pilot Free Trade Zone	Developing, manufacturing and selling of waterproofing, anticorrosive materials and thermal insulation materials and waterproofing construction, technological consultation and services and imports and exports of self-produced goods and technologies and acting for the import and export of goods and technologies	100.00%		①
Shanghai Environment Co.	Shanghai	Qingpu District, Shanghai	Developing, manufacturing and selling of environmental technologies, waterproofing, anticorrosive materials and thermal insulation materials and imports and exports of goods and technologies	100.00%		①

Dingzhimei Co.	Beijing	BDA (Beijing Economic-Technological Development Area)	Development of technologies, consultation of economies and trading and selling of construction materials, decorative materials and machinery equipment	100.00%		①
Guangxi Construction Co.	Guangxi	Laibin City, Guangxi	Waterproofing materials, anticorrosive materials and thermal insulation materials	100.00%		①
Tangshan Yanghe Co.	Hebei Province	Tangshan City, Hebei Province	R&D and selling of new materials, construction materials, thermal insulation materials and anticorrosive materials	100.00%		①
Tianjin Hongzhi Co.	Tianjin	Binhai New District, Tianjin	Selling of waterproofing materials, anticorrosive materials, thermal insulation materials, construction materials and construction equipment; Selling of waterproofing materials, construction materials, thermal insulation	100.00%		①

			materials, anticorrosive materials			
Quanzhou Factory	Fujian Province	Quanzhou City, Fujian Province	Manufacturing of waterproofing mortar, construction materials and decorative materials; R&D of machinery equipment, technological consultation, technological services and imports and exports of goods and technologies	100.00%		①
Guangdong Construction Materials Co.	Guangdong Province	Guangzhou City, Guangdong Province	Selling of wet-mixed mortar; selling of regular mortar, wholesaling of decorative materials; wholesaling of coating; retailing of coating;	100.00%		①
Tevic Co.	Guangdong Province	Guangzhou City, Guangdong Province	Selling of construction materials and decorative materials; wholesaling of textile, knitwear and raw material; construction and civil engineering	92.00%		①
Jiangsu Qinggeng Co.	Jiangsu Province	Kunshan City, Jiangsu Province	R&D of thermal insulation technologies, technological	100.00%		①



			consultation, transfer and services; selling of thermal insulation materials, construction materials, decorative materials, chemical products, rubber products and construction equipment sets			
Yuhong Academy	Beijing	Shunyi District, Beijing	Business training	100.00%		①
Chongqing Factory	Chongqing City	Jiangjin District, Chongqing City	Manufacturing and sales; construction materials	100.00%		①
Changsha Factory	Hunan Province	Changsha City, Hunan Province	Manufacturing of mortar; manufacturing of dry-mixed mortar, ready-mixed mortar and concrete admixture; manufacturing of waterproofing construction materials and construction materials; selling of ready-mixed mortar, dry-mixed mortar and construction materials; engineering design of	100.00%		①

			construction; construction waterproofing, anticorrosive and thermal insulation construction; contracting business; research about construction materials and manufacturing of mortar;			
Zhanjiang Factory	Guangdong Province	Zhanjiang City, Guangdong Province	R&D, manufacturing, selling, technological services of waterproofing materials, anticorrosive materials, thermal insulation materials, lake asphalt, mortar and other construction materials and equipment sets; waterproofing construction, anticorrosive and thermal insulation construction	100.00%		①
Beijing Anticorrosion Co.	Beijing	BDA	Technological development; technological consultation; technological transfer; technological services; selling of anticorrosive materials,	100.00%		①



			construction materials, decorative materials and machinery equipment			
Hongde New Materials Co.	Tanjin	Jinghai District, Tianjin	Selling of waterproofing materials, anticorrosive materials, thermal insulation materials, construction materials and waterproofing, anticorrosive and thermal insulation construction	100.00%		①
Malaysia Yuhong	Malaysia	Malaysia	Researching about and selling the Waterproof Materials	100.00%		①
Yueyang Real Estate Co.	Hunan Province	Yueyang City	Development and management of real estate, hotel management and conference and exhibition services	80.00%		①
Jilin Yuhong Co.	Jilin Province	Changchun City	Wholesaling of construction materials, selling of green construction materials; wholesaling of decorative materials (except paint); wholesaling of coating	100.00%		①
Fenghong	Hainan Province	Haikou City	Technological	100.00%		①



Technology Co.			research on and experimental development of engineering, development of new material and wholesaling of mineral products, construction materials and chemical products			
Fuda Energy-saving Co.	Guangdong Province	Guangzhou City	Thermal insulation materials	100.00%		①
Wuhu New Material	Anhui Province	Wuhu City	Manufacturing and selling of sealant, selling of and construction with waterproofing, anticorrosive and thermal insulation materials	100.00%		①
Hainan Yuhong Co.	Hainan Province	Haikou City	Selling of waterproofing construction materials and coating, technical services and consultation	100.00%		①
Guangdong Yuhong	Guangdong Province	Guangzhou City	Manufacturing and selling of waterproofing materials and coating	100.00%		①
Hongyun Supply Chain Co.	Hainan Province	Haikou City	Freight transportation on road, and handling, technical services and selling of construction	100.00%		①



			materials			
Nantong Co.	Jiangsu Province	Nantong City	Imports and exports of goods and technologies, manufacturing and selling of plastic products and technical services	100.00%		①
Tianjin Yuhong Co.	Tianjin City	Tianjin City	Imports and exports of goods and technologies, manufacturing and selling of waterproofing construction materials and technical services	100.00%		①
Jiangxi Construction Materials Co.	Jiangxi Province	Nanchang City	Imports and exports of goods and technologies, manufacturing and selling of waterproofing and anticorrosive materials, technical services, selling of insulation and acoustic insulating materials	100.00%		①
Liaoning Construction Materials	Liaoning Province	Shenyang City	Construction activities, exports and imports of goods and technologies, manufacturing and selling of waterproofing and anticorrosive construction materials,	100.00%		①

			technical services and selling of insulation and acoustic insulating materials			
Chongqing Construction Materials Co.	Chongqing City	Chongqing City	Construction activities, exports and imports of goods and technologies, manufacturing and selling of waterproofing and anticorrosive construction materials, technical services and selling of insulation and acoustic insulating materials	100.00%		①

Statements regarding when the proportion of shareholding is not consistent with that of voting rights in the subsidiary:

Basis for holding half or less of the voting rights yet still controlling the investee and holding over half of the voting rights yet not controlling the investee

Basis for control of the important structured entity included in the consolidation

Basis for the confirmation of whether the company is an agent or a consignor

Other statements:

Methods of acquisition: ①by establishment or investment ②merger under common control ③ merger not under common control

(2) Important non-wholly owned subsidiaries

Unit: RMB

Names of subsidiaries	Ratio of shareholdings by minority shareholders	Profit and loss to minority shareholders of the current period	Dividend on shares declared to minority shareholders of the current period	End-period balance of interest to minority shareholders
Shanghai Oriental Yuhong Waterproof	0.31%	512207.72		4040031.46



Technology Co. Ltd.				
---------------------	--	--	--	--

Statements regarding when the proportion of shareholding held by minority shareholders is not consistent with that of voting rights in the subsidiary:

Other statements:

(3) Main financial information on important non-wholly owned subsidiaries

Unit: RMB/yuan

Names of subsidiaries	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
Shanghai Oriental Yuhong Waterproof Technology Co. Ltd.	5858173247.78	238740000.24	6096913248.02	4791169365.30	250792809	4793677293.39	3780319722.94	202701245.71	3983020968.65	2889320968.11	232228666	2891643254.77

Unit: RMB

Names of subsidiaries	Current period incurred				Previous period incurred			
	Operating revenue	Net profit	Comprehensive income	Cash generated from operating activities	Operating revenue	Net profit	Comprehensive income	Cash generated from operating activities
Shanghai Oriental Yuhong Waterproof Technology Co. Ltd.	5134532497.42	165237973.72	165237973.72	-19940868.17	3783131326.76	67099693.35	38038359.10	-97321702.86

Other statements:

2 Interest in joint venture or affiliated business

(1) Consolidated financial information on non-important joint venture and affiliated business

Unit: RMB

	Ending balance/amount accrued during	Opening balance/amount accrued during
--	--------------------------------------	---------------------------------------

	this period	last period
Joint venture	--	--
Total sum by ratios of shareholdings	--	--
Affiliated business	--	--
Total book value of investment	165907550.26	
Total sum by ratios of shareholdings	--	--
--Net profit	-1508610.08	

Other statements:

X Risks associated with financial instruments

1 Risk management goals and policies

The main financial instruments of the Company include monetary capital, trading financial assets, notes receivable, accounts receivable, accounts receivable financing, other receivables, contract assets, other current assets, investments in other equity instruments, other non-current financial assets, short-term borrowing, notes payable, accounts payable, contract liabilities, tax payable, accrued interest, dividend payable, other payables, long-term borrowing, bond payable and long-term payable. Details on all the financial instruments are disclosed in related annotations. Risks associated with these financial instruments and policies on the management of them are as follows. To make sure that the risks would be controlled within certain limitations, the management of this Company will manage and monitor these risk exposures.

Main risks caused by the financial instruments adopted by the Company are interest rate risk (IRR), foreign exchange risk (FX), credit risk and liquidity risk.

(i) Market Risks

Market risks of financial instruments refer to risks caused by the fluctuation of fair values or future cash flow caused by market price development, mainly including IRR and RX risk;

IRR

IRR refers to the risk of fluctuation of fair value or future cash flow of financial instruments caused by changes in market interest. IRR could originate from both recognized and unrecognized financial instruments (such as certain loan commitment).

The IRR of this Company mainly originates from short-term bank loans. Financial liabilities caused by floating interest rate could put the Company at the risk of IRR of cash flow and financial liabilities caused by fixed interest rate could put the Company at the risk of IRR of fair value. This Company sets the relative proportions of fixed and floating interest rates according to the market environment and maintains proper combination of fixed and floating interest rates through regular review and supervision.

This Company pays close attention to the influence of changes in interest rate on the IRR of the Company. This Company currently has not adopted any policies on interest rate hedging. However, the management is responsible for monitoring IRR and shall consider its adoption if necessary. Since fixed term deposit is short-term deposit, the interest risk of fair value of bank deposit is not particularly high.

Interest-bearing financial instruments held by this Company (unit: million yuan):

Projects	Numbers of projects this year	Numbers of projects last year
Financial instruments with a fixed interest rate		
Financial liabilities	145853.91	
Short-term borrowing	131653.91	
Long-term borrowing	14200.00	
Financial instruments with a floating interest rate		
Financial assets	601133.07	442285.32
Monetary capital	601133.07	442285.32
Financial liabilities	188251.65	350064.26
Short-term borrowing	120351.65	309264.26
Long-term borrowing	67900.00	40800.00
Net value	267027.51	92221.06

For financial instruments held on the balance sheet date which put this Company at the risk of IRR of fair value, in the vulnerability analysis above, the influence of the risk on net profit and shareholder' interest is evaluated based on new interest rate under the premise that changes in interest rate shall happen on the balance sheet date. For non-derivative financial instruments held on the balance sheet date which put this Company at the risk of IRR of cash flow, in the vulnerability analysis above, the influence of the risk on net profit and shareholder' interest indicates that of changes in interest rate on interest cost or revenue estimated on an annual basis. Same assumptions and methods were adopted for analysis last year.

Currency rate risks

Currency risks refer to the risks due to fluctuation of fair value of financial instruments or future cash flow caused by foreign exchange rate changes. Currency rate risks can rise from financial instruments valued by foreign currencies instead of the recording currency for accounting. The operation of the group runs mainly in mainland China, with the settlements done with RMB.

The operation of the group runs mainly in mainland China, with the settlements done with RMB. However, the foreign currency assets, liabilities and foreign currency transactions which the group

have confirmed will happen in the future (the currency for valuation for foreign currency assets and foreign currency transactions are mainly USD, EUR, CAD, HKD and GBP) are still exposed to exchange risks.

Foreign currencies include: currency capital, accounts receivable, prepayments and other receivables; Foreign currency liabilities include: short-term borrowings, accounts payable, prepayments and other payables.

On December 31st, 2020, the foreign currency assets and foreign currency liabilities discounted as RMB are listed as follows (unit: RMB10, 000)

Item	Foreign currency liabilities		Foreign currency assets	
	Amount at the beginning of the period	Amount at the end of the period	Amount at the beginning of the period	Amount at the end of the period
Among which:	-	-	23,017.28	22,896.44
USD				
EUR	2879.69	208.23	19.30	17.09
CAD	-	-	52.16	27,584.18
HKD	-	-	225.51	185.69
Ringgit	-	-	1,093.47	705.14
GBP	-	-	24.10	21.99
JPY	-	-	-	6.15
Total	2,879.69	208.23	24,431.82	51,416.68

The group follows closely on the currency rate risks which could be brought by currency rate fluctuations. For now, the group has not yet taken any measures to avoid currency rate risks. However, the management is responsible for monitoring the currency rate risks and will consider to hedge major currency rate risks when necessary.

With other variables unchanged, the possible reasonable change of the currency rate of foreign currencies to RMB will have an impact of the profits and losses after taxes as shown below (Unit: RMB10,000)

Profits after tax plus(minus)	Amount for this year		Amount for last year	
USD currency rate plus	5%	1,150.86	5%	858.62
USD currency rate minus	-5%	-1150.86	-5%	-858.62
EUR currency rate plus	3%	-85.81	4%	-4.30
EUR currency rate minus	-3%	85.81	-4%	4.30
CAD currency rate plus	4%	2.09	3%	827.53
CAD currency rate minus	-4%	-2.09	-3%	-827.53
HKD currency rate plus	5%	11.28	4%	6.96



HKD	currency	rate	-5%	-11.28	-4%	-6.96
minus						
Ringgit	currency	rate	4%	43.74	5%	21.15
plus						
Ringgit	currency	rate	-4%	-43.74	-5%	-21.15
minus						
GBP	currency	rate plus	4%	0.96	3%	0.66
GBP	currency	rate plus	-4%	-0.96	-3%	-0.66
JPY	currency	rate plus	3%	-	3%	0.14
JPY	currency	rate minus	-3%	-	-3%	-0.14

(2) Credit risks

Credit risks refer to risks of the financial losses one party may suffer due to the default of the other party of the financial instruments. The group manages the credit risks by the categories of portfolios. Credit risks mainly rise from bank deposits and accounts receivable.

Bank deposits of the group are mostly in financial institutions with good credit record, thus it is forecast there is no significant credit risks with bank deposits.

For accounts receivable, the group has formulated regarding policies to control the credit risk exposures. Based on their financial situation, external rating, likelihood to get guarantees from any 3rd party, credit records and other factors (e.g. the status quo of the market), the group assesses debtors' credit qualification and sets the credit limit and credit term accordingly. The group will monitor the debtor's credit records regularly. For those with a bad credit record, the group will take measures in terms of written reminders for payment, shortening or canceling the credit terms, to ensure that the overall credit risk is under control.

The maximum credit risk the group can weather equals to the carrying amount of every financial asset on the balance sheet. The group is also exposed to credit risks for providing financial guarantees. For details, please see the disclosures in Point 4 of Note 10.

Among the accounts receivable of the group, the accounts receivable of the top 5 debtor clients account for 30.41% of the total (2019: 30.03%); among the other receivables, the receivables from top 5 debtors account for 49.02% of the total (2019: 41.02%)

(3) Liquidity risks

Liquidity risks refer to the risks of capital shortage when the group fulfills its obligation with settlements methods of cash delivery or other financial assets.

To manage the liquidity risks, the group holds cash and cash equivalents deemed sufficient by the management, to meet the needs required by the operation of the group, and to reduce the impact of cash flow fluctuations. The group management monitors the use of the bank borrowing and ensures to fulfill the loan agreement. In the meanwhile, they get promises from major financial institutions for providing sufficient funds, to meet short-and-long term funding demands.



The group funds its operation by profits gained from business operation, banks and other borrowings. On December 31st, 2020, the remaining credit limit from the banks stood at-RMB (On December 31st, 2020: RMB7,048,766,200)

Analysis of the maturities of the financial assets and liabilities undiscounted as remaining contracted cash flow the group holds at the end of the reporting period is as follows (unit: RMB10,000)

Item	Amount at the end of the period			Total
	Within 1 year	1-2 years	Over 2 years	
Financial assets:				
Currency fund	601,575.49	-	-	601,575.49
Notes receivable	154,995.51	-	-	154,995.51
Accounts receivable	671,977.07	4,691.73	3,291.93	679,960.73
Accounts receivable funding:				
Other receivables	32,959.38	4,348.11	5,858.06	42,965.55
Other liquid assets	23,118.57	-	-	23,118.57
Assets in total	1,484,626.02	9,039.84	8,949.99	1,502,615.85
Financial liabilities:				
Short-term borrowing	252,467.34	-	-	252,467.34
Notes payable	52,860.49	-	-	52,860.49
Accounts payable	311,470.82	-	-	311,470.82
Interests payable	-	-	-	-
Dividends payable	3.98	-	-	3.98
Other payables:	245,474.30	10,972.87	1,946.83	258,394.00
Long-term borrowings	39,942.11	11,052.63	31,105.26	82,100.00
Bonds payable	-	-	-	-
Liabilities in total	1,060,671.56	22,025.50	33,052.09	1,115,749.16

Analysis of the maturities of the financial assets and liabilities undiscounted as remaining contracted cash flow the group holds at the beginning of the reporting period is as follows (unit: RMB10,000)



Item	Amount at the beginning of the period			Total
	Within 1 year	1-2 years	Over 2 years	
Financial assets:				
Currency fund:	442,841.46	-	-	442,841.46
Notes receivable	138,088.58	-	-	138,088.58
Accounts receivable	617,508.47	3,681.60	2,809.60	623,999.67
Accounts receivable funding:	78,907.77	-	-	78,907.77
Other receivables	25,776.80	3,841.52	4,824.08	34,442.40
Other liquid assets	32,125.91	-	-	32,125.91
Assets in total	1,335,248.99	7,523.12	7,633.68	1,350,405.79
Financial liabilities:				
Short-term borrowing	309,264.26	-	-	309,264.26
Notes payable	65,023.18	-	-	65,023.18
Accounts payable	264,185.88	-	-	264,185.88
Interests payable	-	-	-	-
Dividends payable	3.98	-	-	3.98
Other payables:	171,847.50	6,443.05	1,353.50	179,644.05
Long-term borrowings	-	30,000.00	10,800.00	40,800.00
Bonds payable	158,452.53	-	-	158,452.53
Liabilities in total	968,777.33	36,443.05	12,153.50	1,017,373.88

2. Capital Management

The aim of the capital management policies of the group is to guarantee the group to operate sustainably, so that the shareholders can gain returns and other stakeholders will benefit. In the meanwhile, maintain the optimal capital structure so the capital costs can be lower.

To maintain or adjust the capital structure, the group might adjust the dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce liabilities.

The group monitors the capital structure based on the asset-liability ratio (total asset divided by total liability) On December 31st, 2020, the ratio stood at 46.74% (On December 31st, 2020: 55.57%).

XI. The disclosure of fair value

1. Assets calculated by the fair value of liabilities at the end of the period

Unit: RMB

Item	Fair value at the end of reporting period			
	Level 1 fair value calculation	Level 2 fair value calculation	Level 3 fair value calculation	Total
I. Constant fair value measurement	--	--	--	--
iii. Other equity instrument investments			417,735,618.77	417,735,618.77
Other non-liquid financial assets			52,529,578.10	52,529,578.10
Assets in total measured by fair value constantly			470,265,196.87	470,265,196.87
II. Non-constant fair value measurement	--	--	--	--

2. Basis for defining the market prices of projects measured by constant and non-constant

Level 1 fair value

Quoted prices of same assets or liabilities in active market (unadjusted).

3. Qualitative and quantitative information of valuation techniques and important parameters used in constant and non-constant Level 2 fair value measurement projects

Direct (prices) or indirect (deducted from the prices) use of the perceivable inputs value instead of the market price of assets or liabilities in Level 1.

4. Qualitative and quantitative information of valuation techniques and important parameters in constant and non-constant Level 3 fair value measurement projects

Any inputs used not based on perceivable market data for assets and liabilities (non-perceivable inputs).

5. Others

This year didn't see conversions of the measurements of fair values of the financial assets and liabilities between Level 1 and 2, nor any transfer to or from Level 3.

For financial instruments traded in active market, the group determines their fair values on the basis of their quoted prices in active market; for those not traded in active market, the group determines their fair values on the basis of valuation techniques. The major valuation models include cash flow discounting modeling and market-comparable-companies modeling. Valuation technique inputs mainly include risk-free rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums and discounts due to lack of liquidity.

XII. Related parties and related party transactions

1. The parent company of the company

Name of the parent company	Place of registration	Nature of operation	Registered capital	Shareholding of the parent company in the enterprise	Vote rights of the parent company in the enterprise
----------------------------	-----------------------	---------------------	--------------------	--	---

Statements of the parent company of the company

The controllers of the company are Li Weiguo and his person acting in concert Li Xingguo, who hold 25.69% of the shares directly.

The ultimate controlling party of the company is Li Weiguo.

Other Statements:

2. Subsidiaries of the company

For details of the subsidiaries of the company please see Point 1 of Note 7.

3. Joint and associated companies of the company

For the information of the important joint and associated companies please see the notes.

Details of joint or associated companies which have related-party transactions in this period or had related-party transactions previously are as follows:

Names of the joint or associated companies:	Relationship with the company
Jiangsu Oriental Yuhong Building Renovation Engineering Co., Ltd (Hereinafter referred to as Jiangsu Renovation)	Join-stock company of the company
Sichuan Oriental Yuhong Building Materials Co., Ltd (Hereinafter referred to as Sichuan Building Materials)	Join-stock company of the company
Shanghai Yueda Construction Engineering Co., Ltd. (Hereinafter	Join-stock company of the company



referred to as Yueda Construction)	
Shanghai Yueda Energy Saving Technologies Co., Ltd (Hereinafter referred to as Yueda Energy Saving)	Subsidiary of the joint-stock companies of the company

Other statements

4. Other Related parties

Names of other related parties	Relationship with the company
Xu Limin	Shareholder with 6.06% of shares in total
Xiang Jinming	Director of the company, shareholder with 1.30% of shares in total
Wang Rui	Spouse of the holding shareholder of the company
Beijing GeoEnviron Engineering & Technology, Inc. (Hereinafter referred to as GeoEnviron)	Under control with the same controller
Director, manager, CFO and the Board Secretary	Key management personnel

Other statements

5. Related-party transactions

(1) Transactions over Products purchasing and sales, labor provision and reception

Products purchasing and labor reception

Unit: RMB

Related parties	Content of the related-party transactions	Amount incurred in this reporting period	Transaction amount approved	Exceeding the transaction amount or not	Transaction amount incurred in last period
GeoEnviron	Material purchasing and unit equipment	220,071,203.38	302,000,000.00	No	4,954,000.00
Yueda Construction	Material purchasing	2,534,467.73		No	
Sichuan Building Materials	Material purchasing	169,351,294.52		No	

Products sales/labor provision

Unit: RMB

Related parties	Content of the related-party transactions	Amount incurred in this reporting period	Transaction amount incurred in last period
GeoEnviron	Material sales and	21,942,815.62	13,484,004.72



	construction		
Sichuan Building Materials	Material sales	31,794,473.19	
Jiangsu Renovation	Material sales	2,884,490.71	

Statements of related party transactions of good purchasing and sales, labor provision and reception

(2) Situation of the related-party guarantee

The company as the guarantee party

Unit: RMB

The guaranteed party	The amount guaranteed	Starting guarantee the of date	Ending date of the guarantee	Guarantee completed/uncompleted
Shanghai Technologies	50,000,000.00	June 16th, 2020	June 15th, 2021	No
Shanghai Technologies	168,000,000.00	March 25th, 2019	March 25th, 2024	No
Shanghai Technologies	50,000,000.00	March 29th, 2019	March 28th, 2024	No
Shanghai Technologies	72,000,000.00	May 15th, 2019	May 14th, 2024	No
Shanghai Technologies	180,000,000.00	October 28th 2020	April 27th, 2021	No
Shanghai Technologies	20,000,000.00	December 14th, 2020	December 13th, 2021	No
Shanghai Technologies	110,000,000.00	December 3rd, 2019	December 2nd, 2020	No
Shanghai Technologies	50,000,000.00	December 3rd, 2019	December 2nd, 2020	Yes
Yueda Construction	50,000,000.00	March 29th, 2019	March 28th, 2024	No
Yueda Construction	20,000,000.00	June 16th, 2020	June 15th, 2021	No
Guangdong Engineering	165,000,000.00	December 14th, 2020	December 13th, 2022	No
Guangdong Engineering	150,000,000.00	September 2nd, 2019	September 1st, 2020	Yes
Guangdong Engineering	65,000,000.00	November 13th, 2019	November 12th 2022	No
Shenzhen Engineering	30,000,000.00	June 17th, 2019	June 16th, 2020	Yes
Shenzhen Engineering	30,000,000.00	November 27th, 2020	November 26th, 2021	No
Shenzhen Engineering	20,000,000.00	September 24th, 2020	September 23rd, 2021	No
Sichuan Engineering	30,000,000.00	September 20th, 2019	September 19th, 2020	Yes
Qingdao Company	100,000,000.00	March 25th, 2019	March 24th, 2021	No
Qingdao Company	100,000,000.00	June 14th 2019	June 13th, 2021	No
Qingdao Company	200,000,000.00	February th 2020	February 23rd, 2024	No
Qingdao Company	60,000,000.00	February 26th, 2020	February 25th, 2021	No
Qingdao Company	100,000,000.00	October 28th, 2020	October 27th, 2021	No
Xuzhou Woniushan Company	100,000,000.00	December 1st, 2019	June 9th, 2021	No
Xuzhou Woniushan	40,000,000.00	June 3rd, 2020	June 2nd, 2021	No



Company				
Xuzhou Woniushan Company	80,000,000.00	September 18th, 2020	September 17th, 2021	No
Xianyang Company	70,000,000.00	June 17th, 2020	June 16th, 2021	No
Xianyang Company	50,000,000.00	May 29th, 2020	May 28th, 2022	No
Xianyang Company	30,000,000.00	September 12th, 2019	September 11th, 2020	Yes
Tangshan Technology Company	50,000,000.00	July 29th, 2019	July 28th, 2020	Yes
Tangshan Technology Company	50,000,000.00	June 9th, 2020	June 8th, 2021	No
Tangshan Technology Company	80,000,000.00	March 28th, 2019	March 27th, 2020	Yes
Tangshan Technology Company	100,000,000.00	November 30th, 2018	November 29th, 2020	Yes
Tangshan Technology Company	100,000,000.00	June 9th, 2020	May 31st, 2023	No
Yueyang Company	400,000,000.00	March 11th, 2017	March 10th, 2022	No
Yueyang Company	100,000,000.00	August 7th, 2020	August 6th, 2021	No
Huizhou Company	150,000,000.00	July 3rd, 2017	July 2nd, 2022	No
Jinzhou Company	122,000,000.00	July 28th, 2018	July 27th, 2021	No
Hangzhou Company	280,000,000.00	August 7th, 2020	August, 6th, 2021	No
Hangzhou Company	200,000,000.00	June 15th, 2020	June 14th, 2021	No
Wuhu Company	40,000,000.00	February 17th, 2020	February 16th, 2021	No
Wuhu Company	130,000,000.00	June 9th, 2020	June 8th, 2023	No
Wuhu Company	50,000,000.00	April 26th, 2019	April 25th, 2020	Yes
Wuhu Company	120,000,000.00	September 18th, 2020	September 17th, 2021	No
Wuhu Company	50,000,000.00	July 5th, 2019	July 4th, 2022	No
Wuhu Company	120,000,000.00	February 24th 2020	February 23rd 2020	No
Wuhu Company	130,000,000.00	November 28th, 2020	November 27th, 2020	No
Jingmen Company	80,000,000.00	February 25th, 2020	February 24th, 2021	No
Jingmen Company	190,000,000.00	August 20th, 2019	August 19th, 2024	No
Tiandingfeng Company	50,000,000.00	July 16th, 2019	July 15th, 2020	No
Tiandingfeng Company	55,000,000.00	September 24th, 2019	September 23rd, 2022	No
Chuzhou Tiandingfeng Company	50,000,000.00	February 20th, 2020	February 19th, 2023	No
Chuzhou Tiandingfeng	390,000,000.00	March 25th, 2020	March 24th, 2027	No



Company				
Chuzhou Tiandingfeng Company	53,000,000.00	August 1st, 2019	July 31st, 2022	No
Jiangsu Woniushan Construction Energy Saving Technologies Co., Ltd	100,000,000.00	November 8th, 2017	December 31st, 2022	No
Jiangsu Woniushan Construction Energy Saving Technologies Co., Ltd	25,000,000.00	June 9th, 2020	December 23rd, 2021	No
Jiangsu Woniushan Construction Energy Saving Technologies Co., Ltd	60,000,000.00	December 14th, 2020	December 14th, 2021	No
Jiangsu Woniushan Construction Energy Saving Technologies Co., Ltd	70,000,000.00	May 29th, 2019	May 28th, 2021	No
Jiangsu Woniushan Construction Energy Saving Technologies Co., Ltd	19,000,000.00	November 28th, 2020	November 27th, 2022	No
Henan Company	52,200,000.00	June 15th, 2020	June 14th, 2022	No
Henan Company	80,000,000.00	June 9th, 2020	June 8th, 2021	No
Henan Company	100,000,000.00	December 14th, 2020	December 13th, 2023	No
Henan Company	80,000,000.00	December 14th, 2020	December 13th, 2021	No
Nanjing Hongshan Company	100,000,000.00	December 16th, 2019	December 15th, 2023	No
Guangzhou Fuda Company	25,000,000.00	June 23rd, 2020	June 22nd, 2022	No
Yuada Construction	12,000,000.00	March 13th, 2020	March 12th, 2021	No
Total	6,053,200,000.00			

The company as the guaranteed party

Unit: RMB

Guarantee party	The amount guaranteed	Starting date of the guarantee	Ending date of the guarantee	Guarantee completed/uncompleted
Li Weiguo	1,080,000,000.00	August 30th, 2019	August 29th, 2021	No
Li Weiguo	500,000,000.00	May 24th, 2019	May 24th, 2021	No



Li Weiguo, Xu Limin, Xiang Jinming	200,000,000.00	March 25th, 2019	September 23rd, 2022	No
Li Weiguo	400,000,000.00	May 11th, 2020	May 9th, 2021	No
Li Weiguo	700,000,000.00	May 24th, 2019	May 24th, 2021	No
Li Weiguo	550,000,000.00	September 6th, 2017	September 6th, 2022	No
Li Weiguo	300,000,000.00	August 31st, 2016	September 5th, 2021	No
Li Weiguo	500,000,000.00	October 29th, 2019	April 29th, 2021	No
Li Weiguo	274,988,000.00	February 15th, 2017		No
Li Weiguo	200,000,000.00	May 11th, 2020	May 11th, 2021	Yes
Li Weiguo	300,000,000.00	October 22nd, 2020	October 21st, 2021	No
Li Weiguo	300,000,000.00	February 25th, 2020	February 24th, 2021	No
Li Weiguo	60,000,000.00	March 27th, 2020	March 26th, 2021	No
Li Weiguo	100,000,000.00	July 28th, 2020	July 27th, 2025	No
Li Weiguo	390,000,000.00	March 4th, 2020	March 2nd, 2023	No
Li Weiguo	260,000,000.00	August 6th, 2020	June 28th, 2021	No
Li Weiguo	200,000,000.00	June 2nd, 2020	December 22nd, 2022	No
Li Weiguo	300,000,000.00	March 30th, 2020	March 29th, 2021	No
Li Weiguo	150,000,000.00	June 12th, 2020	December 4th, 2020	Yes
Li Weiguo	150,000,000.00	July 14th, 2020	July 13rd, 2021	No
Total	6,914,988,000.00			

Statements of related-party guarantees

(3) Key Management Personnel Compensation

Unit: RMB

Account	Current Period Incurred	Previous Period Incurred
Key management personnel compensation	15,767,000.00	17,520,000.00

6. Amounts Due from and to Related Parties

(1) Accounts Receivable

Unit: RMB

Account Name	Related Party	Ending Balance	Opening Balance
--------------	---------------	----------------	-----------------



		Book Balance	Reserve for Bad Debts	Book Balance	Reserve for Bad Debts
Accounts Receivable	BGE	1,677,389.99	87,232.37	1,789,071.54	86,412.16
Accounts Receivable	Jiangsu Renovation	2,238.69	110.14		
Accounts Receivable	Sichuan Building Materials	115,189,170.82	5,667,777.21		
Accounts Receivable	Yueda Construction	719,199.60	35,384.62		
Advance Payments	BGE	1,983,630.00			
Advance Payments	Sichuan Building Materials	3,131,690.95			
Advance Payments	Yueda Construction	2,048,106.08			
Advance Payments	Yueda Energy Saving	867,817.16	110.14		
Other Receivables	Sichuan Building Materials	76,491,896.76	3,824,594.84		
Other Receivables	Yueda Construction	7,302,838.03	642,014.86		
Other Receivables	Yueda Energy Saving	5,261,219.76	263,060.99		

(2) Accounts Payable

Unit: RMB

Account Name	Related Party	Ending Book Balance	Opening Book Balance
Accounts Payable	BGE	27,904,369.75	4,737,500.00
Accounts Payable	Sichuan Building Materials	144,309,533.82	
Accounts Payable	Yueda Energy Saving	6,515.58	
Accounts Payable	XIVJiangsu Renovation	3,730.51	
Other Payables	Sichuan Building Materials	630,006.83	
Other Payables	Yueda Construction	204,513.79	
Other Payables	Jiangsu Renovation	1,619,685.21	

XIII. Share-based Payments

1. Overview of Share-based Payments

Applicable Not applicable

Unit: RMB

Total amount of equity instruments granted by the Company during the period	0.00
Total amount of equity instruments exercised by the Company during the period	20,978,085.00
Total amount of equity instruments which lapsed during the period	6,939,808.00
Range of exercise price and remained contract term of the outstanding stock options issued by the Company at the end of the period	Restricted shares granted for the first time in the second period: the exercise price is RMB8.24 and the remained contract term is 1 year and 7 months. Restricted shares reserved for the second period: the exercise price is RMB18.31 and the contractual remaining period is 2 years and 7 months. Restricted shares granted in the third period: the exercise price is RMB10.77 and the remained contract term is 3 years and 11 months.

Other statements:

Granting the second period of restricted shares

(1) According to the authorization of the Second Extraordinary General Meeting of Shareholders of the Company in 2016 and the resolutions of the second, fourth and sixth meetings of the 6th Board of Directors, the Company granted 63,126,000 restricted stocks to incentive objects, including 53,149,909 new shares, and the remaining 9,976,091 public shares repurchased by the Company as part of the source of restricted shares, each with a par value of RMB1.00.

(2) Authorized by the Company's Second Extraordinary General Meeting of Shareholders in 2016 and in accordance with the resolution of the 22nd meeting of the 6th Board of Directors, the Company repurchased and cancelled 1,190,000 restricted shares obtained by incentive objects that did not fully meet the unlocking conditions, each with a par value of RMB1.00.

(3) According to the authorization of the Second Extraordinary General Meeting of Shareholders of the Company in 2016 and the resolutions of the 23rd meeting of the sixth Board of Directors, the Company granted 854,000 restricted stocks to incentive objects. The source of the underlying shares is the Company's A ordinary shares directly issued by the Company to incentive recipients, each with a par value of RMB1.00.

(4) Authorized by the Company's Second Extraordinary General Meeting of Shareholders in 2016 and in accordance with the resolution of the 23rd meeting of the sixth Board of Directors, the Company repurchased and cancelled 8,172,400 restricted shares obtained by incentive objects that did not fully meet the unlocking conditions, each with a par value of RMB1.00.

(5) Authorized by the Company's Second Extraordinary General Meeting of Shareholders in 2016 and in accordance with the resolution of the 21st meeting of the sixth Board of Directors, the Company repurchased and cancelled 5,512,600 restricted shares obtained by incentive objects that did not fully meet the unlocking conditions, each with a par value of RMB1.00.

Granting the third period of restricted shares



(1) According to the authorization of the Third Extraordinary General Meeting in 2019, the *Proposal of Beijing Oriental Yuhong Waterproofing Technology Co., Ltd. on the Granting of the Third Period of Restricted Shares to the Incentive Recipients*, which was considered and adopted at the Eighth Meeting of the Seventh Board of Directors of the Company held on November 11, 2019, and the *Restricted Share Incentive Plan (Revised Draft)*, which was considered and adopted at the Sixth Meeting of the Seventh Board of Directors of the Company held on September 27, 2019 (hereinafter referred to as the "Third Restricted Stock Incentive Plan" or "Incentive Plan"), there are 1,752 incentive recipients and 27,362,528 shares, of which 23,540,159 shares are from the Company's repurchased shares and the remaining 3,822,369 shares are from the Company's directed issue of A ordinary shares to the incentive recipients.

(2) Authorized by the Company's Third Extraordinary General Meeting of Shareholders in 2019 and in accordance with the resolution of the 21st meeting of the sixth Board of Directors, the Company repurchased and cancelled 1,427,300 restricted shares obtained by incentive objects that did not fully meet the unlocking conditions, each with a par value of RMB1.00.

2. Equity-settled Share-based Payments

Applicable Not applicable

Unit: RMB

Method of determining the fair value of equity instruments at the date of grant	Part of restricted shares granted for the first time in the second period: the higher one between 50% of the average price of trading of the Company's shares in the previous 20 trading days prior to the announcement of the draft of the <i>Second Period Restricted Stock Incentive Plan</i> (total value of shares traded in the previous 20 trading days/total volume of shares traded in the previous 20 trading days) and 50% of the average price of repurchase. Part of restricted shares reserved for the second period: convene a Board of Directors meeting prior to the grant and disclose a summary of that grant. The method of determining the grant price is: 50 of the average prices of trading in Oriental Yuhong's stock for the 20 trading days prior to the disclosure of the summary of the grant (the total value of stock for the previous 20 trading days/total volume of stock trading for the previous 20 trading days). The third period of restricted shares: a board of directors meeting is held prior to the grant and a summary of that grant is disclosed. The method of determining the grant price is: 50 of the average prices of trading in Oriental Yuhong's stock for the 20 trading days prior to the disclosure of the summary of the grant (the total value of stock for the previous 20 trading days/total volume of stock trading for the previous 20 trading days).
Basis for determining the number of exercisable equity instruments	The exercise conditions are expected to be met and the



	grantees are all exercisable.
Reasons for significant differences between the current and prior period estimates.	Null
Accumulated amount of equity-settled share-based payments included in capital reserves.	603,577,670.20
Total expenses recognized for equity-settled share-based payments during the period	160,064,666.53

Other statements:

3. Cash-settled Share-based Payments

Applicable Not applicable

4. Modification and Termination of Share-based Payments

Null

XIV. Commitments and Contingencies

1. Significant Commitments

Significant commitments existing at the balance sheet date

(1) The Company issued 56,269,553.00 shares of RMB ordinary stock (A shares) by non-public offering on August 7, 2014, which raised a total of RMB1,273,379,984.39 and net proceeds of RMB1,251,228,980.07 after deducting issuance expenses. According to the disclosure in the *Report on the Issuance of Non-public Offering Shares and Listing Announcement* of the Company, the proceeds were invested as follows.

Unit: RMB

Project Name	Plan for the use of proceeds
Tangshan Project (annual output of 40,000,000 square meters of waterproofing membrane and 40,000 tons of waterproof coating)	361,520,000.00
Xianyang Project (annual output of 20,000,000 square meters of waterproofing membrane and 40,000 tons of waterproof coating)	254,300,000.00
Xuzhou Project (annual output of 90,000 square tons of waterproof coating)	157,000,000.00
TDF Project (annual output of 24,000 tons of polyester spunbond needle-punched linoleum base	145,860,000.00



fabric)	
Dezhou Project (annual output 10,000 tons of non-woven fabric)	104,700,000.00
Repayment of bank loans	227,848,980.07
Total	1,251,228,980.07

The Company changed "Jinzhou Economic and Technological Development Zone Annual Production Capacity of 20 Million Square Meters of Waterproofing Membrane Project" to "TDF Annual Production Capacity of 24,000 Tons of Polyester Spunbond Needle-punched Linoleum Base Fabric Project", implemented by Tiandingfeng Non-woven Fabric Co., Ltd, involving the change of funds raised (RMB145,860,000), accounting for 11.66% of the net funds raised.

As of December 31, 2020, the cumulative direct investment of funds raised in 2014 was RMB707,573,700, repayment of bank loans was RMB227,840,900, replacement of own funds invested in the previous period with funds raised was RMB254,159,700, permanent replenishment of current capital was RMB63,974,500, and the amount not yet used was RMB0.00. The amount of special account of raised proceeds is RMB0.00 (including RMB0.00 of raised proceeds and RMB0.00 of accumulated interest in special account net of handling fee).

(2) The Company publicly issued 18,400,000 convertible corporate bonds with a face value of RMB100 each on September 25, 2017 for a total issue amount of RMB1,840,000,000.00 and net proceeds of RMB1,824,886,000.00 after deducting the issue expenses. According to the disclosure in the Company's *Announcement on the Listing of Convertible Corporate Bonds*, the proceeds were invested as

Unit: RMB

Project Name	Plan for the Use of Proceeds
Xuzhou Woniushan Project (annual output of 20,400,000 square meters of waterproofing membrane)	100,920,200.00
Tangshan Project (annual output of 100,000 tons of polyurethane waterproof coating)	159,692,400.00
Wuhu New Waterproof, Anti-corrosion and Insulation Building Materials Production and Research Project (Phase I)	454,873,700.00
Hangzhou Oriental Yuhong Production and Research Base Construction Project (Phase I)	311,068,000.00
Qingdao Oriental Yuhong Production and Research Base Construction Project (Phase I)	437,239,800.00
Chuzhou Annual Output of 100,000 Tons of Non-woven Fabric Project (Phase 1)	361,091,900.00
Total	1,824,886,000.00

As of December 31, 2020, the cumulative direct investment of the 2017 convertible bond proceeds amounted to RMB7,047,844,000, the replacement of the pre-invested own funds with the proceeds amounted to RMB837,518,500, and the permanent replenishment of current capital amounted to



RMB300,351,800. In July 2020, the Company's special account for the 2017 convertible proceeds was fully cancelled.

2. Contingencies

(1) Significant Contingencies Existing at the Balance Sheet Date

(1) Contingent Liabilities Arising from Pending Litigation and Arbitration and Their Financial Impact

Guo Wenhui filed a lawsuit with the Shenzhen Intermediate People's Court of Guangdong Province due to a contract dispute with a Guangdong-based engineering company, and the allotment for the projected liability is RMB19,736,900 in accordance with the judgment of the first instance.

(2) Contingent Liabilities Arising from Debt Guarantees Provided to Other Units and Their Financial Impact

Details of the Group's loan guarantees to subsidiaries as of December 31, 2020 are set out in 5 (2), Chapter X.

The Company intends to provide guarantees by way of joint and several liability guarantee for loans granted by banks and other financial institutions to downstream distributors who meet the qualification requirements, with the guarantee amount not exceeding the total credit limit of RMB5 billion. As of December 31, 2020, the Company's guarantees for downstream dealers are as follows.

Creditor			Amount of Guarantee (RMB 10,000)	Guarantee Start Date	Guarantee Termination Date	Whether the Guarantee Has Been Fulfilled
Anhui Engineering Co. Ltd	Lingrui	Construction	350.00	October 28, 2020	October 23, 2021	No
Beijing Oriental Yuhong Waterproof Technology Co., Ltd.		Waterproof	439.00	November 09, 2020	November 04, 2021	No
Linyi Engineering Co., Ltd.	Tairui	Construction	170.00	November 28, 2020	November 23, 2021	No
Ningbo Technology Co., Ltd.	Yuhong	Waterproof	3000.00	December 08, 2020	December 03, 2021	No
Zhejiang Technology Co., Ltd.	Yuqing	Waterproof	3000.00	December 08, 2020	December 03, 2021	No
Hangzhou Engineering Co., Ltd.	Yueyang	Waterproof	1000.00	December 17, 2020	December 7, 2020	No
Jiaxing Junkai Building		Waterproof	200.00	December 17,	December 7,	No



Engineering Co., Ltd.				2020	2020	
Shaoxing Xunhong Roofing Engineering Co., Ltd.	200.00	December 17, 2020	December 7, 2020			No
Hangzhou Shangming Waterproof and Thermal Insulation Engineering Co., Ltd.	600.00	December 17, 2020	December 7, 2020			No
Hangzhou Zhiyoumei Construction Engineering Co., Ltd	200.00	December 17, 2020	December 7, 2020			No
Hangzhou Yunlang Construction Waterproof Engineering Co., Ltd	800.00	December 17, 2020	December 7, 2020			No
Zhejiang Oriental Yuhong Waterproof Technology Co., Ltd.	300.00	December 17, 2020	December 7, 2020			No
Wenzhou Oriental Yuhong Waterproof Technology Co., Ltd.	300.00	December 17, 2020	December 7, 2020			No
Tiazhou Youju Waterproof Engineering Technology Co., Ltd.	200.00	December 17, 2020	December 7, 2020			No
Zhejiang Jiasheng Construction Engineering Co., Ltd.	200.00	December 17, 2020	December 7, 2020			No
Ningbo Yuhong Waterproof Technology Co., Ltd.	3000.00	December 26, 2020	December 16, 2022			No
Total	13,959.00					

As of December 31, 2020, the Group had no other disclosable contingencies other than the aforementioned matters.

(2) If there are no material contingencies required to be disclosed, the Company should also make statements.

There are no material contingencies that need to be disclosed by the Company.

3. Others

XV. Events after the Balance Sheet Date

1. Profit Distribution

Unit: RMB

Profit or dividends to be distributed	757,068,423.60
Profits or dividends declared after review and approval	757,068,423.60

2. Statements of Other Post-balance Sheet Events

(1) On January 4, 2021, the 25th Meeting of the Seventh Board of Directors of the Company reviewed and approved the establishment of a wholly-owned subsidiary, Jiangxi Oriental Yuhong Building Materials Co. Ltd, by the Company's wholly-owned subsidiary Oriental Yuhong Building Materials Co., Ltd ,with RMB5 million self-raised proceeds, in Xingjian District, Nanchang, and allow this new subsidiary to invest up to RMB2 billion in the development of Oriental Yuhong Jiangxi Production Base Project in this district.

The Company invested RMB100,000,000 with its own funds to establish a wholly owned subsidiary, Shandong Oriental Yuhong Construction Technology Co., Ltd. in Tianqiao District, Jinan, which acted as the main project implementation body in the Oriental Yuhong Shandong Regional Headquarters Project with an investment of up to RMB100,000,000 self-raised funds. One of the Company's wholly owned subsidiaries, Oriental Yuhong Building Materials Co., Ltd, invested RMB100,000,000 with its own funds to establish a wholly-owned subsidiary, Jinan Oriental Yuhong Building Materials Co., Ltd. in Tianqiao District, Jinan, which would act as the main project implementation body in the Oriental Yuhong Green Building Materials Production Base Project in this district, with an investment of up to RMB800,000,000 self-raised funds.

(2) On January 13, 2021, the 26th Meeting of the Seventh Board of Directors of the Company reviewed and approved that two wholly-owned subsidiaries, Shenyang Oriental Yuhong Building Materials Co. Ltd and Liaoning Oriental Yuhong Construction Technology Co., Ltd, would act as the main project implementation body to invest up to RMB450 million self-raised funds in the development of Oriental Yuhong Green Building Materials Production Base Project and Liaoning Regional Headquarter Project, in Shenbei New District, Shenyang.

The Company invested RMB10,000,000 with its own funds to establish a wholly-owned subsidiary, Shaoyang Oriental Yuhong Building Materials Co., Ltd. in Economic Development Zone of Shaoyang, which would act as the main project implementation body for the Oriental Yuhong New Materials Production Project with an investment of up to RMB700 million self-raised funds in the Economic Development Zone of Shaoyang Municipality, Hunan Province.

One of the Company's wholly-owned subsidiaries, Oriental Yuhong Building Materials Co., Ltd, invested RMB50,000,000 with its own funds to establish a wholly-owned subsidiary, Zhengzhou Oriental Yuhong Building Materials Co., Ltd (subject to the approval and registration of Administration of Industry and Commerce) in Shangjie District, Zhengzhou. Zhengzhou Oriental Yuhong Building Materials Co., Ltd would act as the main project implementation body for the Oriental Yuhong Green Building Materials Production Base Project in this district, with an investment of up to RMB1 billion self-raised funds.

(3) On February 1, 2021, the 27th Meeting of the Seventh Board of Directors of the Company reviewed and approved the establishment of a wholly-owned subsidiary, Taiyuan Oriental Yuhong Building Materials Co. Ltd, by the Company's wholly-owned subsidiary Oriental Yuhong Building Materials Co., Ltd ,with RMB5 million self-raised proceeds, in Shanxi Transformation and Reform Demonstration Zone, and allow this new subsidiary to invest up to RMB1.5 billion in the



development of Oriental Yuhong Shanxi (Taiyuan) New Building Materials Smart Manufacturing Base Project in this zone.

(4) On February 22, 2021, the 28th Meeting of the Seventh Board of Directors of the Company reviewed and approved the establishment of a wholly-owned subsidiary, Henan Oriental Yuhong Property Development Co. Ltd, by the Company's wholly-owned subsidiary, Oriental Yuhong Property Development Co., Ltd ,with RMB50,000,000 self-raised proceeds, in Zhongyuan District, Zhengzhou, Henan Province and allow this new subsidiary to invest in the development of Zhengzhou Oriental Yuhong Loudian Research-Warehouse Integration Project in this district. The Company invested RMB50,000,000 with its own funds to establish a wholly-owned subsidiary, Henan Oriental Yuhong Building Materials Technology Co., Ltd.in Zhongyuan District, Zhengzhou, Henan Province, which would act as the main project implementation body in the development of Zhengzhou Oriental Yuhong Henan Region Headquarter Project.

Oriental Yuhong Building Materials Co., Ltd, a wholly owned subsidiary of the Company, and Suqian Gaofeng Asset Operation and Management Co., Ltd (hereinafter referred to as "Suqian Gaofeng"), co-established a holding subsidiary, Suqian Oriental Yuhong Building Materials Co., Ltd, (subject to approval and registration of the Administration of Industry and Commerce) as the main implementation body of Oriental Yuhong Green Building Materials Production Base Project. The registered capital of Suqian Oriental Yuhong Building Materials Co., Ltd is RMB100,000,000, of which Oriental Yuhong Building Materials Co., Ltd would contribute RMB70 million with its own funds, accounting for 70%. Suqian Gaofeng Asset Operation and Management Co., Ltd would contribute RMB30 million with its own capital, taking up 30% of the registered capital.

(5) On March 26, 2021, the 30th meeting of the 7th Board of Directors and the 16th meeting of the 7th session of the Supervisory Board of the Company reviewed and approved the *2021 Stock Option Incentive Plan (Draft) of Beijing Oriental Yuhong Waterproofing Technology Co., Ltd* and the executive summary, as well as the *Implementation Assessment Method of 2021 Stock Option Incentive Plan of Beijing Oriental Yuhong Waterproofing Technology Co., Ltd*. A total of 52,045,000 stock options were planned to be granted to 4,160 incentive objects. The underlying shares involved accounted for approximately 2.22% of the company's total share capital of 2,347,737,237 shares at the time of the announcement of this draft incentive plan.

(6) On March 31, 2021, the Company entered into an *Investment Agreement* with the People's Government of Horqin Left Rear Banner, agreeing that the Company would invest RMB2 billion in the construction of the Oriental Yuhong Tongliao Green New Material Production Base Project in Horqin Left Rear Banner, Tongliao City, Inner Mongolia Province.

As of April 15, 2021, the Group had no other post-balance sheet events to be disclosed other than the aforementioned matters.

XVI. Other Important Matters

1. Segment Information

(1) Basis for Determining Report Segments and Accounting Policies

For information on the analysis of the Company's operating revenues by industry and region, see Note V,43.

2. Others

Pledge of shares of directors and supervisors of the Company as of December 31, 2020.

Item	Pledged shares (shares)	Market value of shares (RMB)
Li Weiguo	247,485,078	9,602,421,026

(1) On March 20, 2018, Mr. Li Weiguo entered into a 730-day share pledge repurchase transaction with China Galaxy Securities Co., Ltd. for 18,063,600 shares held by him (being executive lock-up shares). The above pledge was registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd on March 20, 2018, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period. As the 2017 Annual Equity Distribution Plan approved at the 2017 Annual General Meeting of Shareholders was implemented on June 20, 2018, the total share capital of the Company increased from 881,863,218 shares to 1,499,159,269 shares, and the 18,063,600 shares of executive lock-up shares pledged by Mr. Li Weiguo were adjusted to 30,707,952 shares accordingly. On May 16, 2019, Mr. Li Weiguo partially released 9,707,900 shares from this pledge. On the expiration date of the pledged repo transaction, Mr. Li Weiguo entered into an agreement with China Galaxy Securities Co., Ltd to extend the pledged repo transaction for 364 days. On March 30, 2020, Mr. Li Weiguo partially released 7,100,000 shares from this pledge. As the 2020 Semi-annual Equity Distribution Plan approved at the 2020 first Extraordinary General Meeting of Shareholders was implemented on October 22, 2020, the total share capital of the Company increased from 1,569,784,697 shares to 2,354,677,045 shares, and the 13,900,052 shares of executive lock-up shares pledged by Mr. Li Weiguo were adjusted to 20,850,078 shares accordingly.

(2) On June 15, 2018, Mr. Li Weiguo entered into a 364-day share pledge repurchase transaction with Haitong Securities Co., Ltd. for 9,300,000 shares held by him (being shares without trading limited conditions). The above pledge was registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd on June 15, 2018, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period. As the 2017 Annual Equity Distribution Plan approved at the 2017 Annual General Meeting of Shareholders was implemented on June 20, 2018, the total share capital of the Company

increased from 881,863,218 shares to 1,499,159,269 shares, and the 9,300,000 shares of unlimited shares pledged by Mr. Li Weiguo were adjusted to 15,809,903 shares accordingly. On May 24, 2019, Mr. Li Weiguo entered into an agreement with Haitong Securities Co., Ltd to extend the pledged repo transaction for 343 days. On May 27, 2019, Mr. Li Weiguo partially released 5,501,716 shares from this pledge. On May 20, 2020, Mr. Li Weiguo partially released 3,523,187 shares from this pledge. On the expiration date of the pledged repo transaction, Mr. Li Weiguo entered into an agreement with Haitong Securities Co., Ltd to extend the pledged repo transaction for 363 days. As the 2020 Semi-annual Equity Distribution Plan approved at the 2020 first Extraordinary General Meeting of Shareholders was implemented by October 22, 2020, the total share capital of the Company increased from 1,569,784,697 shares to 2,354,677,045 shares, and the 6,785,000 shares of unlimited shares pledged by Mr. Li Weiguo were adjusted to 10,177,500 shares accordingly.

(3) On June 28, 2018, Mr. Li Weiguo entered into a 351-day share pledge repurchase transaction with Haitong Securities Co., Ltd. for 1,000,000 shares held by him (being shares without trading limited conditions). The above pledge was registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd on June 28, 2018, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period. On May 24, 2019, Mr. Li Weiguo entered into an agreement with Haitong Securities Co., Ltd to extend the pledged repo transaction for 343 days. On the expiration date of the pledged repo transaction, Mr. Li Weiguo entered into an agreement with Haitong Securities Co., Ltd to extend the pledged repo transaction for 363 days. As the 2020 Semi-annual Equity Distribution Plan approved at the 2020 first Extraordinary General Meeting of Shareholders was implemented on October 22, 2020, the total share capital of the Company increased from 1,569,784,697 shares to 2,354,677,045 shares, and the 1,000,000 shares of unlimited shares pledged by Mr. Li Weiguo were adjusted to 1,500,000 shares accordingly.

(4) Mr. Li Weiguo pledged part of his 34,000,000 shares of the Company (being executive lock-up shares) to China Galaxy Securities Co., Ltd on December 10, 2018 for a period of 1,095 days. The above pledge was registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd on December 10, 2018, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period. As the 2020 Semi-annual Equity Distribution Plan approved at the 2020 first Extraordinary General Meeting of Shareholders was implemented on October 22, 2020, the total share capital of the Company increased from 1,569,784,697 shares to 2,354,677,045 shares, and the 34,000,000 shares of unlimited shares pledged by Mr. Li Weiguo were adjusted to 51,000,000 shares accordingly.

(5) On June 17, 2019, Mr. Li Weiguo entered into a 366-day share pledge repurchase transaction with Haitong Securities Co., Ltd. for 10,100,000 shares held by him (being shares without limited conditions). The above pledge was registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd on June 17, 2019, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period. On May 20, 2020, Mr. Li Weiguo partially released 3,155,000 shares from this pledge. On

the expiration date of the pledged repo transaction, Mr. Li Weiguo entered into an agreement with Haitong Securities Co., Ltd to extend the pledged repo transaction for 365 days. As the 2020 Semi-annual Equity Distribution Plan approved at the 2020 first Extraordinary General Meeting of Shareholders was implemented on October 22, 2020, the total share capital of the Company increased from 1,569,784,697 shares to 2,354,677,045 shares, and the 6,945,000 shares of unlimited shares pledged by Mr. Li Weiguo were adjusted to 10,417,500 shares accordingly.

(6) On April 15, 2020, Mr. Li Weiguo entered into a 729-day share pledge repurchase transaction with China Galaxy Securities Co., Ltd. for 20,350,000 shares held by him (being shares without trading limited conditions). The above pledge was registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd on April 15, 2020, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period. As the 2020 Semi-annual Equity Distribution Plan approved at the 2020 first Extraordinary General Meeting of Shareholders was implemented on October 22, 2020, the total share capital of the Company increased from 1,569,784,697 shares to 2,354,677,045 shares, and the 20,350,000 shares of unlimited shares pledged by Mr. Li Weiguo were adjusted to 30,525,000 shares accordingly.

(7) On April 15, 2020, Mr. Li Weiguo entered into a 729-day share pledge repurchase transaction with China Galaxy Securities Co., Ltd. for 8,150,000 shares held by him (being shares without trading limited conditions). The above pledge was registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd on April 15, 2020, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period. As the 2020 Semi-annual Equity Distribution Plan approved at the 2020 first Extraordinary General Meeting of Shareholders was implemented on October 22, 2020, the total share capital of the Company increased from 1,569,784,697 shares to 2,354,677,045 shares, and the 8,150,000 shares of unlimited shares pledged by Mr. Li Weiguo were adjusted to 12,225,000 shares accordingly.

(8) On April 15, 2020, Mr. Li Weiguo entered into a 729-day share pledge repurchase transaction with China Galaxy Securities Co., Ltd. for 16,300,000 shares held by him (being shares without trading limited conditions). The above pledge was registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd on April 15, 2020, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period. As the 2020 Semi-annual Equity Distribution Plan approved at the 2020 first Extraordinary General Meeting of Shareholders was implemented on October 22, 2020, the total share capital of the Company increased from 1,569,784,697 shares to 2,354,677,045 shares, and the 16,300,000 shares of unlimited shares pledged by Mr. Li Weiguo were adjusted to 24,450,000 shares accordingly.

(9) On May 20, 2020, Mr. Li Weiguo entered into a 365-day share pledge repurchase transaction with Haitong Securities Co., Ltd. for 13,885,000 shares held by him (being shares without trading limited conditions). The above pledge was registered with the Shenzhen Branch of China Securities

Depository and Clearing Co., Ltd on May 20, 2020, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period. As the 2020 Semi-annual Equity Distribution Plan approved at the 2020 first Extraordinary General Meeting of Shareholders was implemented by October 22, 2020, the total share capital of the Company increased from 1,569,784,697 shares to 2,354,677,045 shares, and the 13,885,000 shares of unlimited shares pledged by Mr. Li Weiguo were adjusted to 20,827,500 shares accordingly.

(10) On May 20, 2020, Mr. Li Weiguo entered into a 365-day share pledge repurchase transaction with Haitong Securities Co., Ltd. for 23,675,000 shares held by him (being shares without limited conditions). The above pledge was registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd on May 20, 2020, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period. As the 2020 Semi-annual Equity Distribution Plan approved at the 2020 first Extraordinary General Meeting of Shareholders was implemented by October 22, 2020, the total share capital of the Company increased from 1,569,784,697 shares to 2,354,677,045 shares, and the 23,675,000 shares of unlimited shares pledged by Mr. Li Weiguo were adjusted to 35,512,500 shares accordingly.

(11) On November 18, 2020, Mr. Li Weiguo entered into a 364-day share pledge repurchase transaction with Xu Gangwu for 30,000,000 shares held by him (being shares without limited conditions). The above pledge was registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd on November 18, 2020, and the shares are pledged for the period from that date until the pledge is de-registered with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The pledged shares are frozen and cannot be transferred during the pledge period.

XVII. Notes to the Main Items of the Parent Company's Financial Statements

1. Accounts Receivable

(1) Accounts Receivable Classification Disclosure

Unit: RMB

Category	Ending Balance					Opening Balance				
	Book Balance		Reserve for Bad Debts		Book Value	Book Balance		Reserve for Bad Debts		Book Value
	Amount	Percentage	Amount	Percentage of Allotment		Amount	Percentage	Amount	Percentage of Allotment	



Accounts Receivable with Single Allotment of Provisions for Bad Debts	340,448.75	0.01%	340,448.75	100.00%		340,448.75	0.01%	340,448.75	100.00%	
Of which:										
Accounts Receivable with Combined Allotment of Provisions for Bad Debts	3,141,559,901.30	99.99%	158,683,027.70	5.05%	2,982,876,873.60	2,736,659,151.30	99.99%	137,466,098.68	5.02%	2,599,193,052.62
Of which:										
Other Receivables	2,085,410,392.92	66.37%	158,683,027.70	7.61%	1,926,727,365.22	2,063,511,209.59	75.40%	137,466,098.68	6.66%	1,926,045,110.91
Related Parties in the Consolidation Scope	1,056,149,508.38	33.62%			1,056,149,508.38	673,147,941.71	24.59%	24.59		673,147,941.71
Total	3,141,900,350.05	100.00%	159,023,476.45	5.06%	2,982,876,873.60	2,736,999,600.05	100.00%	137,806,547.43	5.03%	2,599,193,052.62

Single Allotment of Provisions for Bad Debts: 340,448.75

Unit: RMB

Name	Ending Balance			
	Book Balance	Reserve for Bad Debts	Percentage of Allotment	Reason for Allotment
Uncollectible Money	340,448.75	340,448.75	100.00%	Expected uncollectible money
Total	340,448.75	340,448.75	--	--

Single Allotment of Provisions for Bad Debts:

Unit: RMB

Name	Ending Balance			
	Book Balance	Reserve for Bad Debts	Percentage of Allotment	Reason for Allotment
Other Receivables	2,085,410,392.92	158,683,027.70	7.61%	
Total	2,085,410,392.92	158,683,027.70	--	

Combined Allotment of Provisions for Bad Debts: 158,683,027.70

Unit: RMB

Name	Ending Balance		
	Book Balance	Reserve for Bad Debts	Percentage of Allotment
Other Receivables	2,085,410,392.92	158,683,027.70	7.61%
Total	2,085,410,392.92	158,683,027.70	--

Statements on Determination of the Combined Allotment:

Combined Allotment of Provisions for Bad Debts:

Unit: RMB



Name	Ending Balance		
	Book Balance	Reserve for Bad Debts	Percentage of Allotment

Statements on Determination of the Combined Allotment:

If the allotment of provisions for bad debts of accounts receivable is based on the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about the bad debt provision.

Applicable Not applicable

Disclosure according to the age of accounts receivable

Unit: RMB

Age of Accounts Receivable	Book Balance
Within 1 year (include 1 year)	2,822,105,226.16
1 to 2 years	243,369,117.28
2 to 3 years	33,196,852.47
Above 3 years	43,229,154.14
3 to 4 years	15,689,014.16
4 to 5 years	7,781,890.24
Above 5 years	19,758,249.74
Total	3,141,900,350.05

(2) The Allotted, Recovered or Reversed Bad Debts Reserve during the Current Period

Allotment of Reserve for Bad Debts During the Current Period

Unit: RMB

Category	Opening Balance	Changed Amount during the Current Period				Ending Balance
		Allotment	Recover or Reverse	Write-off	Other	
Other Receivables	137,806,547.42	21,907,271.48		690,342.45		159,023,476.45
Total	137,806,547.42	21,907,271.48		690,342.45		159,023,476.45

Important amounts of bad debt provision reversed or recovered during the current period:

Unit: RMB

Company Name	Recover or Reverse	Recovery Method
--------------	--------------------	-----------------

(3) Write-off of Accounts Receivable During This Period

Unit: RMB

Item	Write-off Amount
Uncollectible Account	690342.45

Write-off of Important Accounts Receivable

Unit: RMB

Company Name	The Nature of Accounts Receivable	Write-off Amount	Write-off Reason	Fulfillment of Write-off Procedures	Whether the money is generated by relevant transactions

Write-off of Important Accounts Receivable Specifications:

(4) Accounts Receivable of the Top Five Ending Balances Collected by Debtors

Unit: RMB

Company Name	Ending Balance of Accounts Receivable	Proportion to the Total Ending Balance of Accounts Receivable	Ending Balance of the Allowance for Bad Debts
Beijing Oriental Yuhong Waterproof Technology Co., Ltd.	413349523.82	13.16%	
Tianjin Xinghang Building Materials Co., Ltd.	296377992.43	9.43%	14581797.23
Kun Mountain Oriental Yuhong Building Materials Co., Ltd.	165544618.22	5.27%	
Beijing Oriental Yuhong Waterproof Technology Co., Ltd.	151870818.54	4.83%	
Hebei Rongsheng Building Materials Co., Ltd.	138988805.63	4.42%	6838249.23
Total	1166131758.64	37.11%	

(5) Accounts Receivable Derecognized Due to the Transfer of Financial Assets

Item	Transaction Method	The Amount Derecognized	The Income or Losses Related to the Derecognition
Accounts Receivable	Factoring	942101768.88	-52543614.55
Accounts Receivable	Asset Securitization	580475640.00	-23052036.45



Business

Total	1522577408.88	-75595651.00
--------------	---------------	--------------

2. Other Receivables

Unit: RMB

Item	Ending Balance	Opening Balance
Interest Receivable	27860682.96	
Dividends Receivable	1600000000.00	800000000.00
Other Receivables	2260704676.15	3289563640.08
Total	3888565359.11	4089563640.08

(1) Interest Receivable**1) Interest Receivable**

Unit: RMB

Item	Ending Balance	Opening Balance
Interest Receivable	27860682.96	
Total	27860682.96	

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

Unit: RMB

Project (or Investee)	Ending Balance	Opening Balance
Profit Sharing	1600000000.00	800000000.00
Total	1600000000.00	800000000.00

(3) Other Receivables**1) Other Receivables Classified Based On the Nature of Accounts**

Unit: RMB

The Nature of Accounts Receivables	Ending Book Balance	Opening Book Balance
Related Parties within the Consolidation Scope	2206456403.02	3216243132.11
Deposits, Security Deposits	32373004.98	26253678.02



Account Current	32175519.95	48733136.92
Reserve Funds	322998.27	19388144.60
Total	2271327926.22	3310618091.65

2) Withdrawal of Reserve for Bad Debts

Unit: RMB

Reserve for Bad Debts	Phase One	Phase Two	Phase Three	Total
	Expected credit loss in the next 12 months	Expected credit loss for the whole duration (no credit impairment occurred)	Expected credit loss for the whole duration (credit impairment occurred)	
Balance on January 1, 2020	21003828.04		50623.53	21054451.57
Balance on January 1, 2020 for this period	—	—	—	—
The reversed amount in the current period	10380577.98		50623.53	10431201.51
Balance on December 31, 2020	10623250.06			10623250.06

Changes in book balance with significant changes in loss reserves during the current period

Applicable Not applicable

Disclosure according to the age of accounts receivable

Unit: RMB

Age of Accounts Receivable	Book Balance
Within 1 year (include 1 year)	1532275613.00
1 to 2 years	533512723.19
2 to 3 years	178776451.58
Above 3 years	26763138.45
3 to 4 years	4762493.26
4 to 5 years	1252642.00
Above 5 years	20748003.19
Total	2271327926.22

3) The Withdrawal, Recovered or Reversed Bad Debts Reserve during the Current Period

Withdrawal of Reserve for Bad Debts during the Current Period

Unit: RMB

Type	Opening	Changed Amount during the Current Period	Ending Balance
------	---------	--	----------------



	Balance	Accrual	Recover or Reverse	Write-off	Other	
Non-related party receivable	21054451.57		10431201.51			10623250.06
Total	21054451.57		10431201.51			10623250.06

Important amounts of bad debt provision reversed or recovered during the current period:

Unit: RMB

Company Name	Recovered or Reversed Amount	Way of Recovering
--------------	------------------------------	-------------------

4) Other Accounts Receivable of the Top Five Ending Balances Collected by Debtors

Unit: RMB

Company Name	The Nature of Account	Ending Balance	Age of Accounts Receivable	Proportion of the Total Ending Balance of Other Accounts Receivable	Ending Balance of the Allowance for Bad Debts
Caparol (China) Co., Ltd.	Account Current	526000094.16	Within 2 years	23.16%	
Jiangsu Wo'niu Mountain Insulation and Waterproof Technology Co., Ltd.	Account Current	269046942.04	Within 2 years	11.85%	
Deyang Hongde Real Estate Co., Ltd.	Account Current	163945960.00	Within 3 years	7.22%	
Tianjin Hongzhi New Material Co., Ltd.	Account Current	161331485.60	Within 1 year	7.10%	
Nanjing Hongshan Construction and Development Co., Ltd.	Account Current	142350946.81	Within 2 years	6.27%	
Total	--	1262675428.61	--	55.60%	

3. Long-term Equity Investment

Unit: RMB

Item	Ending Balance			Opening Balance		
	Book Balance	Impairment Reserve	Book value	Book Balance	Impairment Reserve	Book Value
Investment in	3619625462.54		3619625462.54	3215175394.33		3215175394.33



Subsidiaries						
Investments in Associated and Joint Enterprises	23213007.78		23213007.78			
Total	3642838470.32		3642838470.32	3215175394.33		3215175394.33

(1) Investment in Subsidiaries

Unit: RMB

Investee	Opening Balance (Book Value)	Increase or decrease during the current period				Ending Balance (Book Value)	Ending Balance of Impairment Reserve
		Additional Investment	Reduction in Investment	Accrual of Impairment Reserve	Other		
Geology and Mineral Company	50855238.15					50855238.15	
Shanghai Technology Company	285369680.89				36250952.75	321620633.64	
Beijing Engineering Company	61566330.13				6099005.34	67665335.47	
Jinzhou Company	153336674.30				653156.91	153989831.21	
Huizhou Company	102566377.46				743682.69	103310060.15	
Kunming Company	141289660.05				2738599.40	144028259.45	
Yueyang Company	99788660.28				1268954.95	101057615.23	
Sichuan Engineering Company	40149774.83				3621031.45	43770806.28	
Sidaxin Company	100000.00					100000.00	
Xuzhou Wo'niu Mountain Company	91098136.12				1455967.31	92554103.43	
Guangdong Engineering	71226865.32				12068999.65	83295864.97	



Company							
Jiangsu Investment Company	50000000.00					50000000.00	
Tangshan Technology Company	152055216.28				1417756.90	153472973.18	
Hong Kong Investment Company	642707399.88				3799303.65	646506703.53	
Xianyang Company	81541412.21				1063317.67	82604729.88	
Wu Zhou Tu Yuan Company	1549752.71				-22991.65	1526761.06	
Wuhu Company	50609912.72				988119.66	51598032.38	
Hangzhou Company	100132721.48				875082.51	101007803.99	
Shenzhen Engineering Company	56872301.10				4718782.90	61591084.00	
Tianjin Engineering Company	55815977.14				3632900.54	59448877.68	
Jiangsu Wo'niu Mountain Company	119472516.86				-119472516.86		
YuhongAmerica	11260317.60					11260317.60	
Nanjing Hong Mountain Company	35000000.00					35000000.00	
Qingdao Company	50130433.18				859994.88	50990428.06	
Minjian Company	47158732.70				22819667.95	69978400.65	
Zhejiang Technology Company	138500000.00		-10500000.00			128000000.00	
Xiushan Company	50000000.00					50000000.00	



He'nan Company	50205947.12				1357886.65	51563833.77	
Tiandingfeng Holding Company	214422049.46				-98379834.89	116042214.57	
Jingmen Company	50160181.10				1056134.06	51216315.16	
Beijing Hongyun Company		100000000.00				100000000.00	
Lu Mountain Hua Sha Company	25691189.42				271577.33	25962766.75	
Intelligent Equipment Company	18306.41				120701.04	139007.45	
Sichuan Architecture Company	50105261.86		-50105261.86				
Xiong'an Company	41647.09				274594.86	316241.95	
Dingzhimei company	9418306.41				-489298.96	8929007.45	
Tangshan Yanghe Company	19390000.00					19390000.00	
Guangdong Building Materials Company	50540954.45				3566715.61	54107670.06	
Quan Zhou Yu Hong	27459.62				181051.55	208511.17	
Yuhong College	5000000.00					5000000.00	
Guangdong Tevic Techonology Co., Ltd.		9200000.00				9200000.00	
Zhanjiang Oriental Yuhong Building		6000000.00				6000000.00	



Materials Co., Ltd.							
Guangdong Oriental Yuhong Building Materials Technology Co., Ltd.		100000000.00				100000000.00	
Fuda Energy-Saving Technology Co., Ltd.		100000000.00				100000000.00	
Wuhu Oriental Yuhong New Materials Co., Ltd.		40000000.00				40000000.00	
Nantong Jin Si Nan Film Material Co., Ltd.		60500000.00				60500000.00	
Beijing Oriental Yuhong Antiseptis Technology Co., Ltd.		26400000.00				26400000.00	
Jiangsu Qinggeng Insulation Technology Co., Ltd.					119416034.22	119416034.22	
Tianjin Hongzhi New Materials Co., Ltd.					10000000.00	10000000.00	
Total	3215175394.33	442100000.00	-60605261.86		22955330.07	3619625462.54	

(2) Investments in Associated and Joint Enterprises

Unit: RMB

Investee	Opening Balance	Increase or decrease during the current period								Ending Balance	Ending Balance
		Additional	Reduction	Investme	Other	Other	Declare	Accrual	Other		



	(Book Value)	Investment	Investment	Profit and loss recognized under equity method	Comprehensive Income	Changes in Equity	Payment of Cash Dividends or Profits	Impairment Reserve		(Book Value)	Impairment Reserve
I. Joint Venture											
II. Associated Enterprise											
Sichuan Building Materials Co., Ltd.				-1663240.25					24876248.03	23213007.78	
Total				-1663240.25					24876248.03	23213007.78	
Total				-1663240.25					24876248.03	23213007.78	

(3) Other Specifications

4. Revenue and Cost

Unit: RMB

Item	Amount Incurred during the Current Period		Amount Incurred during the Last Period	
	Revenue	Cost	Revenue	Cost
Main Business	7215543960.70	5903305694.89	7213177537.99	6167675516.70
Other Business	181690531.60	133208042.35	187474839.14	178194512.46
Total	7397234492.30	6036513,737.24	7400652377.13	6345,870,029.16

Relevant Information on Revenue:

Unit: RMB

Classification of Contracts	Section 1	Section 2		Total
In Which:				
In Which:				
In Which:				
In Which:				
In Which:				
In Which:				
In Which:				

Information on Fulfilling Obligations:

Description of Obligations

Coil material, paintings and other commodities sold by this group is the obligation fulfilled during a specific period of time. The provision of engineering construction on waterproof provided by this group is the obligation fulfilled during a specific period of time.

Information on Fulfilling Other Obligations

The construction service on waterproof provided by this group is the obligation fulfilled during a specific period of time. By December 31, 2020, some waterproof construction service contracts for this group are still undergoing fulfillment. Transaction price allocated to unfulfilled (or partially unfulfilled) obligations corresponds to the contractual progress of the relevant waterproof construction service, and will be considered as income corresponding to the contractual progress of the related waterproof construction service.

Information on Transaction Prices of the Remaining Allocated Obligations:

By the end of this reporting period, the income corresponding to the obligations fulfilled, which includes contracts signed, unfulfilled or partially unfulfilled obligations, is RMB 0.00. Among them, RMB is expected to confirm revenue for the year, RMB is expected to confirm revenue for the year, RMB is expected to confirm for the year.

Other Specification:

5. Investment Revenue

Unit: RMB

Item	Amount Incurred during the Current Period	Amount Incurred during the Last Period
Returns on Long-term Equity Investment Calculated by Cost Method	1000,000,000.00	800000000.00
Returns Generated from Long-term Equity Investment Calculated by Equity Method	-1663240.25	
Returns Generated from the Disposal of Long-term Equity Investment	135340973.35	
Returns from Trading Financial Assets during the Holding Period	90759.59	3000000.00
Total	1133768492.69	803000000.00

XVIII. Additional Material

1. Detailed Table on the Current Non-recurring Profits and Losses

√Applicable Not Applicable

Unit: RMB

Item	Amount	Specification
Profits and Losses on the Disposal of Liquid Assets	-28517049.83	
Government subsidies included in the current profits and losses (except the government subsidies which are closely related to the businesses of enterprises as well as those that are fixed or quantified in accordance to the national standard)	189723776.32	
Apart from the effective hedging business related to the company's daily operations, profits and losses caused by fair value changes arising from holding transactional financial assets, derivative financial assets, transactional financial liabilities, and the investment income generated from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments	208586,301.71	
Revenue and Cost Other Than Those Mentioned Above	-19792,207.21	
Minus: Amount Affected by the Income Tax	52500,123.15	
Amount of the Equity Impact from the Minority Shareholders	5495.16	
Total	297495202.68	--

Reasons shall be given for non-recurring profit and loss items defined by the company under "Explanatory Announcement No.1 on Information Disclosure of Companies Security-Offering to the Public---Non-recurring Gains and Losses", and for items which the non-recurring profit and loss items listed in "Explanatory Announcement No. 1 on Information Disclosure of Companies Security-Offering to the Public--- Non-recurring Gains and Losses" are defined as recurring profits and losses.



Applicable Not Applicable

2. Returns on Net Assets and Earnings Per Share

Profits during the Reporting Period	Weighted Average Return on Net Assets	Earnings Per Share	
		Basic Earnings Per Share (Yuan/ per share)	Diluted Earnings Per Share (Yuan/ per share)
Net Profits Attributed to the Company's Ordinary Shareholders	27.37%	1.510	1.460
Net Profits Attributed to the Company's Ordinary Shareholders After Deducting Non-Recurring Gains and Losses	25.05%	1.38	1.33

Chapter XIII Contents of Documents for Reference

- I. Accounting statements with signatures and seals of legal representatives, persons in charge of accounting work and persons in charge of accounting institutions.
- II. Original audit report stamped by the accounting firm as well as signed and sealed by the certified public accountants.
- III. The originals of all companies' documents and announcements publicly disclosed in the newspapers designated by CSRC during the reporting period.
- IV. The original document on 2020 annual report signed by Chairman Li Weiguo.
- V. Location of the above documents for reference: Securities Department of the company