

**Appendix G.4 – Convenience Translation from Chinese
Mandarin to English of the parts highlighted in Changhai 2020
Annual Report**

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4. Main accounting data and financial indicators

Does the company need to retrospectively adjust or restate the accounting data of previous years

☐ Yes ☒ No

	This reporting period	The same period of last year	This reporting period increased or decreased compared with the same period of last year
Operating income (yuan)	906,010,619.74	1,084,785,804.58	-16.48%
Net profit attributable to shareholders of listed companies (yuan)	123,782,452.85	145,633,254.62	-15.00%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (yuan)	116,020,845.01	138,002,277.85	-15.93%
Net cash flow from operating activities (yuan)	143,717,905.77	108,463,253.01	32.50%
Basic earnings per share (yuan/share)	0.3000	0.3600	-16.67%
Diluted earnings per share (yuan/share)	0.3000	0.3600	-16.67%
Weighted average return on equity	4.55%	6.09%	-1.54%
	At the end of the reporting period	End of last year	Increase or decrease at the end of the reporting period from the end of the previous year
Total assets (yuan)	3,187,518,701.40	3,185,675,633.58	0.06%
Net assets attributable to shareholders of listed companies (yuan)	2,716,634,136.64	2,678,556,330.94	1.42%

5. Differences in accounting data under domestic and foreign accounting standards

1. Differences in net profit and net assets in financial reports disclosed in accordance with both international accounting standards and Chinese accounting standards

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

During the reporting period of the company, there was no difference between the net profit and net assets in the financial reports disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards.

6. Items and amounts of non-recurring gains and losses

☒ Applicable ☐ Not applicable

Unit: yuan		
Project	Amount	Description
Non-current asset disposal gains and losses (including the write-off part of the provision for asset impairment)	-7,438.91	
Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except for the government subsidies that are enjoyed in a fixed or quantitative basis according to the unified national standard)	7,341,580.06	
In addition to the effective hedging business related to the company's normal business operations, the fair value gains and losses arising from holding transactional financial assets, derivative financial assets, transactional financial liabilities, and derivative financial liabilities, as well as the disposal of transactional financial assets and derivative financial Investment income from assets, transactional financial liabilities, derivative financial liabilities and other debt investments	1,911,709.40	
Other non-operating income and expenses other than the above	-78,404.98	
Less: the amount of income tax impact	1,384,699.35	
Amount of influence of minority shareholders' equity (after tax)	21,138.38	
Total	7,761,607.84	-
		-

2、Technology risk

Since its establishment, the company has always attached great importance to technological innovation and new product research and development, insisted on the development and production of new products, accumulated rich experience, and formed a high-quality technical team. The research and development and production of new products is a kind of high-tech activities with intensive knowledge and complex processes. It requires long-term basic research and accumulation of technical processes. At the same time, it takes a certain time for new products to go from research and development to production to market. Every link is interlocking. Although the company has a good R&D foundation and a high-level R&D team, if the company can Deviations in the research direction, insurmountable technical problems, and unfavorable industrialization transformations in the R&D process may cause the company to lose its leading position in technology and the market, which will adversely affect the company's operating results. To this end, the company will closely follow the development trend of glass fiber industry technology at home and abroad, timely adjust product parameters according to customer needs, improve product quality, face competition from similar products, and fully meet customer diversified individual needs. The company also formulated a development strategy of "improving technology on the basis of existing glass fiber products, realizing quality upgrades, product optimization, and gradual transformation to high-end products" to increase technological innovation.

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3. Number of company shareholders and shareholding

Unit: share

Total number of ordinary shareholders at the end of the reporting period			8,587		The total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)		0	
Shareholding status of common shareholders holding more than 5% of shares or the top 10 shareholders								
Shareholder name	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the reporting period	Changes in the increase or decrease during the reporting period	Number of shares with restricted sale conditions	Number of shares with unrestricted sale conditions	Pledge or freeze situation	
							Share status	Quantity
Yang Pengwei	Natural person in the territory	41.06%	170,474,412	0	127,855,809	42,618,603	Pledge	6,400,000
Yang Guowen	Domestic natural person	10.40%	43,200,000	0	32,400,000	10,800,000		
National Social Security Fund 502 Portfolio	other	2.52%	10,472,722	6,489,222	0	10,472,722		
Changzhou Industry Investment Group Co., Ltd.	State-owned legal person	2.19%	9,111,616	0	0	9,111,616		
China Merchants Bank shares have	other	2.01%	8,333,136	-200,000	0	8,333,136		
Co., Ltd.-CEIBS Hengli will regularly open hybrid securities investment funds for three years								

Jiangsu Changhai Composite Materials Co., Ltd. repurchase special securities account	Domestic non-state legal person	1.56%	6,490,300	0	0	6,490,300		
National Social Security Fund 118 Portfolio	other	1.48%	6,160,042	0	0	6,160,042		
Ping An Bank Co., Ltd.-Dongfang Hongruixuan will regularly open flexible allocation of hybrid securities investment funds for three years	other	1.13%	4,671,336	- 3,433,000	0	4,671,336		
Basic Pension Insurance Fund 16031 Combination	other	0.96%	4,005,100	unknown	0	4,005,100		
China Construction Bank Corporation-China Europe Value Discovery Securities Investment Fund	other	0.75%	3,115,324	2,666,100	0	3,115,324		
The situation where a strategic investor or general legal person becomes the top 10 shareholders due to the placement of new shares (if any) (see Note 3)	No							
Description of the above-mentioned shareholders' connected relationship or concerted action	Among the top ten shareholders, Yang Guowen and Yang Pengwei have a father-son relationship, and Yang Guowen and Yang Pengwei are persons acting in concert. In addition to the foregoing, it is unknown whether there is an associated relationship between the above shareholders of the company, and it is also unknown whether they are parties acting in concert.							
Shareholding status of the top 10 shareholders with restrictions								

Shareholder name	Number of unrestricted shares held at the end of the reporting period	Types of shares	
		Types of shares	Quantity
Yang Pengwei	42,618,603	RMB ordinary shares	42,618,603
Yang Guowen	10,800,000	RMB ordinary shares	10,800,000
National Social Security Fund 502 Portfolio	10,472,722	RMB ordinary shares	10,472,722
Changzhou Industry Investment Group Co., Ltd.	9,111,616	RMB ordinary shares	9,111,616
China Merchants Bank Co., Ltd.-CEIBS Hengli will regularly open hybrid securities investment funds for three years	8,333,136	RMB ordinary shares	8,333,136
Jiangsu Changhai Composite Materials Co., Ltd. repurchase special securities account	6,490,300	RMB ordinary shares	6,490,300

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1. Accounting Treatment Method of Policy-based Preferential Loan Interest Discount

(1) The treasury allocates interest discount funds to the lending bank. If the lending bank provides loans to the company at a policy preferential interest rate, the actual loan amount received is used as the entry value of the loan, and the loan principal and the policy preferential interest rate are calculated according to the loan principal related borrowing costs.

(2) If the finance directly allocates interest discount funds to the company, the corresponding interest discount will be used to offset the relevant borrowing costs.

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[Note]: According to the Announcement of the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs on deepening the relevant policies of the VAT reform (Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs, 2019 No. 39), effective from April 1, 2019 If a taxpayer conducts VAT taxable sales or imports goods, the tax rate will be adjusted to 13% if the original 16% tax rate is applied, and the tax rate will be adjusted to 9% if the original 10% tax rate is applied.

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2、Incentives

1.Income tax

(1) The company

According to the high-tech enterprise certificate jointly issued by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance, and the Jiangsu Provincial State Taxation Bureau, the validity period is three years, and the corporate income tax will be paid at a reduced tax rate of 15% from 2018 to 2020.。

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26、Intangible assets

(1) Situation of intangible assets

Unit: yuan

Project	Land use right	Patent right	Non-patent technology	Software use right	Technology transfer fee	Total
1. Original book value						
1. Beginning balance	195,756,804.45	4,718,476.59	1,210,000.00	2,339,247.83	1,490,000.00	205,514,528.87
2. Increase in the current period						
(1) Purchase						
(2) Internal R&D						
(3) Increase in business combination						
3. Reduction in the current period						
(1) Disposal						
4. Ending balance	195,756,804.45	4,718,476.59	1,210,000.00	2,339,247.83	1,490,000.00	205,514,528.87
2 Accumulated amortization						
1. Beginning balance	34,435,875.24	3,304,754.29	860,000.00	1,661,646.65	1,490,000.00	41,752,276.18
2. Increase in the current period	1,988,054.62	235,923.78	60,000.00	166,850.64		2,450,829.04
(1) Withdrawal	1,988,054.62	235,923.78	60,000.00	166,850.64		2,450,829.04
3. Reduction in the current period						
(1) Disposal						
4. Ending balance	36,423,929.86	3,540,678.07	920,000.00	1,828,497.29	1,490,000.00	44,203,105.22
3. Provision for impairment						
1. Opening Balance						
2. Increase in the current period						

(1) Accrual						
3. Decrease in the current period						
(1) Disposal						
4. Ending balance						
4. Book value						
1. Book value at the end of the period	159,332,874.59	1,177,798.52	290,000.00	510,750.54		161,311,423.65
2. Beginning book value	161,320,929.21	1,413,722.30	350,000.00	677,601.18		163,762,252.69

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65、 R&D expenses

Unit: yuan

Item	Amount occurred in the current period	Amount occurred in the previous period
R&D salary	14,050,275.39	14,720,935.75
Direct investment in R&D	12,930,055.17	16,367,205.37
Research and development of power fuel	7,776,381.56	7,339,846.68
R&D depreciation and amortization	2,982,302.97	3,754,917.22
Other	77,934.34	137,761.29
Total	37,816,949.43	42,320,666.31

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84、Government subsidy

(1) Basic situation of government subsidies

Unit: yuan

Type	Amount	Listed item	Amount included in current profit and loss
R&D center grant income	110,500.00	Other income	25,500.00
Appropriation income of 70,000 tons of tank kiln production line 1	1,050,000.00	Other income	150,000.00
Appropriation income from 70,000 tons of tank kiln production line 2	20,481,999.74	Other income	2,926,000.02
Trinity development strategy promotes the transformation and upgrading of industrial enterprises, special funds and equipment purchase subsidy funds	13,606,858.61	Other income	831,599.84
Appropriation proceeds from chopped mat and thin mat production line 1	637,500.00	Other income	63,750.00
Smart workshop appropriation income	446,666.49	Other income	40,000.02
Appropriation proceeds from chopped mat and thin mat production line 2	348,500.00	Other income	30,750.00
Automatically improve the income of the appropriation of the renovation project of the fiberglass product production line	658,333.47	Other income	49,999.98
Comprehensive award for technical reform of industrial enterprises	313,333.42	Other income	19,999.98
Local financial subsidies for the promotion of new energy vehicles		Other income	1,090.92
Special funds for sewage treatment equipment	92,500.00	Other income	15,000.00
Land compensation	1,087,000.80	Other income	14,689.20
Energy saving and industrial circular economy projects	524,166.66	Other income	45,000.12
2016 Central Government Energy Saving and Emission Reduction Fund Subsidy	1,899,789.54	Other income	242,526.30

2017 Provincial Special Fund for Transformation of Scientific and Technological Achievements	4,700,000.00	Other income	300,000.00
2018 Provincial Special Fund for Transformation of Scientific and Technological Achievements	850,000.00	Other income	49,999.96
Total	46,807,148.73	12,000.00	4,805,906.34

Higher-level special funds	56,200.00	Other income	56,200.00
The 19th Annual Industrial Enterprise Technology Innovation Comprehensive Award Supplementary Block Fund {2019 Changcai Gongmao Zi No. 560}	1,240,000.00	Other income	1,240,000.00
Special foreign trade funds {Su Cai Industry and Trade [2019] No. 86}	419,400.00	Other income	419,400.00
Industrial Economy Awards 2019	100,000.00	Other income	100,000.00
Party organization awards for non-public enterprises above four stars	3,000.00	Other income	3,000.00
Job stabilization subsidy	141,306.83	Other income	141,306.83
2019 Provincial Industrial Enterprise Technology Reform Comprehensive Award Supplementary Block Fund-Changzhou Xinbei District Finance Bureau	190,000.00	Other income	190,000.00
2019 Tax Contribution Enterprise Significant Contribution Award-Finance Bureau of Changzhou National High-tech Industrial Development Zone (New Taipei District)	300,000.00	Other income	300,000.00
2019 Green Finance Award to make up funds-Accounting Center of Binjiang Economic Development Zone, Changzhou, Jiangsu	5,220.00	Other income	5,220.00
Tax return	68,486.92	Other income	68,486.92
Industrial enterprise structure adjustment awards and supplementary	8,257.00	Other income	8,257.00

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2020 (Convenience translation)

funds			
Total	2,531,870.75		2,531,870.75

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Credit risk exposure and credit risk concentration

Item	Ending number				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank loan	38,500,000.00	39,121,307.57	39,121,307.57		
Transactional financial liabilities	1,167,200.00	1,167,200.00	1,167,200.00		
Bills payable	62,671,939.86	62,671,939.86	62,671,939.86		
Accounts payable	185,762,835.17	185,762,835.17	185,762,835.17		
Other payables	12,476,286.62	12,476,286.62	12,476,286.62		
Subtotal	299,411,061.65	300,032,369.22	300,032,369.22		

(Continuation table)

Item	Opening number				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank loan	70,586,486.30	71,744,508.66	71,744,508.66		
Transactional financial liabilities	188,000.00	188,000.00	188,000.00		
Bills payable	31,024,765.95	31,024,765.95	31,024,765.95		
accounts payable	218,951,939.88	218,951,939.88	218,951,939.88		
Other payables	13,476,646.76	13,476,646.76	13,476,646.76		
Subtotal	334,227,838.89	335,385,861.25	335,385,861.25		