

Special Report of KraussMaffei Co., Ltd. on the Deposit and Actual Use of the Company's Raised Funds in the Half Year of 2021

The board of directors and all directors of the company guarantee that there are no false records, misleading statements or major omissions in the contents of this announcement, and bear individual and joint liabilities for the authenticity, accuracy and completeness of its contents.

1、 Basic information of Raised Funds

(1) Actual amount of raised funds and availability of funds

With the approval of the *Reply on Approving the Non-public Offering of Shares by Qingdao Tianhua Institute Chemical Engineering Co., Ltd.* (ZJXK [2016] No. 1790) issued by the China Securities Regulatory Commission on August 12, 2016, KraussMaffei Co., Ltd. (hereinafter referred to as the "Company") issued 39,754,400 RMB common shares (A shares) to specific objects in August 2016, The issue price is 12.50 yuan/share, the total amount of raised funds is 496,930,000.00 yuan, after deducting the issue expenses of 17,699,385.40 yuan, the actual net amount of raised funds is 479,230,614.60 yuan (hereinafter referred to as "Raised Funds"). All the above funds were in place on August 24, 2016, which was verified by Lixin Certified Public Accountants (special general partnership) and issued the *Capital Verification Report* (XKSBZ [2016] No. 115993). The Company adopts a special account storage system for the Raised Funds.

(2) Utilization and balance of Raised Funds in the half year of 2021

As of June 30, 2021, the Company used 32,392,687.82 yuan of Raised Funds during the reporting period, the total amount of Raised Funds used was 329,744,864.65 yuan, and the balance of unused Raised Funds was 149,485,749.95 yuan; the difference from the unused balance of Raised Funds is RMB 4,252,479.76, which is the bank interest received and the unpaid promotion fee.

2、 Deposit and management of Raised Funds

(1) Management of Raised Funds

The Company has formulated the *Management System of Raised Funds of KraussMaffei Co., Ltd.*, complied with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and in accordance with the spirit of the *Notice on Further Strengthening the Management of Publicly Raised Funds of Limited Companies* and the *Measures for the Management of Raised Funds of Listed Companies of Shanghai Stock Exchange* and other relevant regulations.

The Company has signed the *Tripartite Supervision Agreement on the Storage of Special Account for Raised Funds* (hereinafter referred to as the "Tripartite Supervision Agreement") with the sponsors CSC Securities Co., Ltd and Lanzhou Xigu sub branch of Industrial and Commercial Bank of China. There is no significant difference between the Tripartite Supervision Agreement and the *Tripartite Supervision Agreement on Special Account Storage of Raised Funds of Shanghai Stock Exchange* (model), and there is no problem in the performance of the Tripartite Supervision Agreement.

(2) Storage of Raised Funds in special account

As of June 30, 2021, the Company's deposits of funds raised by non-public offering in 2016 are as follows:

			Unit: RMB yuan
NO.	Name of deposit banks of Raised Funds	Account Number	Closing Balance
1	Industrial and Commercial Bank of China Limited Lanzhou Xigu sub branch	2703001329200117974	429,516.65
2	Bank of China Limited Nanjing Jiangning Economic Development Zone sub branch	467659823614	33,300,173.47
3	China Chemical Finance Co., Ltd	21508001-z	8,539.59
4	Bank of China Limited Nanjing Jiangning Economic Development Zone sub branch	509273305273	-
5	Bank of China Limited Nanjing Jiangning Economic Development Zone sub branch	484573309424	-
total			33,738,229.71

3、 Actual use of Raised Funds this year

(1) Comparison table of use of Raised Funds

During the reporting period, see the attached table *Comparison Table of Use of Raised Funds* for details.

(2) Advance investment and replacement of raised investment projects

1. As of December 31, 2016, the Company has invested 14,867,525.64 yuan in the fund raising project with self-raised funds. After the raised funds were in place, the Company invested 14,581,650.00 yuan in February 2017 to replace the early investment. The replacement was reviewed and approved at the 7th Meeting of the 6th board of directors on September 26, 2016, verified by Lixin Certified Public Accountants (special general partnership), and issued the *Verification Report on the Replacement of Raised Funds of Qingdao Tianhua Institute Chemical Engineering Co., Ltd.* (XKSBZ [2016] No. 116203).

2. In February 2017, replaced the advanced the issuance fee of RMB 418,350.00.

(3) Temporary replenishment of working capital with idle Raised Funds

1. Temporary replenishment of working capital with idle Raised Funds in 2016

On September 26 2016, the Company held the 7th Meeting of the 6th board of directors and the 5th meeting of the 6th board of supervisors, deliberated and adopted the *Proposal on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital*, and agreed to use no more than 395,000,000.00 yuan of idle raised funds to temporarily supplement working capital of the Company, the service life is no more than 12 months from the date of deliberation and approval by the board of directors of the Company. Before the expiration, the Company plans to return the above funds in three batches and transfer them to the special account for Raised Funds specified in the *Special Account for Raised Funds Storage Tripartite Supervision Agreement*. The specific plans are as follows:

Unit: RMB yuan		
NO.	Use idle Raised Funds to temporarily supplement the amount of working capital	Return period
1	60,000,000.00	Within 6 months from the date of resolution of the board of directors
2	125,000,000.00	Within 9 months from the date of resolution of the board of directors
3	210,000,000.00	Within 12 months from the date of resolution of the board of directors
total	395,000,000.00	

On September 25, 2016, CSC Securities Co., Ltd. issued the *Verification Opinions on Qingdao Tianhua Institute Chemical Engineering Co., Ltd. Using Part of the Idle Raised Funds to Temporarily Supplement the Working Capital*, confirming that in order

to improve the use efficiency of the raised funds and reduce the operating costs of the Company, the Company uses no more than 395,000,000.00 yuan of the idle Raised Funds to temporarily supplement the working capital of the Company. The service life is no more than 12 months from the date of deliberation and approval by the board of directors of the Company, and will be returned to the special account for the raised funds when due. There is no disguised change in the purpose of the raised funds and affecting the normal progress of the investment project with raised funds. CSC Securities Co., Ltd. has no objection to the Company's temporarily replenishing the Company's working capital with no more than 395,000,000.00 yuan of idle raised funds.

On September 26 2016, the Company used the idle Raised Funds of 100,000,000.00 to repay short-term loans;

On September 27 2016, the Company used the idle Raised Funds of 97,000,000.00 yuan to repay short-term loans;

On October 8 2016, the Company used the idle Raised Funds of 90,000,000.00 to repay short-term loans;

On October 9 2016, the Company used the idle Raised Funds of 780,000,000.00 yuan to repay short-term loans.

The total amount of idle funds actually used in the year 2016 is 365,000,000.00 yuan.

2. Temporary replenishment of working capital with idle Raised Funds in 2017

(1) In March 2017, the Company held the 10th meeting of the 6th board of directors and the 7th Meeting of the 6th board of supervisors, deliberated and adopted the *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, and agreed to use no more than 60,000,000.00 yuan of idle Raised Funds to temporarily supplement working capital of the Company, The service life shall not exceed 12 months from the date of deliberation and approval by the board of directors of the Company.

(2) In June 2017, the Company held the 13th meeting of the 6th board of directors and the 10th meeting of the 6th board of supervisors, deliberated and adopted the *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, and agreed to use no more than 120,000,000.00 yuan of idle Raised Funds to temporarily supplement working capital of the Company, The service life shall not exceed 12 months from the date of deliberation and approval by the board of directors of the Company.

(3) In September 2017, the Company held the 17th meeting of the 6th board of directors and the 12th meeting of the 6th board of supervisors, deliberated and adopted the *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, and agreed to use no more than 210,000,000.00 yuan of idle Raised Funds to temporarily supplement working capital of the Company, The service life shall not exceed 12 months from the date of deliberation and approval by the board of directors of the Company.

In response to the above *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, CSC Securities Co., Ltd. issued the *Verification Opinions on Qingdao Tianhua Institute Chemical Engineering Co., Ltd. Using Part of the Idle Raised Funds to Temporarily Supplement the Working Capital*,, confirming that in order to improve the use efficiency of Raised Funds, reduce the operating cost of the Company, use the above idle Raised Funds to temporarily supplement the working capital of the Company, and the service life is no more than 12 months from the date of deliberation and approval by the board of directors of the Company, and return them to the special account for Raised Funds at maturity. There is no situation that changes the purpose of Raised Funds in a disguised manner and affects the normal progress of investment projects of Raised Funds. CSC Securities Co., Ltd. has no objection to the Company's temporarily replenishing the above idle Raised Funds to the Company's working capital.

Unit: RMB yuan

Date	Idle Raised Funds to supplement working capital	Return idle Raised Funds used to supplement working capital
2017-2-27	30,000,000.00	
2017-3-22		60,000,000.00
2017-4-1	40,000,000.00	
2017-6-9		120,000,000.00
2017-6-19	120,000,000.00	
2017-6-22	20,000,000.00	
2017-6-22		5,000,000.00
2017-9-14		210,000,000.00
2017-9-19	210,000,000.00	
total	420,000,000.00	395,000,000.00

Note 1: according to the *Proposal on Using Part of Idle Raised Funds to Supplement Working Capital Temporarily* adopted at the 7th Meeting of the 6th board of directors on September 26, 2016, idle funds used to supplement working capital was RMB 30,000,000.00 on February 27, 2017.

Note 2: as of September 15, 2017, the Company has returned the idle Raised Funds of RMB 395,000,000.00 used to temporarily supplement the Company's working capital mentioned in the *Proposal on Using Part of Idle Raised Funds to Supplement Working Capital Temporarily* deliberated and adopted at the seventh meeting of the sixth board of directors to the special account for deposit of Raised Funds.

Note: 3: as of December 31, 2017, the balance of working capital temporarily supplemented by idle Raised Funds was 390,000,000.00 yuan.

3. Temporary replenishment of working capital with idle Raised Funds in 2018

(1) In March 2018, the Company held the 21st Meeting of the 6th board of directors and the 15th meeting of the 6th board of supervisors, deliberated and adopted the *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, and agreed to use no more than 60,000,000.00 yuan of idle Raised Funds to temporarily supplement working capital of the Company, The service life shall not exceed 12 months from the date of deliberation and approval by the board of directors of the Company.

(2) In June 2018, the Company held the 24th Meeting of the 6th board of directors and the 18th meeting of the 6th board of supervisors, deliberated and adopted the *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, and agreed to use no more than 120,000,000.00 yuan of idle Raised Funds to temporarily supplement working capital of the Company, The service life shall not exceed 12 months from the date of deliberation and approval by the board of directors of the Company.

(3) In September 2018, the Company held the 27th meeting of the 6th board of directors and the 21st Meeting of the 6th board of supervisors, deliberated and adopted the *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, and agreed to use no more than RMB 170,000,000.00 of the idle Raised Funds to temporarily supplement the working capital of the Company, The service life shall not exceed 12 months from the date of deliberation and approval by the board of directors of the Company.

In response to the above *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, CSC Securities Co., Ltd. issued the *Verification Opinions on Qingdao Tianhua Institute Chemical Engineering Co., Ltd. Using Part of the Idle Raised Funds to Temporarily Supplement the Working Capital*, confirming that in order to improve the use efficiency of Raised Funds, reduce the operating cost of the Company, use the above idle Raised Funds to temporarily supplement the working capital of the Company, and the service life is no more than 12 months from the date of deliberation and approval by the board of directors of the Company, and return them to the special account for Raised Funds at maturity. There is no situation that changes the purpose of Raised Funds in a disguised manner and affects the normal progress of investment projects of Raised Funds. CSC Securities Co., Ltd. has no objection to the Company's temporarily replenishing the above idle Raised Funds to the Company's working capital.

Unit: RMB yuan

Date	Idle Raised Funds to supplement working capital	Return idle Raised Funds used to supplement working capital
2018-3-20		60,000,000.00
2018-3-28	60,000,000.00	
2018-6-13		120,000,000.00
2018-6-15	120,000,000.00	
2018-9-12		210,000,000.00
2018-9-14	170,000,000.00	
total	350,000,000.00	390,000,000.00

Note 1: as of March 20, 2018, the Company has returned the idle Raised Funds of RMB 60,000,000.00 used to temporarily supplement the Company's working capital mentioned in the *Proposal on Continuing to Use Part of Idle Raised Funds to Supplement Working Capital Temporarily* deliberated and adopted at the 10th meeting of the sixth board of directors to the special account for the deposit of Raised Funds.

Note 2: as of June 13, 2018, the Company has returned the idle Raised Funds of RMB 120,000,000.00 used to temporarily supplement the Company's working capital mentioned in the *Proposal on Continuing to Use Part of Idle Raised Funds to Supplement Working Capital Temporarily* deliberated and adopted at the 13th meeting of the sixth board of directors to the special account for deposit of Raised Funds.

Note 3: as of September 12, 2018, the Company has returned the idle Raised Funds of 210,000,000.00 yuan mentioned in the *Proposal on Continuing to Use Part of Idle Raised Funds to Supplement Working Capital Temporarily* deliberated and adopted at the 17th meeting of the sixth board of directors to the special account for the deposit of Raised Funds.

Note 4: as of December 31, 2018, the balance of working capital temporarily supplemented by idle Raised Funds was RMB 350,000,000.00.

4. Temporary replenishment of working capital with idle Raised Funds in 2019

In September 2019, the Company held the fourth meeting of the seventh board of directors and the third meeting of the seventh board of supervisors, deliberated and adopted the *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, and agreed to use no more than 170,000,000.00 yuan of idle Raised Funds to temporarily supplement working capital of the Company, The service life shall not exceed 12 months from the date of deliberation and approval by the board of directors of the Company.

In response to the above *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, CSC Securities Co., Ltd. issued the *Verification Opinions on Qingdao Tianhua Institute Chemical Engineering Co., Ltd. Using Part of the Idle Raised Funds to Temporarily Supplement the Working Capital*, confirming that in order to improve the use efficiency of Raised Funds, reduce the operating cost of the Company, use the above idle Raised Funds to temporarily supplement the working capital of the Company, and the service life is no more than 12 months from the date of deliberation and approval by the board of directors of the Company, and return them to the special account for Raised Funds at maturity. There is no situation that changes the purpose of Raised Funds in a disguised manner and affects the normal progress of investment projects of Raised Funds. CSC Securities Co., Ltd. has no objection to the Company's temporarily replenishing the above idle Raised Funds to the Company's working capital.

Unit: RMB yuan

Date	Idle Raised Funds to supplement working capital	Return idle Raised Funds used to supplement working capital
2019-03-22		60,000,000.00
2019-05-16		120,000,000.00
2019-08-30		170,000,000.00

Date	Idle Raised Funds to supplement working capital	Return idle Raised Funds used to supplement working capital
2019-09-30	170,000,000.00	
total	170,000,000.00	350,000,000.00

Note 1: as of March 22, 2019, the Company has returned the idle Raised Funds of 60,000,000.00 yuan mentioned in the *Proposal on Using Part of Idle Raised Funds to Supplement Working Capital Temporarily*, which was considered and adopted at the 21st Meeting of the sixth board of directors, to the special account for the deposit of Raised Funds.

Note 2: as of May 16, 2019, the Company has returned the idle Raised Funds of 120,000,000.00 yuan mentioned in the *Proposal on Using Part of Idle Raised Funds to Supplement Working Capital Temporarily*, which was considered and adopted at the 24th Meeting of the sixth board of directors, to the special account for the deposit of Raised Funds.

Note 3: as of August 30, 2019, the Company has returned the idle Raised Funds of RMB 170,000,000.00 mentioned in the *Proposal on Using Part of Idle Raised Funds to Supplement Working Capital Temporarily* deliberated and adopted at the 27th meeting of the sixth board of directors to the special account for the deposit of Raised Funds.

Note 4: as of December 31, 2019, the balance of working capital temporarily supplemented by idle Raised Funds is RMB 170,000,000.00.

5. Temporary replenishment of working capital with idle Raised Funds in 2020

2020In August, the Company held the 11th meeting of the 7th board of directors and the 7th Meeting of the 7th board of supervisors, deliberated and adopted the *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, and agreed to use no more than 170,000,000.00 yuan of idle Raised Funds to temporarily supplement working capital of the Company. The service life is valid within 12 months from the date of deliberation and approval by the board of directors of the Company, and the Company will timely return it to the special account for Raised Funds at any time according to the progress and demand of the raised investment project.

In response to the above *Proposal on Continuing to Use Part of Idle Raised Funds to Temporarily Supplement Working Capital*, CSC Securities Co., Ltd. issued the *Verification Opinions on Qingdao Tianhua Institute Chemical Engineering Co., Ltd. Using Part of the Idle Raised Funds to Temporarily Supplement the Working Capital*,, confirming that in order to improve the use efficiency of Raised Funds, reduce the

operating cost of the Company, use the above idle Raised Funds to temporarily supplement the working capital of the Company, and the service life is no more than 12 months from the date of deliberation and approval by the board of directors of the Company, and return them to the special account for Raised Funds at maturity. There is no situation that changes the purpose of Raised Funds in a disguised manner and affects the normal progress of investment projects of Raised Funds. CSC Securities Co., Ltd. has no objection to the Company's temporarily replenishing the above idle Raised Funds to the Company's working capital.

Unit: RMB yuan

Date	Idle Raised Funds to supplement working capital	Return idle Raised Funds used to supplement working capital
2020-08-24		170,000,000.00
2020-08-26	170,000,000.00	
total	170,000,000.00	170,000,000.00

Note 1: as of August 24, 2020, the Company has returned the idle Raised Funds of RMB 170,000,000.00 mentioned in the *Proposal on Continuing to Use Part of Idle Raised Funds to Supplement Working Capital Temporarily* deliberated and adopted at the fourth meeting of the seventh board of directors to the special account for the deposit of Raised Funds.

Note 2: as of December 31, 2020, the balance of working capital temporarily supplemented by idle Raised Funds is RMB 170,000,000.00.

6. Temporary replenishment of working capital with idle Raised Funds in the half year of 2021

On February 1 2021, according to the progress and demand of the raised investment project, the Company returned the Raised Funds of RMB 50,000,000 for temporary replenishment of working capital to the special account for Raised Funds in advance, and has timely informed the sponsor institution CSC Securities Co., Ltd. and the sponsor of the return of the above Raised Funds. As of June 30, 2021, the balance of working capital temporarily supplemented by idle Raised Funds is RMB 120,000,000.00.

Unit: RMB yuan

Date	Idle Raised Funds to supplement working capital	Return idle Raised Funds used to supplement working capital
2021-02-01		50,000,000.00
total		50,000,000.00

Note 1: as of February 1, 2021, the Company has returned RMB 50,000,000.00 of the idle Raised Funds of RMB 170,000,000.00 mentioned in the *Proposal on Continuing to Use Part of Idle Raised Funds to Supplement Working Capital Temporarily* deliberated and adopted at the 11th meeting of the seventh board of directors to the special account for the deposit of Raised Funds.

Note 2: as of June 30, 2021, the balance of working capital temporarily supplemented by idle Raised Funds is RMB 120,000,000.00.

(4) Cash management of idle Raised Funds and investment in related products

During the reporting period, the Company did not invest idle Raised Funds in fixed income treasury bonds, bank financial management and other investment products.

(5) Permanent replenishment of working capital or repayment of bank loans with over Raised Funds

During the reporting period, the Company did not permanently supplement working capital or repay bank loans with over Raised Funds.

(6) Use of over Raised Funds for projects under construction and new projects (including acquisition of assets, etc.)

During the reporting period, the Company did not use the over Raised Funds for projects under construction and new projects (including asset acquisition, etc.).

(7) Utilization of surplus Raised Funds

During the reporting period, the Company did not use the surplus funds of raised investment projects for other raised investment projects or non-raised investment projects.

(8) Other information about the use of Raised Funds

During the reporting period, the Company has no other use of the Raised Funds.

4、Change the use of funds for raised investment projects

During the reporting period, there was no change in the raised investment projects of the Company.

5、Problems in the use and disclosure of Raised Funds

The relevant information disclosed by the Company is timely, true, accurate and complete, and there are no other major cases of illegal use of the Raised Funds.

Attached table: Comparison of Use of Raised Funds

Board of Directors of KraussMaffei Company Limited
August 28 2021

Attached table:

Comparison Table of Use of Raised Funds

2021 June

Prepared by: KraussMaffei Co., Ltd

Total funds raised				479,230,614.60		Total funds invested and raised in the current period					32,392,687.82	
Total amount of Raised Funds with changed purposes				Not applicable		Total accumulated invested Raised Funds					329,744,864.65	
Proportion of total Raised Funds with changed purposes				Not applicable								
Committed investment projects	Has the project been changed, including some changes	Total committed investment of Raised Funds	Total investment after adjustment	Committed investment amount by the end of the period (1)	Current investment amount	Accumulated investment amount by the end of the period (2)	Difference between accumulated investment amount and committed investment amount by the end of the period (3)=(2)-(1)	Investment progress by the end of the period (%) (4)=(2)/(1)	Date when the project reaches the scheduled serviceable state	Benefits realized in the current period	Whether the expected benefits are achieved	Is there any significant change in the feasibility of the project
Nanjing Tianhua phase II project	no	479,230,614.60	479,230,614.60	366,590,614.60	32,392,687.82	329,744,864.65	- 36,845,749.95	89.95%	Fourth quarter of 2020	Not applicable	Not applicable	No significant changes

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Reasons for not reaching the planned progress (by specific raised investment projects)

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As of June 30, 2021, the main part of Nanjing phase II project has been completed, accepted and put into use. The difference between the accumulated investment amount and the committed investment amount is that the balance payment of the project has not been settled and paid.

Reasons for the failure of Nanjing Tianhua phase II project to reach the planned schedule:

The project in Nanjing is delayed for about 2 years, compared with the original plan. The main reasons include: obtaining the delay of the project construction site, the difficulty of the project construction exceeding the expected level, the forced shutdown of the government outside the planned period, the impact of the new crown pneumonia epidemic situation, and the increase of the contents and scope of the final acceptance. The following are the following:

(1) Extension of obtaining project construction land. From October 2015, the Management Committee of Nanjing Jiangning Binjiang Economic Development Zone issued the official letter "the land transfer procedures related to project construction are being handled, and there are no substantive legal obstacles to the acquisition of relevant land use rights", until February 2018, the real property right certificate of construction land was obtained, which lasted for two years and four months. During this period, Although measures such as applying for the intervention of the competent administrative department in advance and going through the commencement procedures in parallel were taken, the progress was still delayed by about one year.

(2) The project construction is more difficult than expected. In the feasibility study stage and preliminary design stage, the geological conditions of Nanjing Tianhua phase II project refer to the existing phase I project address conditions adjacent to the plant. According to the rock and land survey report, the second production workshop and office building were adjusted to pile cap foundation at the construction drawing design stage, adding test pile and detection, taking reinforcement measures during the construction of machine tool equipment foundation, and the requirements for supplementary replacement of the ground of the second production workshop, resulting in the delay of the project progress for about 3 months.

(3) Unplanned shutdown. During the construction period of Nanjing Tianhua phase II project, the progress was delayed for about 2 months due to major government activities, safety shutdown and self-inspection of the construction industry in the region.

(4) Corona. The outbreak of the COVID-19 occurred in late 2020, which delayed the progress for about 1.5 months.

(5) The content and scope of completion acceptance are increased. Nanjing Tianhua plant is divided into phase I project and phase II project, covering a total area of 200 Chinese acres .During the completion acceptance of phase II project, in addition to the normal project construction acceptance, the government required Nanjing Tianhua to recheck various construction indicators according to the overall 200 mu, and complete the closed Park acceptance and approval work such as digital construction application and planning verification, resulting in a delay of about 3.5 months.

In addition, during the construction period of Nanjing Tianhua phase II project, due to the upgrading of policy control on safety, environmental protection and occupational health, the selection of crown block in the second production workshop and the procurement of sewage treatment system in the plant were also delayed. During the project construction, in order to ensure that the machine tool equipment can be put into production as soon as possible after completion, the foundation construction of machine tool equipment is carried out alternately in three batches, which also leads to tension and pause of normal construction operation surface and delay.

Description of major changes in project feasibility	The feasibility of the project has not changed significantly
Advance investment and replacement of investment projects with Raised Funds	See "3. (2) early investment and replacement of raised investment projects" in this report for details
Temporary replenishment of working capital with idle Raised Funds	See "3. (3) temporary replenishment of working capital with idle Raised Funds" in this report for details
Cash management of idle Raised Funds and investment in related products	There is no investment in fixed income treasury bonds, bank financial management and other investment products with idle Raised Funds in this period
Permanent replenishment of working capital or repayment of bank loans with over Raised Funds	There is no permanent replenishment of working capital or repayment of bank loans with over Raised Funds in the current period
Amount of raised fund balance and causes	The funds raised in the current period are still in the process of investment, and there is no balance of funds raised.
Other uses of Raised Funds	The funds raised in this period are still in the process of investment, and there is no other use of funds