



Guangdong Dongfang Precision Science & Technology Co., Ltd.

Semi-Annual Report 2021

July 2021

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Guangdong Dongfang Precision Science & Technology Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.

Tang Zhuolin, the Company’s legal representative, Shao Yongfeng, the Company’s Chief Financial Officer, and Yao Bin, the Head of the Company’s Accounting Department (equivalent to Financial Manager) hereby guarantee that the financial statements carried in this Report are truthful, accurate and complete.

Apart from the following director, other directors of the Company attended in person the board meeting for the approval of this Report.

The name of director who did not attend in person	The post of director who did not attend in person	Reasons for not attending the meeting in person	Consignee’s name
Mai Zhirong	Independent Director	Personal Work	He Weifeng

For possible risks with respect to the Company, please refer to “X Risks Faced by the Company and Countermeasures” of “Part III Management Discussion and Analysis” herein. And investors are kindly advised to read through the aforesaid contents.

The Company has no semi-annual dividend plan, either in the form of cash or stock.

This Report has been prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Table of Contents

Part I Important Notes, Table of Contents and Definitions	2
Part II Corporate Information and Key Financial Information	7
Part III Management Discussion and Analysis	10
Part IV Corporate Governance	40
Part V Environmental and Social Responsibilities	43
Part VI Significant Events	46
Part VII Share Changes and Shareholder Information	53
Part VIII Preference Shares	62
Part IX Corporate Bonds	63
Part X Financial Report	64

Documents Available for Reference

1. The financial statements signed and sealed by the Company's legal representative, Chief Financial Officer and the person-in-charge of the financial organ.
2. All the originals of the Company's announcements and documents that were disclosed to the public during the Reporting Period on the media designated by the CSRC for information disclosure.
3. The 2021 Semi-Annual Report carrying the signature of the legal representative.
4. The documents above are lodged in the Securities Department of the Company.

Definitions

Term	Definition
Dongfang Precision, or the "Company"	Guangdong Dongfang Precision Science & Technology Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires
Dongfang Precision (China)	The corrugated box packaging machinery division of Guangdong Dongfang Precision Science & Technology Co., Ltd.
Fosber Group	Fosber S.p.A.
Fosber Asia	Guangdong Fosber Intelligent Equipment Co., Ltd.
Fosber America	Fosber America, Inc.
Fosber Tianjin	Fosber Machinery (Tianjin) Co., Ltd.
Tiru ña Group/Spain Tiru ña	Tiru ña Group Industrial, S.L.
Tiru ña America	Tiru ña America Inc.
Italy QCorr	QuantumCorrugated S.r.l.
Dongfang Precision (Europe)/Italy EDF	EDF Europe S.r.l.
Dongfang Precision (Netherland)	Dong Fang Precision (Netherland) Cooperatief U.A.
Dongfang Precision (HK)	Dong Fang Precision (HK) Limited
Parsun Power	Suzhou Parsun Power Machine Co., Ltd.
Suzhou Jinquan	Suzhou High-Tech Zone Jinquan Business Management Partnership (Limited Partnership)
Shunyi Investment	Suzhou Shunyi Investment Co., Ltd.
Yinglian Digital	Foshan Yinglian Digital Printing Equipment Co., Ltd.
Jaten Robot	Guangdong Jaten Robot & Automation Co., Ltd.
Hainan Yineng	Hainan Yineng Investment Co., Ltd.
Dongfang Digicom	Dongfang Digicom Technology Co., Ltd.
Dongfang Digicom (Guangdong)	Dongfang Digicom Technology (Guangdong) Co., Ltd.
Corrugated board	Corrugated board is a multi-layer paper-bonding object composed of at least one sandwich layer of wavy medium (commonly known as "corrugated paper", "corrugated medium paper", "corrugated paper medium" and "corrugated base paper") and one layer of cardboard (also known as "liner board").
Corrugated box	Corrugated box is a rigid paper container made of corrugated boards through die cutting, indenting, nailing or gluing. Corrugated box is one of the most widely used packaging containers in modern business and trade.

Corrugated box printing and packaging machinery	Corrugated box printing and packaging machinery include corrugated box printing and packaging line and stand-alone products that integrates pre-feeding, printing, grooving, die cutting, forming and packaging functions in whole or in part, which is highly functionally integrated, highly automated and highly technical, can save the capital and manpower investment, reduce workers' workload and improve the production efficiency of box manufacturers, and requires equipment manufacturers to be highly competent in design, technological innovation, assembly and finishing of parts.
Corrugator lines	<p>Corrugator lines are assembly lines comprising corrugating, gluing, agglutinating, bundle breaking, dimension board cutting and output processes, which are used to produce and process corrugated boards.</p> <p>A corrugator line has two independent process sections as the wet section and the dry section. The wet section, composed of the base paper stand, auto splicer, preheat preregulator, single-face corrugator, feeding bridge, glue machine and double facer, is used to make corrugated based paper into three-layer, five-layer and seven-layer corrugated boards of different corrugated combinations. The dry section, composed of the rotary shear, slitter indenter, cut-off knife and stacker, is used to slit, indent, cut off and stack corrugated boards as ordered.</p> <p>Corrugator lines are key production equipment for corrugated board and box manufacturers.</p>
Pre-printing and post-printing intelligent automatic packaging machinery	Pre-printing and post-printing intelligent automatic packaging machinery refers to equipment that is compatible with the corrugated box printing line or stand-alone products and can provide functions related to pre-printing and post-printing processes of corrugated box printing and packaging. It includes the pre-feeder, stripper conveyor, intelligent stacker and folder gluer.
Outboard motors	Outboard motors are a kind of detachable power units that are mounted on the stern plate of a boat to drive the boat to sail.
General utility small gasoline motors	General utility small gasoline motors are a kind of thermo-dynamic machinery of 20kW power or less with a wide range of applicability. It is characterized by small size, light weight and easy operation, and is usually used as a power engine for a variety of terminal products. By the structure of engine and principle of work, general utility small gasoline motors can be divided into two-stroke general utility small gasoline motors and four-stroke general utility small gasoline motors.
CSRC	China Securities Regulatory Commission
SZSE, or the "Stock Exchange"	Shenzhen Stock Exchange
RMB yuan, RMB yuan'0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi
The "Reporting Period" or "Current Period"	The period from 1 January 2021 to 30 June 2021

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	Dongfang Precision	Stock code	002611
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	广东东方精工科技股份有限公司		
Abbr.	东方精工		
Company name in English (if any)	Guangdong Dongfang Precision Science & Technology Co., Ltd		
Abbr. (if any)	Dongfang Precision		
Legal representative	Tang Zhuolin		

II Contact Information

	Board Secretary	Securities Representative
Name	Zhou Wenhui	Zhu Hongyu
Office address	25/F, Hisense Southern Building, 1777 Chuangye Road, Nanshan District, Shenzhen City, Guangdong Province, China	25/F, Hisense Southern Building, 1777 Chuangye Road, Nanshan District, Shenzhen City, Guangdong Province, China
Tel.	0755-36889712	0755-36889712
Fax	0755-36889822	0755-36889822
Email address	ir@vmtdf.com	ir@vmtdf.com

III Other Information

1. Contact information of the company

Whether the company's registered address, company office address and its postal code, company website and e-mail address have changed during the reporting period.

Applicable Not applicable

The company's registered address, company office address and its postal code, the company's website and e-mail address remain unchanged during the reporting period, which can be found in the 2020 Annual report.

2. Information disclosure and location.

Whether the information disclosure and location have changed during the reporting period.

Applicable Not applicable

The name of the information disclosure newspaper selected by the company, the URL of the website designated by the CSRC that publishes the semi-annual report, and the location where the semi-annual report lodges remain unchanged during the reporting period, which can be found in the 2020 Annual report.

IV Key Financial Information

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

Yes No

	2021H1	2020H1	change (%)
Operating revenue (RMB yuan)	1,400,558,964.18	1,177,491,225.13	18.94%
Net profit attributable to the listed company's shareholders (RMB yuan)	191,117,520.46	127,198,462.09	50.25%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB yuan)	156,022,832.56	81,018,675.86	92.58%
Net cash generated from/used in operating activities (RMB yuan)	206,023,828.25	29,409,409.32	600.54%
Basic earnings per share (RMB yuan /share)	0.14	0.08	75.00%
Diluted earnings per share (RMB yuan /share)	0.14	0.08	75.00%
Weighted average return on equity (%)	4.72%	2.89%	1.83%
	30 June 2021	30 June 2020	Change (%)
Total assets (RMB yuan)	6,478,830,955.64	6,323,236,687.05	2.46%
Equity attributable to the listed company's shareholders (RMB yuan)	3,885,981,229.85	4,158,538,499.75	-6.55%

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

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

No difference for the Reporting Period.

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

Applicable Not applicable

No difference for the Reporting Period.

VI Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB yuan

Item	2021H1	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	244,619.17	
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	6,712,327.65	
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	31,537,269.94	
Non-operating income and expenses other than the above	-24,078.31	
Less: Income tax effects	2,960,044.59	
Non-controlling interests effects (net of tax)	415,405.96	
Total	35,094,687.90	--

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

Applicable Not applicable

No such cases in the Reporting Period.

Part III Management Discussion and Analysis

I Principal Activities of the Company in the Reporting Period

Dongfang Precision focuses on the main business of "high-end intelligent equipment", regarding "intelligent manufacturing" as its strategic vision. Intelligent corrugated packaging machinery is the Company's core strategic business. Currently, Dongfang Precision has grown into a supplier of corrugated packaging machinery with comprehensive strength leading the globe. Besides, it is endeavouring to become an overall solution provider for intelligent plants by virtue of intelligent and digitalisation transformation. Parsun Power, a subsidiary of the Company that focuses on the field of outboard motors, is a domestic advanced supplier specialising in hydrodynamic equipment.

The Company's principal activities/products are divided into four categories, namely corrugator lines, corrugated box printing and packaging machinery, overall solutions for intelligent plants, and outboard motors. The details are shown in the following table:

Principal activity/product	Corresponding business entity	Main functions and application fields
Corrugator lines	Subsidiary Fosber Group Subsidiary Fosber Asia	Corrugator lines are key production equipment for corrugated board and box manufacturers, which are used to process and produce corrugated boards of different specifications. They are widely used by corrugated board manufacturers (primary plant + secondary plant) in the corrugated packaging industry chain.
Corrugated box printing and packaging machinery	Dongfang Precision (China) Subsidiary Dongfang Precision (Europe)	Corrugated box printing and packaging machinery is key equipment for the production of corrugated boxes, which is used to process corrugated boards into corrugated boxes of different specifications according to customer needs. It is widely used by all kinds of enterprises that process and produce corrugated boxes (primary plant + secondary plant + tertiary plant) in the

Principal activity/product	Corresponding business entity	Main functions and application fields
		<p>corrugated packaging industry chain.</p> <p>Corrugated box printing and packaging machinery includes the corrugated box printing line, individual machine units for corrugated box printing, as well as pre-printing and post-printing intelligent and automatic machinery like pre-feeders, stripper conveyors, intelligent stackers, and folder gluers.</p>
Overall solutions for intelligent plants	Subsidiary Dongfang Digicom	<p>An enterprise- and industry-level industrial Internet platform for downstream customers in the corrugated packaging industry will be created to help the customers realise a digital and network-based equipment layer, connect business, cash, and information flows, and promote comprehensive digitalisation of the production and operation layer, as well as data-based reasonable management and decision-making, in order to promote intelligent transformation, and enhance enterprise competitiveness in all respects.</p>
Outboard motors	Subsidiary Parsun Power	<p>Outboard motors are a kind of detachable power units that are mounted on the stern plate of a boat to drive the boat to sail. They can be applied to boats shorter than 24m in inland rivers, lakes, and coastal waters. Currently, the equipment has been widely used for civil short-distance transportation/fishing, leisure sports like yachts/motorboats, and military use/maritime affairs/flood control and rescue.</p>

In the first half of 2021, the global pandemic eased, the world economy gradually recovered, and the overall development trend improved. China's economy continued its strong recovery, and its foreign trade maintained upward momentum. Under the strong leadership of the Board of Directors and management team, Dongfang Precision took active actions and seized opportunities to promote the steady and sound development of its business in all aspects.

(I) Operating results continued to grow, and operating revenue growth accelerated

In the first half of 2021, the Company's main business and operating results continued the growth trend since 2020. Changes in the major indicators of operating results are shown in the following table:

	H1 2021	H1 2020	Change (%)
Operating revenue (RMB yuan)	1,400,558,964.18	1,177,491,225.13	18.94%
Net profit attributable to the listed company's shareholders (RMB yuan)	191,117,520.46	127,198,462.09	50.25%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB yuan)	156,022,832.56	81,018,675.86	92.58%
Net cash generated from/used in operating activities (RMB yuan)	206,023,828.25	29,409,409.32	600.54%

During the Reporting Period, the Company's domestic business segment showed strong momentum for revenue growth, driving the overall operating revenue growth to accelerate compared to the previous half year; its overseas business segment continued to develop steadily, with operating quality and profit margin steadily improving.

Since the beginning of the year, prices of raw materials such as steel products in China have fluctuated. The Company actively took measures during the Reporting Period to strengthen cooperation with core suppliers and moderately adjust the selling prices of some products. As a result, the overall gross profit margin of domestic business entities remained stable.

(II) Analysis of main business operations

1. Domestic business segment: The overall growth momentum was strong

(1) Corrugator lines of subsidiary Fosber Asia: Significant growth was achieved

In the first half of 2021, subsidiary Fosber Asia took full advantage of development opportunities and increased its business development efforts in the domestic and Southeast Asian markets. Coupled with the impact

of the low performance base under the pandemic in the same period last year, its operating performance grew significantly year-on-year. With an operating revenue of RMB150 million, 4.6 times that of the same period in H1 2020, the company created the best first-half performance level in its history.

The intelligent corrugator line "Pro-Line" launched by Fosber Asia is well received by industrial customers from both China and the Southeast Asian market. During the Reporting Period, order shipments grew significantly. The company's sales in the domestic market contributed to more than 80% of its operating revenue in the first half of the year, with a particularly impressive growth rate. Moreover, cooperation between Fosber Asia and downstream leading enterprises in the corrugated packaging industry proved fruitful. Fosber Asia successfully completed the fulfilment of high-end production line orders from customers leading the downstream industries. The first group of domestic industrial customers all repurchased the products in the first half of the year. Fosber Asia also reached strategic cooperation with Hengsheng Packaging under Xinsheng Group. Furthermore, progress was made in the expansion of the Southeast Asian market. Production line orders or equipment orders from industrial customers in countries such as Thailand and India were fulfilled.

Since the first quarter, Fosber Asia has been in a state of full production and sale. With ample orders in hand, its production has been scheduled until the end of the year. Capacity utilisation remains efficient. Based on actual needs and future planning, during the Reporting Period, Fosber Asia made efforts to improve the utilisation rate and operational efficiency of existing production capacity on the one hand, and on the other hand initiated and steadily promoted plans for land acquisition and new capacity development.

Fosber Asia's high-end corrugator line, the Pro-Line series, is developed based on the needs of customers in China and Southeast Asia, and is produced in Nanhai District, Foshan. The localisation rate of parts and accessories stabilises at around 90%. Fosber Asia has established a stable supply chain system in China. Taking full advantage of China's industry chain and supply chain with the most complete industrial categories and the most complete supporting facilities in the world, Fosber Asia is able to provide industrial customers in the Chinese and Southeast Asian markets with high-quality high-end corrugator lines made in China.

(2) Outboard motors of subsidiary Parsun Power: The sales of outboard motors grew rapidly, and operating benefits continued to be released

In the first half of 2021, benefiting from the continuous growth of overseas countries' demand for aquatic recreation and entertainment under the pandemic, as well as the trend of global manufacturing orders shifting to China as the pandemic continued, orders and shipments of subsidiary Parsun Power for outboard motors and

general utility small gasoline motors grew rapidly year-on-year, driving the operating revenue and net profit of Parsun Power to both increase by more than 50% year-on-year.

Parsun Power actively seized market opportunities. While intensifying marketing and promotion efforts targeted at domestic customers, it increased R&D investment and improved its product structure. During the Reporting Period, the year-on-year growth rate of Parsun Power's domestic market revenue exceeded 60%, and the sales revenue of its medium- and large-horsepower outboard motors grew by more than 40% year-on-year.

In early July, the 115-horsepower gasoline outboard motor independently developed by Parsun Power was successfully rolled out. The power and horsepower of this model are by far the largest among all domestic self-owned brands. The successful rollout of the 115 model broke the monopoly of foreign brands such as the United States and Japan in the large-horsepower gasoline outboard motor market, filling the gap in the R&D and manufacturing of high-power gasoline outboard motors in China.

Parsun Power entered into cooperation with Swedish diesel outboard motor brand OXE Marine in August 2020 on the sale of OXE large-horsepower diesel outboard motor products in China. In the first half of 2021, a sales breakthrough was successfully achieved. It is expected that sales will continue to grow in the second half of the year.

During the Reporting Period, Parsun Power actively improved the level of operations management. In the first half of the year, it continued to introduce outstanding talent in R&D, sale, production, and operation. As a result, the comprehensive strength of the team was further enhanced, and the development foundation was further consolidated. Additionally, by implementing lean management, as well as improving operational efficiency and capacity utilisation, Parsun Power achieved steady improvement in shipment quality, providing support for the shipment growth of medium- and large-horsepower models.

In the first half of 2021, Parsun Power steadily promoted the R&D of electric outboard motors and its business development in the domestic military market, with positive results achieved. The company will continue to strengthen the development and promotion of large-horsepower models and electric outboard motors, and increase investment in military market development.

(3) Corrugated box printing and packaging machinery of Dongfang Precision (China): Domestic market revenue growth accelerated

In the first half of 2021, due to the impact of international shipping factors, the export revenue of Dongfang Precision (China)'s corrugated box printing and packaging machinery declined, but at the same time, its domestic

market revenue increased rapidly year-on-year. Cooperation with large group customers in the downstream industries such as Shanying Intl, MYS, and HXPP was steadily promoted. Moreover, the machinery was successfully sold for the first time in several emerging market countries along the "Belt and Road". The sales and shipments of technical support services, spare products, and spare parts maintained good and stable growth momentum.

2. Overseas business segment: The trend of steady development continued, and operating quality steadily improved

The Company's overseas business is operated by Fosber Group, a wholly owned subsidiary of the Company (its subsidiaries include Fosber America, Italy QCorr, and Spain Tiru ña), and Dongfang Precision (Europe), another wholly owned subsidiary.

The above overseas business entities are mainly located in Europe and the United States. All of them implement localised management and operation. Their product design, development, production, and manufacturing are carried out in Europe and the United States; their main products are corrugator lines and corrugated packaging and printing machinery that are used to process and produce corrugated packaging products. Corrugated packaging is a rigid consumer product in European and American countries and regions. The operations and development of the Company's overseas business entities are not negatively affected by international trade disputes.

In the management and control of overseas subsidiaries, the Company has integrated modern business management means, such as corporate governance and the operation of the shareholders' meeting, the Board of Directors, and the Supervisory Committee, the management and control of strategies and finance, and the management of decentralisation and authorisation of authority. Based on the Company's actual situation, after years of exploration and cooperation, a set of effective methods for managing and controlling overseas subsidiaries has been formed. On the basis of "mutual respect and mutual trust", with an open mind to seek common ground while reserving differences, the Company has achieved adequate management and control of overseas subsidiaries, effectively reducing the risks caused by "globalisation and internationalisation". In the past five years since 2016, the overseas segment has developed steadily overall, with operating revenue and profit increasing year after year.

In the first half of 2021, the vaccination rate in developed countries such as the United States and Europe kept increasing, countries successively lifted lockdowns, and their monetary and fiscal policies remained loose.

The overseas business segment benefited from the above-mentioned positive changes in the macroeconomic environment. Subsidiaries Fosber Group and Dongfang Precision (Europe) achieved steady growth in order sales, as well as steady improvement in operating quality and internal synergy.

From 2019 to 2020, Fosber Group completed the acquisitions of Spain Tiru ña, a manufacturer of high-end corrugating and pressure rolls with a history of nearly one century, and relevant business assets of Agnati, an Italian manufacturer of corrugator lines with a glorious history. A series of post-investment integration, operational adjustment, and other measures implemented after the acquisitions bore fruits in the first half of 2021: The operating results of Spain Tiru ña and Italy QCorr both improved from the same period last year; the order sales of Spain Tiru ña's corrugating roll products grew year-on-year; positive progress was also made in the order sales of Italy QCorr's Quantum high-speed corrugator lines; the expense ratios of the two companies were effectively controlled, and their operational efficiency was improved.

3. Firm promotion of "digitalisation and intellectualisation" strategy

In 2020, the Company deemed "digitalisation and intellectualisation" as a vital part of its five-year strategies, endeavouring to promote the digitalisation and intellectualisation transformation of corrugated printing and packaging machinery.

Subsidiary Dongfang Digicom is an institution that undertakes the Company's overall solutions for intelligent plants. In the first half of 2021, Dongfang Digicom checked, sorted, and analysed the Company's actual situation and its "digitalisation and intellectualisation" planning, surveyed the solution demand and development of customers in the downstream industries, further clarified and defined the specific direction and path of action, and steadily promoted the development of solution-related products. At the same time, it quickly promoted team building, clarified the organisational structure and post setting, and vigorously introduced outstanding talent.

In the future, Dongfang Digicom will, by taking advantage of the Company's presence in the whole industry chain of corrugated packaging machinery, product library with the most complete and richest product specifications and market positioning in the industry, technologies and accumulated practices of information-based production management systems in the industry, as well as experience related to corrugated packaging machinery in the past three decades, create an enterprise- and industry-level industrial Internet platform through new-generation information technologies, such as 5G, the Internet of Things (IoT), edge computing, big data, cloud computing, and artificial intelligence (AI), to promote comprehensive digitalisation of the production and operation layer, and boost the digital and intelligent upgrading and transformation of customers in the

corrugated packaging industry.

(III) Epitaxial business segment: New industrial development opportunities were created to facilitate the Company's higher-level development

In 2020, the Company set up a wholly owned subsidiary, Yineng Investment. With industries as the body and capital as the wings, Yineng Investment is positioned as an institution to undertake the Company's epitaxial business segment. Guided by the Company's strategic plan, it focuses on industries related to the main business of Dongfang Precision and fully participates in the industries supported by the "14th Five-Year Plan" by virtue of the industrial advantages. For equity investment, it focuses on areas such as high-end manufacturing and big consumption, and aims at enterprises with extensive industrial development opportunities and favourable industrial advantages. It will obtain good investment returns and seek industrial synergy at the same time to create new industrial development opportunities and facilitate the Group's sound development.

During the Reporting Period, the main progress of the Company's epitaxial business segment is as follows:

1. Increase in holdings of Fosber Asia

In the first half of 2021, the Company reached an agreement with minority shareholders of Fosber Asia on the acquisition of the minority shareholders' 32.8% equity interests in Fosber Asia. After the completion of the acquisition, the equity interests in Fosber Asia held by Dongfang Precision increased from 56.4% to 89.2%.

Fosber Asia has entered the fast lane of development since 2020. With the successive launch of its localised high-end intelligent corrugator line products and the continuous growth of its market shares in China and Southeast Asia, Fosber Asia is expected to achieve favourable growth in operating results over the next few years. Through this transaction, Fosber Asia's contribution ratio to the net profit attributable to the listed company's shareholders in Dongfang Precision's consolidated statements will be increased. More importantly, the rapid growth of Fosber Asia's own operating results will be able to improve the Company's performance to a greater extent, driving the Company's revenue and profit to achieve favourable growth.

The transaction price of this equity acquisition is approximately RMB36.12 million. The transaction does not constitute a related-party transaction or a major asset restructuring, and has no significant influence on the Company's current operating results or financial position. Therefore, the involuntary disclosure standards stipulated in relevant laws and regulations, as well as rules and normative documents of departments are not met.

2. Investment progress in high-end manufacturing

In the first half of 2021, the Company completed two equity investments in the high-end manufacturing industry, namely:

(1) Investment in Guizhou Aerospace Xinli Technology Co., Ltd. with approximately 3.86% equity interests obtained

Guizhou Aerospace Xinli Technology Co., Ltd. (hereinafter referred to as "Aerospace Xinli") is affiliated to China Aerospace Science and Industry Corporation. Its main business is the R&D, production, and manufacturing of high-end alloy steel castings and forgings, non-ferrous castings, structural parts, and new aviation and aerospace materials which are widely used in nuclear energy, nuclear power, aviation, aerospace, and other fields. It is a domestically renowned manufacturer of nuclear-level parts and components qualified for national defense equipment research and production.

With great R&D strength, Aerospace Xinli has completed the R&D and localisation of dozens of alloy materials and key parts for nuclear energy equipment. A number of its key materials and parts are the first of its kind in China. Aerospace Xinli has also achieved import substitution. The key materials and parts of nuclear safety machinery and equipment used in domestic pressurised water nuclear power plants are all produced by Aerospace Xinli. Aerospace Xinli participated in the first-phase technology R&D of the International Thermonuclear Experimental Reactor (ITER) and delivered the first batch of magnet support products in the world, making China the first country to deliver products in batches to the ITER project.

(2) Investment in Sichuan Dajin Stainless Steel Co., Ltd. with approximately 2.29% equity interests obtained

Sichuan Dajin Stainless Steel Co., Ltd. (hereinafter referred to as "Dajin Stainless Steel"), whose main business is the precision machining and manufacturing of key aero-engine parts and components (such as engine casings and ring parts), is a professional supplier of aero-engine parts and components. It is also involved in many fields such as aerospace missiles and rail transit.

Dajin Stainless Steel has all the qualifications for the production and manufacturing of military products. Its core products are key aero-engine parts and components with the characteristics of structural complexity, high test difficulty, and high tolerability. Occupying a leading position in the segment, Dajin Stainless Steel is the most professional and largest manufacturer of aero-engine ring parts among private-owned enterprises.

(3) Impact on the Company

In the above two projects, one target company is engaged in nuclear energy and nuclear power while the other is engaged in aviation and aerospace, both of which are national strategic science and technology industries

and industries supported by the state during the "14th Five-Year Plan" period. The two companies focus on the manufacturing of key high-end parts and components. With core R&D technology advantages, a certain business scale, as well as strong sustainable development capability and profitability, they have become leading enterprises in their respective industries.

The Company's investment in the above two high-end manufacturing enterprises is in line with the positioning and purpose of the Company's epitaxial business; it helps the Company to enter relevant high-end manufacturing areas, create industrial development opportunities, develop and grow in the national aerospace, aviation, nuclear energy, and nuclear power industries, as well as share revenue during the rapid growth and development of the two enterprises.

None of the two equity investments constitutes a related-party transaction or a major asset restructuring, or has any significant influence on the Company's current operating results or financial position. Therefore, the involuntary disclosure standards stipulated in relevant laws and regulations, as well as rules and normative documents of departments are not met.

3. Investment progress in big consumption-related areas

In the first half of 2021, the Company contributed RMB50 million to the establishment of Jiaying Fengrong Equity Investment Partnership (Limited Partnership) as one of the limited partners. The partnership invested specifically in Hangzhou SF Intra-city Industrial Co., Ltd. (hereinafter referred to as "SF Intra-city").

SF Intra-city is the largest independent third-party real-time logistics service provider in China. It is positioned as a high-quality, efficient, and full-scenario independent third-party distribution platform intended to create a zero-distance life circle relying on a comprehensive real-time logistics network; it is a majority-owned subsidiary of SF Holding (stock code: 002352). In June and July 2021, SF Holding announced that SF Intra-city's application for the initial public offering of overseas listed foreign shares on the Hong Kong Stock Exchange had been accepted by the CSRC, and that the application materials for listing on the Main Board of the Stock Exchange of Hong Kong Limited had been submitted to the Hong Kong Stock Exchange.

The target of this investment is a leader in the domestic big consumption market. It has great comprehensive strength, and has initiated an IPO in Hong Kong. The risks in this investment are controllable, and the certainty of obtaining returns is high.

In February 2021, the Company disclosed the Announcement on Joint Investment with Professional Investment Intermediaries, fulfilling the relevant information disclosure obligation regarding its capital

contribution to the establishment of the partnership. The investment does not constitute a related-party transaction or a major asset restructuring, and has no significant influence on the Company's current operating results or financial position.

(IV) Capital operation: Active actions were taken to improve value creation capability and capability of shareholder return

1. Spin-off listing of subsidiary Parsun Power was initiated

In June 2021, according to the Company's development plan of the third five-year strategic development period (2018-2022), in order to promote the better and faster development of subsidiary Parsun Power's outboard motors business, the management of the Company initiated the preliminary preparation for the spin-off of Parsun Power and its listing on the Shenzhen Stock Exchange after being approved and authorised by the Board of Directors.

The spin-off listing of subsidiary Parsun Power will not only help the Company better focus on the intelligent corrugated packaging machinery business, and realise the upgrading and transformation of the Company's core business to "an overall solution provider for intelligent plants in the corrugated packaging industry", but also facilitate Parsun Power's full use of the direct financing function in the capital market to further expand, strengthen, and refine its core strategic business, that is, the outboard motors business, with a view to becoming a leading enterprise in the domestic outboard motors industry, and better serving the goals of national high-end equipment localisation, independence, controllability, safety, and efficiency during the "14th Five-Year Plan" period.

The Company disclosed the Announcement on Authorising the Management of the Company to Initiate Preliminary Preparation for the Spin-off and Domestic Listing of the Subsidiary on 8 June 2021.

2. Under the premise of controllable risks, active management of idle funds was carried out to increase the return on net assets

In the first half of 2021, upon the approval and authorisation of the General Meeting and the Board of Directors, in accordance with the Policy for Securities Investment Management of the Company, the Company and subsidiary Yineng Investment conducted securities investment with carrying temporarily idle funds on the premises that legal compliance, the Company's need of routine operating funds and fund safety were ensured and that the Company's development of major business would not be affected. The active management of idle funds is conducive to improving capital utilisation efficiency, raising the return on net assets, and enhancing value creation

capability.

3. The repurchase of nearly RMB1 billion shares was successfully completed, and all the 212 million repurchased shares were retired

In the first half of 2021, the Company continued to promote the share repurchase plan, which was successfully completed on 2 June 2021. From 10 July 2020 to 2 June 2021, through centralized bidding, the Company repurchased 212 million shares accumulatively, accounting for 14% of its total share capital, and paid approximately RMB990 million in total (exclusive of transaction costs). The actual implementation of the share repurchases conformed to the provisions of the repurchase plan.

The 212 million shares repurchased from the secondary market were retired in full to reduce the Company's registered capital. On 11 June 2021, as confirmed by the Shenzhen branch of China Securities Depository and Clearing Corporation Limited, the retirement of all the 212 million shares was completed, after which, the total share capital changed from 1,544 million shares to 1,332 million shares.

The completion of the share repurchase and the retirement of the repurchased shares fully reflect the confidence of the Company's Board of Directors and management in the Company's future development and their high recognition of the Company's value. Upon the share retirement, the total share capital decreased, and the earnings per share improved. As a result, the value of unit shares will increase, and the returns to shareholders will thereby increase.

After the retirement of the repurchased shares, the net profit attributable to the parent in the first half of 2021 increased by 50.25% year-on-year, while the basic earnings per share in the same period increased by 75% year-on-year. The increase in earnings per share was significantly larger than the increase in profit.

4. Equity incentives were steadily promoted to stimulate the endogenous power for development

In the first half of 2021, the Company steadily promoted the restricted share incentive plan launched in 2020 as planned.

In February 2021, the Company granted incentive shares to 18 core elites and managers. 4.24 million shares were granted accumulatively.

In June 2021, the exercise and unlocking for public trading of a total of 4.31 million incentive shares in the first unlocking period of the incentive plan were completed, involving 37 awardees.

Through the continuous promotion of equity incentives, the Company will stimulate the endogenous power for sustainable and healthy development, "stabilise the team, boost the morale, gather talent and improve business

performance". The connection of the core elites' own interests to the Company's future business growth and capability of shareholder return will be deepened, which is conducive to the Company's continual improvement of operating results and value creation capability.

II Core Competitiveness Analysis

(I) Comprehensive industrial chain layout and the most complete and richest product specifications in the corrugated packaging equipment industry

Dongfang Precision has vertically scaled up its footprint in the industrial chain of segments of corrugated box printing and packaging machinery business after listing. Its main businesses have been expanded from the corrugated box printing and packaging machinery business at the beginning of listing to production equipment covering all processes in the production and processing chain of corrugated paper from production, printing, die cutting, gluing, to packaging, such as corrugating rolls, corrugator lines, fully automatic printing lines and individual machine units for corrugated boxes, and pre-printing and post-printing automatic equipment. Dongfang Precision extends its footprint in the whole industrial chain of segments and offers equipment covering all procedures of the intelligent corrugated packaging line.

The integrity of the industrial chain layout of Dongfang Precision is reflected in the following two aspects:

(1) The whole industrial chain layout covers all processes of the chain of printing, packaging, production, and processing of corrugated paper. Basically, all equipment and products in the industrial chain of corrugated box printing and packaging machinery are reached. Dongfang Precision embraces series products, such as Tiru ña corrugating rolls-Fosber corrugator lines-Quantum corrugator lines-Dongfang Precision (China) corrugated box printing and packaging line and individual machine units-Dongfang Precision (Europe) corrugated box printing and packaging machinery and pre-printing and post-printing automatic equipment.

Schematic diagram of whole industrial chain layout of corrugated box printing and packaging machinery business of Dongfang Precision



(2) Dongfang Precision features a product library with the most complete and richest product specifications and market positioning in the industry. For example, Dongfang Precision provides products with dozens of specifications and positioning in the corrugated box printing and packaging machinery segment, far more than those of its rivals, thus satisfying the diversified equipment demands of customers worldwide.

(II) Leading technology, stable & reliable products

Fosber Group, a business entity of corrugator lines under the intelligent corrugated packaging machinery segment of the Company, is a major supplier of high-end corrugator lines in the global market. It is one of the two largest companies in high-speed and wide corrugator lines. Fosber Group takes a leading position in Europe and North America, because of simplified design, stable performance, low failure rate, and high intellectualization.

Moreover, corrugated box printing and packaging machinery under the intelligent corrugated packaging machinery business of Dongfang Precision are characterized by advanced design concepts, high functional integration, high automation, and outstanding overall performance. Especially, the Company occupies a leading position in the market regarding the overall performance in operating stability, service life, printing quality, efficiency, width, and registering accuracy.

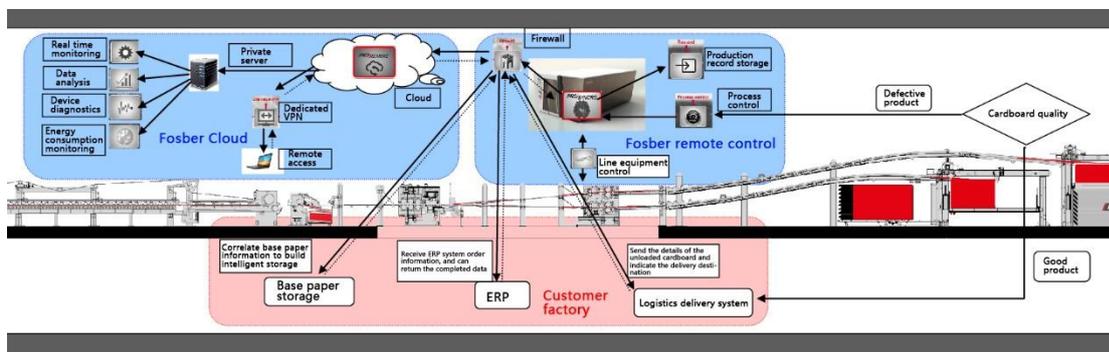
The outboard motor R&D team of Parsun Power, a wholly-owned subsidiary of Dongfang Precision, has relevant product and technology R&D experience for nearly two decades. Its products obtain the EU CE mark, the US EPA certification, and the CCS certification of the China Classification Society (CCS). It was the first drafter of the Technical Conditions for Gasoline Engine of Outboard Motors (JB/T11875-2014) for the domestic outboard motors industry. Parsun Power has been recognized as a national high-tech enterprise for several consecutive years and won China Machinery Industry Science and Technology Award II twice.

(III) Practices of information-based production management systems in the industry and leading industrial Internet technology

The PRO series information-based intelligent production management system for corrugator lines, developed through integrating sensor, AI, VR, and 3D modelling and combined data on the development, production, and technical support of corrugator lines accumulated for years, has the following functions: First, real-time monitoring of production data of corrugator lines and real-time monitoring of the production process and Kanban management are realized through more than 200 sensors in various types installed to corrugator lines. Second, the performance and cost of the production line are analysed based on data to help the customer make production decisions. Third, with the "self-diagnosis system", the machine can identify abnormal production data and automatically diagnose issues, based on the production data collected in a real-time manner and the preset algorithm, searching for an optimal solution in the database. Fourth, the remote-control system enables real-time monitoring and remote control of equipment is monitored in a real-time manner. Based on the "big data analysis system" module, sensors are utilized to collect data like temperature, humidity, heat, and wrinkles in real time during paper board production. The logical relationship between data is studied with preset algorithms. Results are output to constantly reinforce the effectiveness of production process control.

The system epitomizes Fosber Group's application and practices of the industrial Internet and acts as a business card of the corrugator lines of Fosber. The overall technical level is leading across the globe.

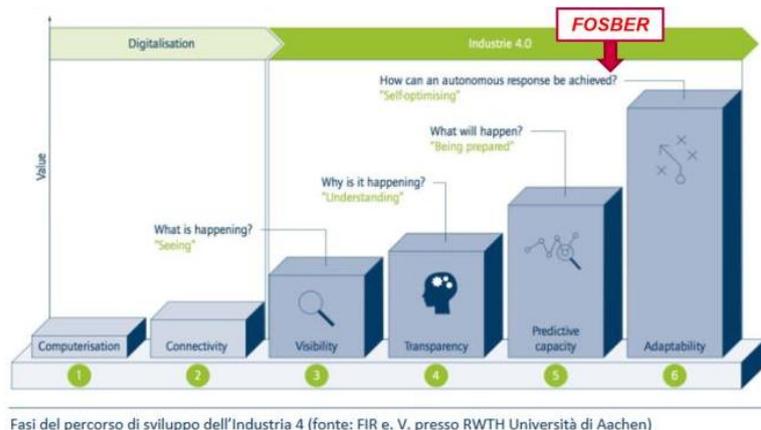
Schematic diagram of PRO series information-based intelligent production management system of Fosber Group



Fosber Group vigorously practices the industrial Internet model and has realized the self-learning and intelligent production of machines based on the combination of the computer and the Internet, big data, and algorithms. The self-learning and intelligent production of machines include four phases, that is, visibility (intelligent identification), transparency (intelligent analysis), predictive capacity (intelligent prediction), and adaptability (artificial intelligence-based solutions). At present, Fosber has completed the functional design of the

above four phases.

Schematic diagram of the phase of industrial Internet technology application of Fosber Group



(IV) International brand and extensive industry influence

Dongfang Precision's intelligent corrugated packaging machinery features stable quality. Dongfang Precision Printer, Fosber's Lines, Tiru ña Corrugating Rolls, and Quantum Lines are well-known and influential.

The Company's intelligent corrugated packaging machinery is known in the industry for its high performance, stability, and reliability. In addition, the Company offers excellent technical support and after-sales services, favourable to gain brand premium.

It has become an influential enterprise in the industry, as evidenced by its honours like the "Top 500 Private Manufacturers of China", the "Champion in Single Aspect", and the "Leader in Industry Segment".

(V) Excellent customer resources with long-term and stable partnership

End customers have raised higher and stricter requirements for product quality, delivery timeliness, and sustainable and long-term cooperation, along with the Company's shift of the business model from the manufacturing of a single type of products to the provision of integrated and overall solutions. The Company has been exerting more efforts for R&D innovation and improving product and service quality so as to establish long-term and stable strategic partnerships with famous brands at home and abroad.

Particularly, the Company has established a good partnership in corrugated board packaging with domestic leading enterprises, such as Nine Dragons Paper (Holdings) Limited (Nine Dragons), Shanying International Holdings Co., Ltd. (Shanying Intl), Yuen Foong Yu Group (YFY Inc.), Xiamen Hexing Packaging Printing Co., Ltd. (HXPP), MYS Group Co. Ltd. (MYS), Xintonglian Packing (XTL), Zhejiang Dashengda Packaging Co., Ltd., Forest Packing Co., Ltd., United Creation Packaging Solutions Group (UCPS), and Zhengye International

Holdings Company Limited (Zhengye International), and large international conglomerate, including International Paper, Smurfit Kappa, DS Smith, APP Sinar Mas , and Mpact.

With the constant growth in concentration and the continuous upgrading of capacity in the downstream industry, major customers will demand increasing overall solutions for intelligent plants as well as mid- and high-end production lines and equipment. The Company has seized opportunities and formed a better competitive edge by virtue of its stable business partnership during the above industry changes.

(VI) Cornerstone for sustainability based on experienced management team and professional technician team

Dongfang Precision has an experienced management team with a global vision and a deep insight into product R&D and design, manufacturing and operations, marketing, industrial layout, and development planning. Thanks to its rich experience and broad horizon, the management team allows Dongfang Precision to keep up with the general development trend of the intelligent corrugated packaging machinery manufacturing industry. By making forward-looking and strategic plans and business layout, the management team maintains robust and sustainable development of the Company.

In the meantime, Dongfang Precision adopts the professional manager team management model and attaches great importance to authorization management. It deems "a wealth of talents" and "cultural orientation" as its basic development strategies, and strengths the building and upgrading of its organizing ability through multiple ways (including the building of a core senior management team, design of the organizational structure, standardization of the management and control system, implementation of mid- and long-term incentives, and building of corporate culture). Additionally, it keeps reinforcing the management and resource integration of all functional departments, offers more support for subsidiaries, improves the general management and operation efficiency, and promotes the implementation of the "globalization" and "synergy" strategies.

(VII) Successful practice in M&A and integration firmly supporting industrial chain layout

Dongfang Precision has adopted multiple integration measures, after acquiring Fosber Group in 2014. For instance, it has kept sending management talents to Fosber Group, incubated and cultivated Fosber Asia, assisted Fosber Group in adjusting its business strategies, intensified the management and R&D capabilities of the team, and standardized the authorization management system. Through the above measures, the Company has successfully injected operation vitality in Fosber Group. Fosber Group has achieved rapid and steady growth in operation performance. Besides, its operating revenue is more than twice as much as that before the acquisition,

while its net profit, approximately three times.

Since the acquisition in 2015, Dongfang Precision has dispatched a management team to Parsun Power, and facilitated the latter to streamline its strategies, adjust business strategies, and optimize key processes, such as procurement, production, R&D, and sales. Especially, the Company helped Parsun Power constant and steady growth from 2017 to 2020 amid the sluggish international market of outboard motors.

The successful M&A and integration cases of Fosber Group and Parsun Power have fully demonstrated the remarkable achievements of Dongfang Precision regarding the management and control of the strategies and finance of the subsidiaries, and the adoption of modern business management means, such as the management mechanism of decentralization and authorization of authority, the standardization of the corporate governance of the subsidiaries, and the operation and management of the shareholders' meeting, the Board of Directors and the Supervisory Committee.

From 2019 to 2020, the Company completed the acquisitions of the equity of Spain Tiru ña, a high-end manufacturer of corrugating and pressure rolls with a history of nearly one century and relevant business assets of Agnati, an Italian manufacturer of the corrugated board line with a glorious history. Upon completion of the acquisitions, Dongfang Precision comprehensively streamlined the development strategies, R&D systems, product series, marketing, and team building of the two enterprises, and carried out management output, that facilitated them to raise management effectiveness and further stimulate business vitality and the enthusiasm of team members. The Company is confident that the two enterprises with profound histories will mark more achievements and create greater value for shareholders based on effective integration.

Moreover, the Company will have a solid foundation and firm support for the subsequent expansion of presence in industrial chain and resource integration worldwide, thanks to the successful practice and prominent achievements in the integration of the above underlying assets, a good demonstration effect of relevant practices on the industry and favourable comments and reputation.

III Core Business Analysis

See "I Principal Activities of the Company in the Reporting Period" above.

Year-on-year changes in major financial data

Unit: yuan

	2021H1	2020H1	Change(%)	Cause of change
Operating revenue	1,400,558,964.18	1,177,491,225.13	18.94%	Mainly due to increase in sales.
Operating cost	991,455,474.86	841,826,823.84	17.77%	Mainly due to increase in sales.
Selling expenses	68,550,561.32	91,295,589.80	-24.91%	Mainly due to expenses control.
Administrative expenses	129,761,353.56	122,309,575.89	6.09%	No significant change.
Finance costs	-1,626,574.56	-1,734,518.18	6.22%	No significant change.
Income tax expenses	38,037,005.48	5,642,310.00	574.14%	Mainly due to increase in profit before tax this year and the tax preference last year.
R&D expenses	52,906,052.88	41,336,617.90	27.99%	Mainly due to increased investment in R&D activities.
Net cash generated from/used in operating activities	206,023,828.25	29,409,409.32	600.54%	Mainly due to increase in revenues this year and the prepaid tax amounting to 88.46 million yuan last year, which did not happen in the current period.
Net cash generated from/used in investing activities	1,200,263,426.07	-384,795,059.32	411.92%	Mainly due to recovery of large amount of bank financial management.
Net cash generated from/used in financing activities	-700,252,772.58	-357,317,673.55	-95.97%	Mainly due to the repurchase of shares in the current period.
Net increase in cash and cash equivalents	682,597,714.47	-707,708,887.51	196.45%	Mainly due to the inflow of business activities and investment activities in the period.

Significant changes in the composition or source of profits during the reporting period.

 Applicable Not applicable

There is no significant change in the composition or source of profits during the reporting period.

Breakdown of Operating Revenue

Unit: RMB yuan

	2021H1		2020H1		Change (%)
	Operating revenue	As a % of total operating revenue (%)	Operating revenue	As a % of total operating revenue (%)	
Total	1,400,558,964.18	100%	1,177,491,225.13	100%	18.94%
By operating division					

	2021H1		2020H1		Change (%)
	Operating revenue	As a % of total operating revenue (%)	Operating revenue	As a % of total operating revenue (%)	
Intelligent manufacturing	1,400,558,964.18	100.00%	1,177,491,225.13	100.00%	18.94%
By product category					
Complete lines and individual machine units for intelligent corrugated packaging machinery	747,290,015.07	53.36%	626,162,720.18	53.18%	19.34%
Parts for intelligent corrugated packaging machinery	300,176,099.08	21.43%	302,586,619.85	25.70%	-0.80%
Software and services related to intelligent corrugated packaging machinery	128,676,852.98	9.19%	100,749,743.45	8.56%	27.72%
Outboard motors and general utility small gasoline motors	224,415,997.05	16.02%	147,992,141.65	12.57%	51.64%
By operating segment					
Mainland China	331,950,181.68	23.70%	101,481,252.35	8.62%	227.10%
Other countries and regions	1,068,608,782.50	76.30%	1,076,009,972.78	91.38%	-0.69%

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

√ Applicable □ Not applicable

Unit: RMB yuan

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Intelligent manufacturing	1,400,558,964.18	991,455,474.86	29.21%	18.94%	17.77%	0.70%

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By product category						
Intelligent corrugated packaging machinery	1,176,142,967.13	817,047,478.13	30.53%	14.24%	12.13%	1.31%
Outboard motors and general utility small gasoline motors	224,415,997.05	174,407,996.73	22.28%	51.64%	54.08%	-1.23%
By operating segment						
Mainland China	331,950,181.68	236,113,955.92	28.87%	227.10%	228.02%	-0.20%
Other countries and regions	1,068,608,782.50	755,341,518.94	29.32%	-0.69%	-1.88%	0.87%

When the statistical caliber of the company's main business data is adjusted in the reporting period, the company's last issue of the main business data is adjusted according to the caliber at the end of the reporting period.

Applicable Not applicable

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

Applicable Not applicable

IV Analysis of Non-Core Businesses

√ Applicable □ Not applicable

Unit: RMB yuan

	Amount	As a % of gross profit	Primary source/reason	Recurrent or not
Return on investment	52,969,194.45	22.04%	Income from the securities investment, as well as share of profit of associates recognized at the equity method in the Reporting Period	Yes
Gain/loss on changes in fair value	21,393,373.17	8.90%	Increase in changes in fair value recognized for securities investment in the period.	Yes
Asset impairment loss	583,807.10	0.24%	No significant impact.	Not
Non-operating income	364,145.89	0.15%	No significant impact.	Not
Non-operating expenses	420,240.48	0.17%	No significant impact.	Not

V Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB yuan

	30 June 2021		31 September 2020		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		
Cash and bank balances	1,766,558,196.64	27.27%	885,711,053.88	14.01%	13.26%	Mainly due to the transfer of some large deposit certificates during the current period and the recovery of some wealth management products and securities investments.
Accounts receivable	478,400,453.81	7.38%	469,635,423.58	7.43%	-0.05%	No significant change.
Inventories	11,035,352.00	0.17%	29,504,693.97	0.47%	-0.30%	No significant change.
Contract assets	982,781,622.68	15.17%	734,120,595.26	11.61%	3.56%	Mainly due to the increase in sales orders, resulting in an increase in inventory reserves.

Investment property		0.00%		0.00%	0.00%	No significant change.
Long-term equity investments	73,845,638.23	1.14%	72,671,204.73	1.15%	-0.01%	No significant change.
Fixed assets	556,554,822.37	8.59%	571,413,480.14	9.04%	-0.45%	No significant change.
Construction in progress	9,929,394.59	0.15%	9,062,038.52	0.14%	0.01%	No significant change.
Right-of-use assets	83,188,933.64	1.28%		0.00%	1.28%	Mainly due to the implementation of the New Lease Standard in the period.
Short-term borrowings	228,289,633.82	3.52%	39,533,281.84	0.63%	2.89%	Mainly due to the repayment of part of the borrowings and new short-term borrowings in the period.
Contract liabilities	546,618,708.94	8.44%	362,792,713.35	5.74%	2.70%	Mainly due to the increase in receipts of the sales business in the period.
Long-term borrowings	341,295,101.12	5.27%	353,412,388.29	5.59%	-0.32%	No significant change.
Lease liabilities	67,893,331.89	1.05%		0.00%	1.05%	Mainly due to the implementation of the New Lease Standard in the period.
Financial assets held for trading	1,022,938,402.56	15.79%	1,636,296,430.31	25.88%	-10.09%	Mainly due to the recovery of some wealth management products and securities investments
Current portion of non-current liabilities	41,647,621.75	0.64%	226,597,528.74	3.58%	-2.94%	Mainly due to the repayment of part of the borrowings.

2. Major Assets Overseas

√ Applicable □ Not applicable

Asset	Source	Asset value (RMB)	Location	Management model	Control measures to protect asset safety	Return	As a % of the Company's net asset value	Any material impairment risk or not
100% interest of Fosber S.p.A.	M&A	623,576,021.13	Italy	Producing and marketing by itself	Operation management	Good	15.42%	Not
100% interest of EDF S.R.L	M&A	39,176,538.19	Italy	Producing and marketing by itself	Operation management	Good	0.97%	Not

3. Assets and Liabilities at Fair Value

√ Applicable □ Not applicable

Unit: RMB yuan

Item	Opening amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Impairment allowance for the period	Purchased in the period	Sold in the period	Other changes	Closing amount
Financial assets								
1. Financial assets held for trading (exclusive of derivative financial assets)	1,635,465,408.96	21,981,881.92			1,681,665,170.07	2,316,452,129.67		1,022,660,331.28
2. Derivative financial assets	831,021.35	-588,508.75			35,084,380.62	35,048,821.94		278,071.28
Subtotal of financial assets	1,636,296,430.31	21,393,373.17			1,716,749,550.69	2,351,500,951.61		1,022,938,402.56
Total of the above	1,636,296,430.31	21,393,373.17			1,716,749,550.69	2,351,500,951.61		1,022,938,402.56
Financial liabilities	0.00							0.00

Particulars about other changes:

Indicate whether any significant change occurred to the measurement attributes of the major assets in the Reporting Period.

□ Yes √ No

4. Assets to which the Company's Rights Were Restricted as at the Period-End

Unit: RMB yuan

Item	Closing carrying amount
Cash and bank balances	223,359,245.39
Other non-current assets	295,075,000.00
Total	518,434,245.39

VI Investments Made**1. Total Investment Amount**

√ Applicable □ Not applicable

Total investment amount in 2021H1 (RMB)	Total investment amount in 2020H1 (RMB)	Change (%)
1,608,856,907.68	2,931,883,245.00	-45.13%

2. Significant Equity Investments Acquired in the Reporting Period

Applicable Not applicable

3. Significant Non-Equity Investments of which the Acquisition Was Uncompleted in the Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

√ Applicable □ Not applicable

Unit: RMB yuan

Security type	Security code	Security name	Initial investment cost	Measurement method	Opening carrying amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Purchased in the period	Sold in the period	Gain/loss in the period	Closing carrying amount	Accounting title	Funding source
Domestically/overseas listed stocks	-	-		Fair value		50,000.00		670,795,040.62	711,495,128.87	41,576,088.25	926,000.00	Financial assets held for trading	Self-funded
Trust products	-	-	504,767,340.61	Fair value	504,767,340.61	2,272,922.83		110,000,000.00	506,944,590.35	6,944,590.35	117,040,263.44	Financial assets held for trading	Self-funded
Funds	-	-	619,890,000.00	Fair value	619,890,000.00	16,250,816.75			116,250,816.75	16,250,816.75	536,140,816.75	Financial assets held for trading	Self-funded
Others	-	-	511,639,089.70	Fair value	511,639,089.70	2,819,633.59		935,954,510.07	1,086,828,995.71	5,247,084.72	368,831,322.37	Financial assets held for trading	Self-funded
Total			1,636,296,430.31	--	1,636,296,430.31	21,393,373.17	0.00	1,716,749,550.69	2,421,519,531.68	70,018,580.07	1,022,938,402.56	--	--
Disclosure date of the board announcement approving the	On 27 March 2020, the Board of Directors of the Company held a meeting to consider and approve the proposal relating to securities investment for the year 2020 and submitted them to the shareholders' meeting for consideration, with the securities investment valid for 12 months from the date of approval at the shareholders' meeting and												

securities investments	the announcement date of the Board of Directors' resolution was 28 March 2020.
	On 29 March 2021, the Board of Directors held a meeting to consider and approve the proposal relating to securities investment for the year 2021 and submitted them to the shareholders' meeting for consideration, with the securities investment valid for 12 months from the date of approval at the shareholders' meeting and the announcement date of the board resolution is 30 March 2021.
Disclosure date of the general meeting announcement approving the securities investments (if any)	On 13 April 2020, the shareholders' meeting was held to consider and approve the proposal relating to securities investment for the year 2020, and the announcement date of the resolution of the shareholders' meeting was 14 April 2020.
	On 19 April 2021, the shareholders' meeting was held to consider and approve the proposal relating to securities investment for the year 2021, and the announcement date of the resolution of the shareholders' meeting was 20 April 2021.

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

VII Sale of Major Assets and Equity Investments

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Investments

Applicable Not applicable

VIII Principal Subsidiaries and Joint Stock Companies

Applicable Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the consolidated net profit:

Unit: RMB yuan

Name	Relationship with the Company	Principal activities	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Fosber Group	Subsidiary	R&D, processing, manufacturing and marketing of corrugator lines and parts, as well as provision of after-sales services	EUR1.56 million	1,888,532,525.63	623,576,021.13	780,390,221.90	105,009,769.31	77,283,447.42

Subsidiaries acquired or disposed of in the Reporting Period:

Applicable Not applicable

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

X Risks Faced by the Company and Countermeasures

1. Risk of fluctuations in the prices of major raw materials

The major raw materials required for the production of intelligent corrugated packaging machinery are machined parts, electrical components, standard parts, and so on. The purchase of major raw materials accounted for a significant proportion of the Company's principal operating costs. In the first half of 2021, the prices of the raw materials such as steels fluctuated, causing fluctuations in the Company's production costs and the company's gross profit margin was under certain pressure.

Countermeasures: strengthen dynamic analysis and judgment of market trends, enhance communication and cooperation with suppliers, strengthen active management and take various measures, such as appropriately adjusting the mode of cooperation, sign long-term purchase agreements for important raw materials in due course, to control the fluctuation of raw material purchase prices as far as possible while sharing difficulties with core suppliers. At the same time, the price of some products are moderately increased to ensure the profit space.

2. Integration risk after industrial mergers and acquisitions

In recent years, the Company has continued to extend its industrial layout in the upstream and downstream of the industry chain of corrugated packaging machinery, expand its business scale and further promote the globalization of its business and assets through the epitaxial acquisitions. The new members among the Company's overseas business entities include companies with a history of nearly 100 years and a profound track record, and international companies with multinational distribution of business and assets and customers around the world. During post-acquisition integration, the differences in management models, cultural backgrounds, business practices, applicable laws and language differences among different business entities have posed certain challenges for the Company in post-investment management and business integration.

Countermeasures: The Company will continuously promote the implementation of the "globalization" strategy, bring in outstanding talents with international business capabilities and build a global team. It will promote the implementation of the "a wealth of talents" strategy, continue to enhance the comprehensive capabilities of the management team and key business teams, and build a team with an international vision and the ability to work excellently in a global environment. It will promote the implementation of the "synergy" strategy, seek common ground while reserving differences with an open mind based on "mutual respect and trust". At the same time, it will deepen the post-investment management mechanism of "strategic control + hierarchical authorization management" to establish an effective control model in integration and improve the synergy among the business entities, so as to achieve a better synergy effect of the industrial chains and the healthy and sustainable development of each business entity.

3. Potential risks of securities investment business

During the Reporting Period, the Company conducted securities investment with its own funds. Based on the business attributes, there are certain risks associated with securities investment, including the risk of market fluctuations and uncertainty of returns as macroeconomic situations have significant impacts on the financial market, and the risk that the Company may suffer certain investment losses in case of risk events in the process of entrusting wealth management activities to the trustees in terms of investment strategies and use of funds.

Countermeasures: In accordance with the *Policy for Securities Investment Management*, the Company continuously strengthens the risk control management of securities investment to ensure the safety and effective value-added of investment funds. In accordance with the economic situation and changes in the financial market, it continuously tracks and analyses the progress of securities investment and the investment of funds, the progress of project investment and the performance of the capital market, and timely takes corresponding preservation measures to control investment risks.

Part IV Corporate Governance

I Annual and Extraordinary General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio ^{Notes}	Date of the meeting	Disclosure date	Resolution
The First Extraordinary General Meeting of 2021	Extraordinary General Meeting	31.32%	14 January 2021	15 January 2020	Announcement on the Resolutions of the First Extraordinary General Meeting of 2021 disclosed on http://www.cninfo.com.cn
The 2020 Annual General Meeting	Annual General Meeting	31.87%	19 April 2021	20 April 2021	Announcement on the Resolutions of the 2020 Annual General Meeting disclosed on http://www.cninfo.com.cn

Notes: The investor participation ratio was the shareholdings with voting rights of attending investors as a percentage of the Company's total shares with voting rights.

2. Extraordinary General Meetings Convened at the Request of Preference Shareholders with Resumed Voting Rights

Applicable Not applicable

II Changes of Directors, Supervisors and Senior Management

Applicable Not applicable

The company's directors, supervisors and senior management remain unchanged during the reporting period, which can be found in the 2020 Annual report.

III Dividend Plan for the Reporting Period

Applicable Not applicable

The Company has no semi-annual dividend plan, either in the form of cash or stock.

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

√ Applicable □ Not applicable

In order to refine its long-term incentive mechanism, boost the enthusiasm of management personnel and key employees of all levels, effectively promote long-term development, and achieve the objective of “Promoting Team Stability and Morale, Attract Talent and Improve Operating Performance”, the Company launched the 2020 Restricted Share Incentive Plan in the first quarter of 2020.

The progress in the reporting period is as follows:

1. On 24 February 2021, the Company completed the ownership transfer of the 4,240,000 restricted shares to 18 awardees at RMB1.00/share, the listing date of which is 25 February 2021. For details, see the Announcement on the Completion of the Ownership Transfer of the Grant of Reserved Restricted Shares under the 2020 Restricted Share Incentive Plan disclosed by the Company on www.cninfo.com.cn dated 26 February 2021.

2. On 24 February 2021, the Company completed the repurchase and retirement of the 900,000 restricted shares that had been granted to two resigned awardees but were still locked up. For details, see the Announcement on the Completion of the Repurchase and Retirement of Certain Restricted Shares disclosed by the Company on www.cninfo.com.cn dated 26 February 2021.

3. On 18 June 2021, the Proposal on the Satisfaction of the Unlocking Conditions for the First Unlocking Period for the First Grant under the 2020 Restricted Share Incentive Plan was approved at the 8th (Extraordinary) Meeting of the 4th Board of Directors and the 6th (Extraordinary) Meeting of the 4th Supervisory Committee. For details, see the Announcement on the Satisfaction of the Unlocking Conditions for the First Unlocking Period for the First Grant under the 2020 Restricted Share Incentive Plan disclosed by the Company on www.cninfo.com.cn dated 19 June 2021.

4. On 18 June 2021, the Proposal on the Repurchase and Retirement of Certain Restricted Shares was approved at the 8th (Extraordinary) Meeting of the 4th Board of Directors and the 6th (Extraordinary) Meeting of the 4th Supervisory Committee. The Company intended to repurchase and retire the 30,000 restricted shares that had been granted to one awardee but the unlocking conditions for the first unlocking period were not satisfied. For details, see the Announcement on the Repurchase and Retirement of Certain Restricted Shares disclosed by the Company on www.cninfo.com.cn dated 19 June 2021.

5. On 25 June 2021, 4,310,000 shares held by 37 awardees were unlocked for public trading in the first

unlocking period for the first grant under the 2020 Restricted Share Incentive Plan. For details, see the Reminder on the Unlocking for Public Trading of Shares in the First Unlocking Period for the First Grant under the 2020 Restricted Share Incentive Plan disclosed by the Company on www.cninfo.com.cn dated 24 June 2021.

Part V Environmental and Social Responsibilities

I Significant Environmental Issues

Whether the listed company and its subsidiaries fell into major pollutant-discharge enterprises and institutions published by national environmental protection authorities.

Yes No

Not applicable

The company and its subsidiaries did not fall into major pollutant-discharge enterprises and institutions published by national environmental protection authorities, and the company was not administratively punished for environmental issues in this reporting period. For other environmental information, please refer to "II Social Responsibilities" below.

II Social Responsibilities

The Company attached importance to fulfil social responsibility in daily operations, intending to promote the harmony and co-prosperity between it and parties related to its interests. The Company also took active measures in the protection of the rights and interests of shareholders, creditors, employees, suppliers, customers and consumers, environmental protection, sustainable development, public relations and social public welfare undertakings, and strived to maximize comprehensive social benefits including the sustainable development of itself.

(1) Corporate governance: During the Reporting Period, the Company strictly abided by the Company Law, the Securities Law and Code of Corporate Governance for Listed Companies, continued to refine the corporate governance structure, improve the internal control system, formed the decision-making system comprising the Shareholders' General Meeting, the Board of Directors, the Supervisory Committee and the Management, and timely fulfilled its obligation of information disclosure according to laws and regulations and effectively safeguarded the rights and interests of all shareholders.

(2) Rights and interests of employees: The Company provided employees with welfare and care by providing holiday gifts and holding employee birthday parties, annual meetings and team building activities, improved employees' professional competence by offering regular or irregular training to employees in the headquarters and domestic and foreign branches and subsidiaries, and continued to improve the competitive comprehensive remuneration system to retain and attract talents needed for the Company's sustainable development.

(3) Relationship with customers and suppliers: Long adhering to the principle of "honest business" and "mutual benefit and win-win", the Company took the initiative to construct and develop strategic partnership with suppliers and customers and jointly built a platform of trust and cooperation, and earnestly fulfilled its social

responsibilities to suppliers, customers and consumers. The Company has been well performing contracts with suppliers and customers and ensuring that the rights and interests of all parties are highly valued and duly protected.

(4) Production safety: The Company strictly abided by the Labour Law and the Labour Contract Law, adhered to the "people-oriented" principle, attached importance to the needs of employees, strived to improve the working and living environments of employees, and has set up a labour union to effectively protect the interests of employees. It also provided labour protection supplies according to the risk factors of different posts, organized occupational health examinations for employees (before taking the post, on the post and before leaving the post), and bought safety liability insurance for employees on highly risky posts. In 2020, Dongfang Precision extended its Grade II Production Safety Standardization Certificate for Machinery Enterprises, and Parsun Power and Fosber Asia were granted the Grade III Production Safety Standardization Certificate for Machinery Enterprises.

(5) Environmental protection: First, Dongfang Precision and Parsun Power were granted the National Pollutant Discharge Permit and met post-licensing regulatory requirements as required. Second, Dongfang Precision and Parsun Power commissioned the qualified third party environmental protection agencies to compile the Contingency Plans for Environmental Emergencies, and filed them. Third, the Company completed its environmental protection facilities (e.g., the waste gas treatment facility and the waste water treatment facility), and passed the qualification re-examination on OHSAS18001:2007 Occupational Health and Safety Management Systems and ISO14001:2005 Environmental Management System. Fourth, the Company commissioned a third party to install and operate 24h online wastewater flow monitoring equipment, and also commissioned a third party testing agency to test waste water, waste gas and noise every quarter. It also required environmental equipment operators to carry out regular inspections everyday. Fifth, Parsun Power commissioned a third party to implement annual environmental monitoring, and tested the activated carbon adsorption equipment before and after maintenance (including replacement of activated carbon). It also divided pollutants and wastes into industrial waste water, waste gas, solid waste, hazardous waste and domestic waste, and disposed of them, and earnestly fulfilled its responsibility of environmental protection.

(6) Anti-fraud: The Group compiled a thorough internal authorization manual that detailed provisions on internal authorization process of major matters to ensure appropriate internal control and reduce the risk of fraud. In order to create a fair, just, honest and non-corrupt internal business environment and strengthen internal monitoring, the Company also established and launched the anti-fraud reporting platform to encourage employees to report fraud findings.

(7) Social honour: Dongfang Precision won honorary titles including "Top 500 Private Manufacturing Enterprises in China", "Leading Enterprises in Subdivided Industries in Foshan", and "Guangdong Provincial Industrial Design Center"; Fosber Asia won honorary titles including "Guangdong Demonstration Enterprise of Intellectual Property"; and Parsun Power won honorary titles including "Leading Enterprise in China's Internal

Combustion Engine Industry", "2021 China Shipbuilding Industry Best Technology Innovation Award", "2021 China Shipbuilding Industry Outstanding Contribution Award", and in July 2021 was shortlisted as a national "little giant" enterprise with the quality of specialization, refinement, characteristics and novelty.

Part VI Significant Events

I Undertakings of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in the Reporting Period or Unfulfilled and Overdue at the Period-End

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

III Irregularities in Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

IV Engagement and Disengagement of Independent Auditor

Whether the semi-annual financial report was audited.

Yes No

The semi-annual financial report was not audited.

V Explanations Given by the Board of Directors and the Supervisory Committee Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI Explanations Given by the Board of Directors Regarding "Modified Opinion" on the Financial Statements of Last Year

Applicable Not applicable

VII Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant Legal Matters

Applicable Not applicable

No such cases in the Reporting Period.

Other Legal Matter

Applicable Not applicable

IX Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

XI Significant Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

3. Related-Party Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Amounts Due to and from Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Transactions with Related Financial Companies and Financial Companies Controlled by the Company

Applicable Not applicable

No such cases in the Reporting Period.

6. Other Significant Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

XII Significant Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Significant Guarantees

√ Applicable □ Not applicable

Unit: RMB yuan'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Not applicable										
Guarantees provided by the Company as the parent for its subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Dongfang Precision (Netherlands)	11 January 2020	34,495.67	16 March 2020	34,495.67	Joint liability	-	-	From the date when the guarantee took effect to 18 February 2021	Yes	Not
Dongfang Precision (Netherlands)	30 December 2020	18,908.05	4 February 2021	18,908.05	Joint liability; Pledge	Deposits	-	From the date when the guarantee took effect to 3 February 2022	Not	Not
Dongfang Precision (Netherlands)	5 June 2020	26,901.7	30 June 2020	25,748.77	Joint liability; Pledge	Deposits	-	From the date when the guarantee took effect to 29 June	Not	Not

								2023		
Total approved line for such guarantees in the Reporting Period (B1)		18,908.05	Total actual amount of such guarantees in the Reporting Period (B2)							18,908.05
Total approved line for such guarantees at the end of the Reporting Period (B3)		80,305.42	Total actual balance of such guarantees at the end of the Reporting Period (B4)							44,656.82
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Italy QCorr	15 May 2020	1,921.55	29 April 2020	1,921.55	Joint liability	-	-	From the date when the guarantee took effect to 15 February 2021	Yes	Not
Italy QCorr	15 May 2020	2,305.86	30 April 2020	2,305.86	Joint liability	-	-	From the date when the guarantee took effect to 30 June 2024	Not	Not
Total approved line for such guarantees in the Reporting Period (C1)		0	Total actual amount of such guarantees in the Reporting Period (C2)							0
Total approved line for such guarantees at the end of the Reporting Period (C3)		4,227.41	Total actual balance of such guarantees at the end of the Reporting Period (C4)							2,305.86

Total guarantee amount (total of the three kinds of guarantees above)			
Total guarantee line approved in the Reporting Period (A1+B1+C1)	18,908.05	Total actual guarantee amount in the Reporting Period (A2+B2+C2)	18,908.05
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)	84,532.83	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)	46,962.68
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets		12.09%	
Of which:			
Balance of guarantees provided for shareholders, the actual controller and their related parties (D)			0
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)			46,962.68
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)			0
Total of the three amounts above (D+E+F)			46,962.68
Joint liability possibly borne or already borne in the Reporting Period for outstanding guarantees (if any)	Not applicable		
Guarantees provided in breach of prescribed procedures (if any)	Not applicable		

3. Cash Entrusted for Wealth Management

Applicable Not applicable

Unit: RMB yuan'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount	Impairment provision for unrecovered overdue amount
Bank's wealth management product	Self-funded	50,885.69	29,013.58	0	0
Securities firm's wealth management product	Self-funded	60,000	50,000	0	0
Trust product	Self-funded	50,000	11,000	0	0
Total		160,885.69	90,013.58	0	0

High-risk wealth management transactions with a significant single amount or with low security, low liquidity and no principal protection:

Applicable Not applicable

Wealth management transactions where the principal is expectedly irrecoverable or an impairment may be incurred:

Applicable Not applicable

4. Significant Contracts Arising in the Ordinary Course of Business

Applicable Not applicable

5. Other Significant Contracts

Applicable Not applicable

XIII Other Significant Events

Applicable Not applicable

No such cases in the Reporting Period.

XIV Significant Events of Subsidiaries

Applicable Not applicable

Part VII Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	242,746,130	15.71%	0	0	0	-1,420,000	-1,420,000	241,326,130	18.12%
1.1 Shares held by the government	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Shares held by other domestic investors	241,446,130	15.63%	0	0	0	-1,560,000	-1,560,000	239,886,130	18.01%
Including: Shares held by domestic corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic individuals	241,446,130	15.63%	0	0	0	-1,560,000	-1,560,000	239,886,130	18.01%
1.4 Shares held by overseas investors	1,300,000	0.08%	0	0	0	140,000	140,000	1,440,000	0.11%
Including: Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas individuals	1,300,000	0.08%	0	0	0	140,000	140,000	1,440,000	0.11%
2. Unrestricted shares	1,302,380,827	84.29%	0	0	0	-211,618,790	-211,618,790	1,090,762,037	81.88%
2.1 RMB-denominated ordinary shares	1,302,380,827	84.29%	0	0	0	-211,618,790	-211,618,790	1,090,762,037	81.88%

2.2 Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.3 Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.4 Others	0	0.00%	0	0	0	0	0	0	0.00%
3. Total shares	1,545,126,957	100.00%	0	0	0	-213,038,790	-213,038,790	1,332,088,167	100.00%

Reasons for share changes:

Applicable Not applicable

1. The 2020 Share Repurchase Plan was completed and the shares repurchased were retired in the reporting period

As of 2 June 2021, the Company completed the implementation of the 2020 Share Repurchase Plan. A total of 212,138,790 shares were repurchased, with a total payment of approximately RMB0.99 billion (exclusive of transaction costs). The retirement of the shares repurchased was completed on 11 June 2021.

2. The Company finished the repurchase and retirement of the 900,000 restricted shares that had been granted to two resigned awardees but were still locked up in the reporting period

On 24 February 2021, the Company completed the repurchase and retirement of the 900,000 restricted shares that had been granted to two resigned awardees but were still locked up.

3. The Company completed the ownership transfer of the grant of reserved restricted shares under the 2020 Restricted Share Incentive Plan in the reporting period

On 24 February 2021, the Company completed the ownership transfer of the 4,240,000 restricted shares under the 2020 Restricted Share Incentive Plan to 18 awardees (including 2 foreigners).

4. Unlocking for Public Trading of Shares in the First Unlocking Period for the First Grant under the 2020 Restricted Share Incentive Plan in the reporting period

On 25 June 2021, the shares were unlocked for public trading in the first unlocking period for the first grant under the 2020 Restricted Share Incentive Plan, which involved 4,310,000 shares held by 37 awardees (including 3 foreigners).

5. Part of the shares held by Ms. Qiu Yezhi, the director and CEO of the Company, was unlocked as required by the applicable laws and regulations in the reporting period

Approval of share changes:

Applicable Not applicable

In the Reporting Period, with respect to share changes involved the above-mentioned matters from 1 to 4, the Company followed the applicable laws and regulations and its Articles of Association, executed the approval procedures with the general meeting and the Board of Directors, and obtained approval from the Shenzhen Stock Exchange.

Transfer of share ownership:

Applicable Not applicable

In the Reporting Period, with respect to the transfers of share ownership involved the above-mentioned matters from 1 to 3, the Company completed the transfers with the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. after they were approved by the Shenzhen Stock Exchange.

Progress on any share repurchase:

Applicable Not applicable

On 3 June 2021, the Company disclosed the Announcement No. 2021-039 on the Implementation Result of Share Repurchase and Share Changes. As of 2 June 2021, the Company completed the implementation of the 2020 Share Repurchase Plan.

During the actual implementation period from 10 July 2020 to 2 June 2021, a total of 212,138,790 shares (13.74% of the Company's total share capital before retirement of the repurchased shares) were repurchased by way of centralized bidding, with a total payment of approximately RMB0.99 billion (exclusive of transaction costs, highest transaction price: RMB5.10/share; lowest transaction price: RMB3.88/share; average transaction price: RMB4.66/share).

The retirement of the 212,138,790 shares repurchased was completed on 11 June 2021.

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

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB yuan

	Before share changes	After share changes
Basic earnings per share for 2020	0.26	0.29
Diluted earnings per share for 2020	0.26	0.29
Equity per share attributable to the Company's ordinary shareholders for 2020	2.81	3.12

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

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

Unit: share

Shareholder	Opening restricted shares	Increase in restricted shares in the period	Unlocked in the period	Closing restricted shares	Reason for restriction	Date of unlocking
Qiu Yezhi	25,632,388	2,250,000	0	23,382,388	1. Continued to lock in accordance with the legal lock-up ratio of senior management.	1. In accordance with the regulations regarding the management of the

Shareholder	Opening restricted shares	Increase in restricted shares in the period	Unlocked in the period	Closing restricted shares	Reason for restriction	Date of unlocking
					2.Participated in the 2020 Restricted Share Incentive Plan of the Company.	shares of senior management. 2. When the unlocking conditions as stated in the 2020 Restricted Share Incentive Plan are met
Xie Weiwei	1,000,000	200,000	0	800,000	Participated in the 2020 Restricted Share Incentive Plan of the Company. 80% of the shares held were restricted shares for incentive plan.	When the unlocking conditions as stated in the 2020 Restricted Share Incentive Plan are met
Zhou Wenhui	1,200,000	240,000	0	960,000	Participated in the 2020 Restricted Share Incentive Plan of the Company. 80% of the shares held were restricted shares for incentive plan.	When the unlocking conditions as stated in the 2020 Restricted Share Incentive Plan are met
The other 35 awardees of the first grant of the 2020 Restricted Share Incentive Plan ^{Notes}	11,400,000	2,070,000	0	9,330,000	Participated in the 2020 Restricted Share Incentive Plan of the Company	When the unlocking conditions as stated in the 2020 Restricted Share Incentive Plan are met
18 awardees of the reserved grant of the 2020 Restricted Share Incentive Plan	0	0	4,240,000	4,240,000	Participated in the 2020 Restricted Share Incentive Plan of the Company	When the unlocking conditions as stated in the 2020 Restricted Share Incentive Plan are met
Total	39,232,388	4,760,000	4,240,000	38,712,388	--	--

Notes for “the other 35 awardees of the first grant of the 2020 Restricted Share Incentive Plan”:

1. The Company repurchased and retired on 24 February 2021 the 900,000 restricted shares of two resigned awardees that had been granted but were still locked up.
2. Among the awardees of the first grant of the 2020 Restricted Share Incentive Plan, one employee didn't satisfy the unlocking conditions, 30,000 restricted shares of whom were not unlocked in the Reporting Period.

II Issuance and Listing of Securities

□ Applicable √ Not applicable

III Shareholders and Their Shareholdings

Unit: share

Number of ordinary shareholders at the period-end		34,171		Number of preference shareholders with resumed voting rights at the period-end (if any) (see note 8)		0		
5% or greater shareholders or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge or frozen	
							Status	Shares
Tang Zhuolin	Domestic individual	20.32%	270,737,568	0	203,053,176	67,684,392	In pledge	187,000,000
Tang Zhuomian	Domestic individual	7.75%	103,234,534	-32,650,600	0	103,234,534		
Pulead Technology Industry Co., Ltd.	State-owned corporation	4.61%	61,454,378	-8,000,000	0	61,454,378		
Contemporary Ampere Technology Co., Ltd.	Domestic non-state-owned corporation	3.49%	46,490,368	0	0	46,490,368		
Ruan Huili	Domestic individual	3.22%	42,863,880	-2,223,352	0	42,863,880		
JIC Investment Co., Ltd.	State-owned corporation	2.94%	39,215,685	0	0	39,215,685		
Beijing Automotive Group Industry Investment Co., Ltd.	State-owned corporation	2.48%	33,069,489	-15,442,200	0	33,069,489		
Luzhou Industrial Development Investment	State-owned corporation	2.38%	31,770,010	0	0	31,770,010		

Group Co., Ltd.								
Huarong Securities—China Merchants Securities—Huarong Youzhi Collective Asset Management Plan No. 1	Other	2.36%	31,372,549	0	0	31,372,549		
Qiu Yezhi	Domestic individual	2.34%	31,176,518	0	23,382,388	7,794,130		
Strategic investor or general corporation becoming a top-10 ordinary shareholder in a rights issue (if any) (see note 3)	None							
Related or acting-in-concert parties among the shareholders above	Mr. Tang Zhuolin and Mr. Tang Zhuomian are brothers. On 18 August 2010, they signed the Agreement on Acting in Concert. Apart from that, the Company is not aware of any related or acting-in-concert parties among the other shareholders above.							
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	None							
Top 10 shareholders including the special account for repurchase (if any) (see note 11)	None							
Top 10 unrestricted ordinary shareholders								
Name of shareholder	Unrestricted shares held at the period-end	Shares by type						
		Type	Shares					
Tang Zhuomian	103,234,534	RMB-denominated ordinary stock	103,234,534					
Tang Zhuolin	67,684,392	RMB-denominated ordinary stock	67,684,392					
Pulead Technology Industry Co., Ltd.	61,454,378	RMB-denominated ordinary stock	61,454,378					
Contemporary Ampere Technology Co., Ltd.	46,490,368	RMB-denominated	46,490,368					

		ordinary stock	
Ruan Huili	42,863,880	RMB-denominated ordinary stock	42,863,880
JIC Investment Co., Ltd.	39,215,685	RMB-denominated ordinary stock	39,215,685
Beijing Automotive Group Industry Investment Co., Ltd.	33,069,489	RMB-denominated ordinary stock	33,069,489
Luzhou Industrial Development Investment Group Co., Ltd.	31,770,010	RMB-denominated ordinary stock	31,770,010
Huarong Securities – China Merchants Securities – Huarong Youzhi Collective Asset Management Plan No. 1	31,372,549	RMB-denominated ordinary stock	31,372,549
Qinghai Puren Intelligent Technology R & D Center (Limited Partnership)	26,628,340	RMB-denominated ordinary stock	26,628,340
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	Mr. Tang Zhuolin and Mr. Tang Zhuomian are brothers. On 18 August 2010, they signed the Agreement on Acting in Concert. Pulead Technology Industry Co., Ltd. and Qinghai Puren Intelligent Technology R & D Center (Limited Partnership) are acting-in-concert parties. Apart from that, the Company is not aware of any related or acting-in-concert parties among the other shareholders above.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	As of 30 June 2021, among the top 10 shareholders, Pulead Technology Industry Co., Ltd. held 61,454,256 shares in the Company in its client account of collateral securities for margin trading in China Securities Co., Ltd.; and Luzhou Industrial Development Investment Group Co., Ltd. held 31,770,010 shares in the Company in its client account of collateral securities for margin trading in Guotai Junan Securities Co., Ltd.		

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

Yes No

No such cases in the Reporting Period.

IV Changes in the Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/Former	Opening shareholding (share)	Increase in the period (share)	Decrease in the period (share)	Closing shareholding (share)	Opening shareholding of granted restricted shares (share)	Restricted shares granted in the period (share)	Closing shareholding of granted restricted shares (share)
Shao Yongfeng	Chief Financial Officer and Vice President	Incumbent	0	0	0	800,000	0	800,000	800,000
Total	--	--	0	0	0	800,000	0	800,000	800,000

V Changes of the Company's Controlling Shareholder and Actual Controller

Controlling Shareholder changed during the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Actual Controller changed during the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Part VIII Preference Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Part IX Corporate Bonds

Applicable Not applicable

Part X Financial Report

I Audit Report

Whether the semi-annual financial report was audited.

Yes No

The semi-annual financial report was not audited.

II Financial Statements

Unit of the notes to financial statements: RMB

1. Consolidated Balance Sheet

Prepared by: Guangdong Dongfang Precision Science & Technology Co., Ltd.

30 June 2021

Unit: RMB yuan

Item	30 June 2021	31 December 2020
Current assets:		
Cash and bank balances	1,766,558,196.64	885,711,053.88
Settlement provisions		
Dismantling funds		
Financial assets held for trading	1,022,938,402.56	1,636,296,430.31
Derivative financial assets		
Notes receivable	2,501,310.00	12,744,582.88
Accounts receivable	478,400,453.81	469,635,423.58
Receivable financing	89,380,635.10	56,737,978.04
Prepayments	45,014,581.19	29,109,416.21
Premium receivable		
Receivable reinsurance account		
Provision for reinsurance contract		

receivable		
Other receivables	172,167,571.63	79,103,472.64
Including: Interest receivable	1,562,811.76	587,074.81
Dividend receivable		
Buy back resale financial assets		
Inventories	982,781,622.68	734,120,595.26
Contract assets	11,035,352.00	29,504,693.97
Assets held for sale		
Current portion of non-current assets	104,596,833.33	2,556,000.00
Other current assets	26,499,663.30	22,271,217.65
Total current assets	4,701,874,622.24	3,957,790,864.42
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables	4,103,750.00	1,475,000.00
Long-term equity investment	73,845,638.23	72,671,204.73
Investment in other equity instruments		
Other non-current financial assets	6,050,655.19	5,948,588.15
Real estate investment		
Fixed assets	556,554,822.37	571,413,480.14
Construction in progress	9,929,394.59	9,062,038.52
Productive biological assets		
Oil and gas asset		
Right-of-use assets	83,188,933.64	
Intangible assets	317,815,304.47	332,387,182.69
Development expenditure		

Goodwill	317,358,714.48	324,904,239.97
Long-term prepaid expenses	14,162,498.68	12,096,981.78
Deferred tax assets	95,863,215.79	98,947,059.25
Other non-current assets	298,083,405.96	936,540,047.40
Total non-current assets	1,776,956,333.40	2,365,445,822.63
Total assets	6,478,830,955.64	6,323,236,687.05
Current liabilities:		
Short-term borrowings	228,289,633.82	39,533,281.84
Borrowing from the Central Bank		
Borrowed funds		
Financial liabilities held for trading	5,286,141.68	41,408,109.80
Derivative financial liabilities		
Notes payable	108,984,928.59	104,855,187.97
Accounts payable	620,027,263.79	503,042,561.05
Advance receivables		
Contract liabilities	546,618,708.94	362,792,713.35
Selling back financial assets		
Deposits and Interbank deposit		
Agent trading securities		
Agent underwriting securities		
Employee benefits payable	94,928,622.50	92,623,562.93
Tax payable	47,777,979.02	36,369,777.05
Other payables	106,797,162.19	81,743,851.64
Including: Interest payable		
Dividend payable		
Fees and commissions		
Reinsurance accounts payable		
Liabilities held for sale		
Current portion of non-current	41,647,621.75	226,597,528.74

liabilities		
Other current liabilities	12,709,108.10	20,532,046.04
Total current liabilities	1,813,067,170.38	1,509,498,620.41
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	341,295,101.12	353,412,388.29
Bonds payable		
Including: Preference Shares		
Perpetual bonds		
Lease liabilities	67,893,331.89	
Long-term payables		
Long-term employee benefits payable	16,531,807.55	18,451,652.74
Provisions	94,338,677.97	105,450,257.63
Deferred income	16,154,327.96	16,861,488.27
Deferred tax liabilities	18,948,339.62	19,296,386.16
Other non-current liabilities	65,835,454.34	68,737,415.25
Total non-current liabilities	620,997,040.45	582,209,588.34
Total Liabilities	2,434,064,210.83	2,091,708,208.75
Equity:		
Share capital	1,332,088,167.00	1,545,126,957.00
Other equity instruments		
Including: Preference Shares		
Perpetual bonds		
Capital surplus	3,250,508,313.00	4,002,393,061.81
Less: Treasury stock	59,060,125.60	579,403,185.12
Other comprehensive income	-41,996.21	20,026,089.70
Special reserve	11,031,213.81	10,057,438.97
Surplus reserves	51,830,974.45	51,830,974.45

General risk preparation		
Retained earnings	-700,375,316.60	-891,492,837.06
Total equity attributable to owners of the parent	3,885,981,229.85	4,158,538,499.75
Non-controlling interests	158,785,514.96	72,989,978.55
Total equity	4,044,766,744.81	4,231,528,478.30
Total liabilities and equity	6,478,830,955.64	6,323,236,687.05

Legal representative: Tang Zhuolin Chief in charge of accounting work: Shao Yongfeng Head of accounting institution: Yao B in

2. Parent Company Balance Sheet

Unit: RMB yuan

Item	30 June 2021	31 December 2020
Current assets:		
Cash and bank balances	560,607,403.98	134,020,813.88
Financial assets held for trading	941,280,926.33	1,539,762,030.97
Derivative financial assets		
Notes receivable		
Accounts receivable	189,125,665.95	153,517,438.90
Receivable financing	43,067,917.44	53,245,689.47
Prepayments	5,336,238.43	2,641,946.74
Other receivables	442,548,476.35	68,388,543.22
Including: Interest receivable		
Dividend receivable		40,000,000.00
Inventories	135,036,233.57	123,156,907.36
Contract assets		4,470,173.25
Assets held for sale		
Current portion of non-current assets	104,596,833.33	2,556,000.00

Other current assets	546,829.98	18,942.75
Total current assets	2,422,146,525.36	2,081,778,486.54
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables	4,103,750.00	1,475,000.00
Long-term equity investment	538,456,872.81	464,794,856.81
Investment in other equity instruments		
Other non-current financial assets		
Real estate investment		
Fixed assets	325,219,168.56	329,230,669.84
Construction in progress	565,674.51	351,261.61
Productive biological assets		
Oil and gas asset		
Right-of-use assets	19,876,295.13	
Intangible assets	59,471,642.29	58,215,631.98
Development expenditure		
Goodwill		
Long-term prepaid expenses	4,968,504.71	3,475,004.06
Deferred tax assets	31,738,225.23	32,570,759.90
Other non-current assets	295,660,189.00	935,660,189.00
Total non-current assets	1,280,060,322.24	1,825,773,373.20
Total assets	3,702,206,847.60	3,907,551,859.74
Current liabilities:		
Short-term loan		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	49,252,904.67	55,312,772.43

Accounts payable	61,486,744.87	53,044,344.90
Advance receivables		
Contract liabilities	19,270,375.20	22,116,154.74
Employee benefits payable	8,269,010.18	16,961,090.03
Tax payable	5,851,535.60	5,181,895.95
Other payables	161,014,725.96	50,884,934.80
Including: Interest payable		
Dividend payable		
Liabilities held for sale		
Current portion of non-current liabilities	4,993,824.15	
Other current liabilities	1,201,114.86	2,253,619.05
Total current liabilities	311,340,235.49	205,754,811.90
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preference Shares		
Perpetual bonds		
Lease liabilities	17,844,256.36	
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	12,748,641.66	13,306,971.66
Deferred tax liabilities	5,469,738.95	3,894,304.65
Other non-current liabilities		
Total non-current liabilities	36,062,636.97	17,201,276.31
Total Liabilities	347,402,872.46	222,956,088.21
Equity:		

Share capital	1,332,088,167.00	1,545,126,957.00
Other equity instruments		
Including: Preference Shares		
Perpetual bonds		
Capital surplus	3,069,156,690.70	3,846,323,477.68
Less: Treasury stock	59,060,125.60	579,403,185.12
Other comprehensive income		
Special reserve	4,422,656.14	3,835,986.08
Surplus reserves	51,830,974.45	51,830,974.45
Retained earnings	-1,043,634,387.55	-1,183,118,438.56
Total equity	3,354,803,975.14	3,684,595,771.53
Total liabilities and equity	3,702,206,847.60	3,907,551,859.74

3. Consolidated Income Statement

Unit: RMB yuan

Item	H1 2021	H1 2020
1 Total operating revenue	1,400,558,964.18	1,177,491,225.13
Including: Operating revenue	1,400,558,964.18	1,177,491,225.13
Interest income		
Premiums earned		
Fee and commission income		
2 Total operating cost	1,242,685,402.46	1,094,590,537.26
Including: Cost of sales	991,455,474.86	841,826,823.84
Interest expense		
Payment of fees and commission		
Surrender fund		
Net indemnity expenditure		
Draw the net reserve of insurance liability contract		
Policy dividend expense		
Reinsurance cost		
Taxes and surcharges	6,319,014.40	5,688,141.92
Selling expenses	68,550,561.32	91,295,589.80
Administrative expenses	129,761,353.56	122,309,575.89

R&D expenses	48,225,572.88	35,204,923.99
Finance costs	-1,626,574.56	-1,734,518.18
Including: Interest expenses	4,899,967.92	6,239,583.43
Interest income	11,985,482.68	11,409,249.10
Add: Other income	6,853,659.68	7,097,271.94
Investment income (loss with "-" sign)	52,969,194.45	32,724,984.33
Including: Share of profit or loss of joint ventures and associates	1,249,209.43	23,671.37
Income from derecognition of financial assets measured at amortised cost (loss with "-" sign)		
Exchange gain (loss with "-" sign)		
Net exposure hedging gain (loss with "-" sign)		
Gain/loss on changes in fair value (loss with "-" sign)	21,393,373.17	13,309,111.52
Credit impairment loss (loss is listed with "-" sign)	487,181.58	358,541.25
Asset impairment loss (loss with "-" sign)	583,807.10	-2,978,396.97
Gain/loss on disposal of assets (loss with "-" sign)	276,635.45	1,972.08
3 Operating profit (losses are listed with "-" sign)	240,437,413.15	133,414,172.02
Add: Non-operating income	364,145.89	176,776.93
Less: Non-operating expenses	420,240.48	1,464,849.29
5 Gross profit (the gross loss shall be filled in with the sign "-")	240,381,318.56	132,126,099.66
Less: Income tax expenses	38,037,005.48	5,642,310.00
Net profit (net loss is listed with "-" sign)	202,344,313.08	126,483,789.66
(1) Net profit from continuing operations		
i. Net profit from continuing operations (net loss with "-" sign)	202,344,313.08	126,483,789.66
ii. Net profit from termination of operation (net loss with "-" sign)		
(2) Net profit classified by attribution of ownership		
i. Net profit attributable to owners of the parent	191,117,520.46	127,198,462.09
ii. Net profit attributable to non-controlling interests	11,226,792.62	-714,672.43
6 Other comprehensive income/(loss), net of tax	-22,999,041.42	3,951,913.69

Other comprehensive income/(loss) attributable to owners of the parent, net of tax	-20,068,085.91	3,951,913.69
(1) Other comprehensive loss that will not be reclassified to profit or loss	-95,990.87	65,719.32
i. Changes caused by remeasurements on defined benefit schemes	-95,990.87	65,719.32
ii. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
iii. Changes in fair value of investments in other equity instruments		
iv. Fair value change of enterprise's own credit risk		
v. Other		
(2) Other comprehensive income/(loss) that will be reclassified to profit or loss	-19,972,095.04	3,886,194.37
i. Other comprehensive income that can be transferred to profit or loss under the equity method		
ii. Changes in fair value of other debt investments		
iii. The amount of financial assets reclassified to other comprehensive income		
iv. Provision for credit impairment of other debt investments		
v. Cash flow hedging reserve		
vi. Differences arising from the translation of foreign currency-denominated financial statements	-19,972,095.04	3,886,194.37
vii. Other		
Other comprehensive income attributable to non-controlling interests, net of tax	-2,930,955.51	
Total comprehensive income	179,345,271.66	130,435,703.35
Total comprehensive income attributable to owners of the parent	171,049,434.55	131,150,375.78
Total comprehensive income attributable to non-controlling interests	8,295,837.11	-714,672.43
Earnings per share:		
(1) Basic earnings per share	0.14	0.08
(2) Diluted earnings per share	0.14	0.08

Legal representative: Tang Zhuolin Chief in charge of accounting work: Shao Yongfeng Head of accounting institution: Yao B in

4. Parent Company Income Statement

Unit: RMB yuan

Item	H1 2021	H1 2020
1 Operating Revenue	240,083,153.60	159,641,747.94
Less: Cost of sales	122,283,078.03	94,695,220.31
Taxes and surcharges	3,594,496.78	3,903,443.82
Selling expenses	9,976,195.72	10,202,503.51
Administrative expenses	41,466,916.46	40,321,247.10
R&D expenses	17,269,979.76	9,543,406.45
Finance costs	-4,029,733.48	-4,909,234.03
Including: Interest expense	1,004,261.21	897,594.00
Interest income	6,838,464.74	6,338,571.34
Add: other income	2,778,877.55	4,597,985.41
Investment income (loss with "-" sign)	66,091,613.74	51,493,566.58
Including: Share of profit or loss of joint ventures and associates	1,249,209.43	23,671.37
Termination of recognition of gains on financial assets measured at amortised cost (loss with "-" sign)		
Net exposure hedging gain (loss with "-" sign)		
Gain/loss on changes in fair value (loss with "-" sign)	21,218,838.14	13,417,186.84
Credit impairment loss (loss is listed with "-" sign)	771,446.93	1,857,481.56
Asset impairment loss (loss with "-" sign)	1,232,165.37	
Gain/loss on disposal of assets (loss with "-" sign)	275,491.34	
2 Operating profit (loss shall be listed with "-" sign)	141,890,653.40	77,251,381.17
Add: Non-operating income	61,631.09	4,447.22
Less: Non-operating expenses	60,264.49	1,273,796.22
3 Gross profit (gross loss shall be filled in with the sign "-")	141,892,020.00	75,982,032.17
Less: Income tax expenses	2,407,968.99	-1,267,500.00
4 Net profit (net loss is listed with "-" sign)	139,484,051.01	77,249,532.17
(1) Net profit from continuing operation (net loss with "-" sign)		
(2) Net profit from termination of operation (net loss with "-" sign)		
5 Other comprehensive income/(loss), net of tax		
(1) Other comprehensive loss that will not be reclassified to profit or loss		

i. Re-measure the change in the benefit plan		
ii. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
iii. Changes in fair value of investments in other equity instruments		
iv. Fair value change of enterprise's own credit risk		
v. Other		
(2) Other comprehensive income/(loss) that will be reclassified to profit or loss		
i. Other comprehensive income that can be transferred to profit or loss under the equity method		
ii. Changes in fair value of other debt investments		
iii. The amount of financial assets reclassified to other comprehensive income.		
iv. Provision for credit impairment of other debt investments.		
v. Cash flow hedging reserve.		
vi. Differences arising from the translation of foreign currency-denominated financial statements		
vii. Other.		
6 Total comprehensive income	139,484,051.01	77,249,532.17
7 Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Statement of Cash Flows

Unit: RMB yuan

Item	H1 2021	H1 2020
1 Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	1,550,756,827.80	1,418,765,853.87
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from the central bank		

Net increase in funds transferred to other financial institutions		
Cash received from the premium of the original insurance contract		
Net cash received from reinsurance business		
Net increase in depositors' deposits and investment funds		
Cash that collects interest, commission and commission		
Net increase in borrowed funds		
Net increase in funds for repurchase business		
Net cash received by agents buying and selling securities		
Receipts of taxes and surcharges refunds	23,924,614.10	19,045,479.18
Cash generated from other operating activities	29,594,701.84	31,236,687.94
Subtotal of cash generated from operating activities	1,604,276,143.74	1,469,048,020.99
Payments for goods and services	927,944,794.17	926,364,370.99
Net increase in customer loans and advances		
Net increase in central bank and interbank deposits		
Cash to pay the indemnity of the original insurance contract		
Net increase in loan funds		
Cash for the payment of interest, fees and commissions		
Cash for the payment of policy dividends		
Cash payments to and on behalf of employees	292,416,955.30	245,758,501.22
Payments of all types of taxes and surcharges	44,806,542.67	48,319,826.97
Cash used in other operating	133,084,023.35	219,195,912.49

activities		
Subtotal of cash used in operating activities	1,398,252,315.49	1,439,638,611.67
Net cash generated from/used in operating activities	206,023,828.25	29,409,409.32
2 Cash flows from investing activities:		
Proceeds from disinvestment	2,880,334,839.28	
Investment income	62,687,677.73	19,332,320.61
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	247,765.69	
Disposal of net cash received by subsidiaries and other business units		
Cash generated from other investing activities	2,453,179.98	4,827,403,841.13
Subtotal of cash generated from investing activities	2,945,723,462.68	4,846,736,161.74
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	28,354,847.23	86,047,976.06
Payments for investments	1,717,105,189.38	1,183,245.00
Net increase in pledged loans		
Obtain net cash paid by subsidiaries and other business units		
Cash used in other investing activities		5,144,300,000.00
Subtotal of cash used in investing activities	1,745,460,036.61	5,231,531,221.06
Net cash generated from/used in investing activities	1,200,263,426.07	-384,795,059.32
3 Cash flows from financing activities:		
Absorb the cash received by the investment		22,600,000.00
Including: the subsidiary absorbs the cash received from the investment of minority shareholders		
Borrowings raised	237,730,647.37	75,707,759.83
Cash generated from other	74,850,615.97	

financing activities		
Subtotal of cash generated from financing activities	312,581,263.34	98,307,759.83
Repayment of borrowings	238,444,707.11	159,171,545.53
Interest and dividends paid	3,829,257.01	6,453,887.85
Including: Interest and dividends paid to minority shareholders		
Cash used in other financing activities	770,560,071.80	290,000,000.00
Subtotal of cash used in financing activities	1,012,834,035.92	455,625,433.38
Net cash generated from/used in financing activities	-700,252,772.58	-357,317,673.55
4 Effect of foreign exchange rates changes on cash and cash equivalents	-23,436,767.27	4,994,436.04
5 Net (decrease)/increase in cash and cash equivalents	682,597,714.47	-707,708,887.51
Add: Cash and cash equivalents, beginning of the period	860,601,236.78	2,226,724,737.39
6 Cash and cash equivalents, end of the period	1,543,198,951.25	1,519,015,849.88

6. Parent Company Statement of Cash Flow

Unit: RMB yuan

Item	H1 2021	H1 2020
1 Cash flow generated by business activities:		
Cash received from the sale of goods and the provision of services	186,517,079.77	235,170,271.11
Receipts of taxes and surcharges refunds	4,894,157.17	6,177,627.73
Cash generated from other operating activities	101,581,249.76	12,900,250.98
Subtotal of cash generated from operating activities	292,992,486.70	254,248,149.82
Payments for goods and services	128,218,993.82	108,542,176.20
Cash payments to and on behalf of	42,396,474.57	64,093,135.32

employees		
Payments of all types of taxes and surcharges	5,067,017.44	5,071,412.19
Cash used in other operating activities	43,563,680.54	111,289,069.98
Subtotal of cash used in operating activities	219,246,166.37	288,995,793.69
Net cash generated from/used in operating activities	73,746,320.33	-34,747,643.87
2 Cash flows from investing activities:		
Proceeds from disinvestment	2,038,801,239.59	
Investment income	79,267,508.64	25,936,359.29
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	443,000.00	
Disposal of net cash received by subsidiaries and other business units		
Cash generated from other investing activities	11,701,200.00	4,783,300,000.00
Subtotal of cash generated from investing activities	2,130,212,948.23	4,809,236,359.29
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	5,065,813.67	1,144,384.43
Payments for investments	890,133,072.92	
Obtain net cash paid by subsidiaries and other business units	100,000,000.00	
Cash used in other investing activities	295,510,000.00	5,100,300,000.00
Subtotal of cash used in investing activities	1,290,708,886.59	5,101,444,384.43
Net cash generated from/used in investing activities	839,504,061.64	-292,208,025.14
3 Cash flows from financing activities:		
Absorb the cash received by the investment		22,600,000.00
Cash received for obtaining loans		
Cash generated from other	14,343,880.06	

financing activities		
Subtotal of cash generated from financing activities	14,343,880.06	22,600,000.00
Repayment of borrowings		90,000,000.00
Interest and dividends paid	500,429.47	897,594.00
Cash used in other financing activities	708,837,544.69	290,000,000.00
Subtotal of cash used in financing activities	709,337,974.16	380,897,594.00
Net cash generated from/used in financing activities	-694,994,094.10	-358,297,594.00
4 Effect of foreign exchange rates changes on cash and cash equivalents		-564,662.47
5 Net (decrease)/increase in cash and cash equivalents	218,256,287.87	-685,817,925.48
Add: Cash and cash equivalents, beginning of the period	126,339,870.71	1,770,491,895.62
6 Cash and cash equivalents, end of the period	344,596,158.58	1,084,673,970.14

7. Consolidated Statements of Changes in Equity

Amount of current period

Unit: RMB yuan

Item	H1 2021														Non-controlling interests	Total equity
	Equity attributable to owners of the parent															
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General reserve	Retained earnings	Others	Subtotal			
	Preference shares	Perpetual bonds	Others													
I. At 31 December 2020	1,545,126,957.00				4,002,393,061.81	579,403,185.12	20,026,089.70	10,057,438.97	51,830,974.45		-891,492,837.06		4,158,538,499.75	72,989,978.55	4,231,528,478.30	
Add: Adjustments for changes in accounting policies													0.00		0.00	
Adjustments for correction of previous errors													0.00		0.00	
Adjustments for business combinations involving entities under common control													0.00		0.00	
Other adjustments													0.00		0.00	
II. At 1 January 2021	1,545,126,957.00	0.00	0.00	0.00	4,002,393,061.81	579,403,185.12	20,026,089.70	10,057,438.97	51,830,974.45	0.00	-891,492,837.06	0.00	4,158,538,499.75	72,989,978.55	4,231,528,478.30	
III. Changes for the period ("-" for decrease)	-213,038,790.00	0.00	0.00	0.00	-751,884,748.81	-520,343,059.52	-20,068,085.91	973,774.84	0.00	0.00	191,117,520.46	0.00	-272,557,269.90	85,795,536.41	-186,761,733.49	
(I) Total comprehensive income							-20,068,085.91				191,117,520.46		171,049,434.55	8,295,837.11	179,345,271.66	
(II) Owner's contributions and reduction in capital	-213,038,790.00	0.00	0.00	0.00	-775,796,249.51	-520,343,059.52	0.00	0.00	0.00	0.00	0.00	0.00	-468,491,979.99	0.00	-468,491,979.99	
1. Ordinary shares increased by													0.00		0.00	

owners															
2. Capital increased by holders of other equity instruments												0.00		0.00	
3. Share-based payments included in equity	-900,000.00				2,249,341.80	-20,346,800.00						21,696,141.80		21,696,141.80	
4. Others	-212,138,790.00				-778,045,591.31	-499,996,259.52	0.00	0.00	0.00		0.00	-490,188,121.79		-490,188,121.79	
(III) Profit distribution															
1. Appropriation to surplus reserves												0.00		0.00	
2. Appropriation to general reserve												0.00		0.00	
3. Appropriation to owners (or shareholders)												0.00		0.00	
4. Others												0.00		0.00	
(IV) Transfers within equity															
1. Increase in capital (or share capital) from capital surplus												0.00		0.00	
2. Increase in capital (or share capital) from surplus reserves												0.00		0.00	
3. Surplus reserves used to offset loss												0.00		0.00	
4. Changes in defined benefit schemes transferred to retained earnings												0.00		0.00	
5. Other comprehensive income												0.00		0.00	

II. At 1 January 2020	1,838,647,096.00				3,862,377,838.84	160,088,925.60	24,971,085.32		51,830,974.45		-1,280,673,461.14	4,337,064,607.87	65,018,333.68	4,402,082,941.55
III. Changes for the period ("-" for decrease)	-293,520,139.00				223,023,204.67	-80,682,000.00	3,951,913.69				127,198,462.09	141,335,441.45	-714,672.43	140,620,769.02
(I) Total comprehensive income							3,951,913.69				127,198,462.09	131,150,375.78	-714,672.43	130,435,703.35
(II) Owner's contributions and reduction in capital	-293,520,139.00				223,023,204.67	-80,682,000.00						10,185,065.67		10,185,065.67
1. Ordinary shares increased by owners														
2. Capital increased by holders of other equity instruments														
3. Share-based payments included in equity					-70,496,933.33	-80,682,000.00						10,185,066.67		10,185,066.67
4. Others	-293,520,139.00				293,520,138.00							-1.00		-1.00
(III) Profit distribution														
1. Appropriation to surplus reserves														
2. Appropriation to general reserve														
3. Appropriation to owners (or shareholders)														
4. Others														
(IV) Transfers within equity														
1. Increase in capital (or share capital) from capital surplus														
2. Increase in capital (or share capital) from surplus reserves														
3. Surplus reserves used to offset														

Adjustments for changes in accounting policies												
Adjustments for correction of previous errors												
Other adjustments												
II. At 1 January 2021	1,545,126,957.00				3,846,323,477.68	579,403,185.12		3,835,986.08	51,830,974.45	-1,183,118,438.56		3,684,595,771.53
III. Changes for the period (“-” for decrease)	-213,038,790.00				-777,166,786.98	-520,343,059.52		586,670.06		139,484,051.01		-329,791,796.39
(I) Total comprehensive income										139,484,051.01		139,484,051.01
(II) Owner’s contributions and reduction in capital	-213,038,790.00				-777,166,786.98	-520,343,059.52						-469,862,517.46
1. Ordinary shares increased by owners												
2. Capital increased by												

holders of other equity instruments												
3. Share-based payments included in equity	-900,000.00			878,804.33	-20,346,800.00							20,325,604.33
4. Others	-212,138,790.00			-778,045,591.31	-499,996,259.52							-490,188,121.79
(III) Profit distribution												
1. Appropriation to surplus reserves												
2. Appropriation to owners (or shareholders)												
3. Others												
(IV) Transfers within equity												
1. Increase in capital (or share capital) from capital surplus												
2. Increase in capital (or share capital) from surplus reserves												
3. Surplus reserves used to												

offset loss												
4. Changes in defined benefit schemes transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserve								586,670.06				586,670.06
1. Provision in the period								807,820.75				807,820.75
2. Utilisation in the period								-221,150.69				-221,150.69
(VI) Others												
IV. At 30 June 2021	1,332,088,167.00				3,069,156,690.70	59,060,125.60		4,422,656.14	51,830,974.45	-1,043,634,387.55		3,354,803,975.14

Amount of previous period

Unit: RMB yuan

Item	H1 2020										
	Share capital	Other equity instruments	Capital surplus	Less: Treasury	Other	Special	Surplus	Retained earnings	Others	Total equity	

		Preference shares	Perpetual bonds	Others		stock	comprehensive income	reserve	reserves			
I. At 31 December 2019	1,838,647,096.00				3,608,591,602.42	160,088,925.60			51,830,974.45	-1,382,513,370.64		3,956,467,376.63
Add: Adjustments for changes in accounting policies												
Adjustments for correction of previous errors												
Other adjustments												
II. At 1 January 2020	1,838,647,096.00				3,608,591,602.42	160,088,925.60			51,830,974.45	-1,382,513,370.64		3,956,467,376.63
III. Changes for the period (“-” for decrease)	-293,520,139.00				223,023,204.67	-80,682,000.00				77,249,532.17		87,434,597.84
(I) Total comprehensive income										77,249,532.17		77,249,532.17
(II) Owner’s contributions and reduction in capital	-293,520,139.00				223,023,204.67	-80,682,000.00						10,185,065.67
1. Ordinary shares increased by owners												

2. Capital increased by holders of other equity instruments												
3. Share-based payments included in equity					-70,496,933.33	-80,682,000.00						10,185,066.67
4. Others	-293,520,139.00				293,520,138.00							-1.00
(III) Profit distribution												
1. Appropriation to surplus reserves												
2. Appropriation to owners (or shareholders)												
3. Others												
(IV) Transfers within equity												
1. Increase in capital (or share capital) from capital surplus												
2. Increase in capital (or share capital) from surplus reserves												
3. Surplus reserves used to offset loss												
4. Changes in defined												

benefit schemes transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserve												
1. Provision in the period												
2. Utilisation in the period												
(VI) Others												
IV. At 30 June 2020	1,545,126,957.00				3,831,614,807.09	79,406,925.60			51,830,974.45	-1,305,263,838.47		4,043,901,974.47

III Corporate Background

Guangdong Dongfang Precision Science & Technology Co., Ltd. (the "Company"), a joint stock company with limited liability registered in Guangdong Province of the People's Republic of China and established on 9 December 1996, obtained a Business License for Enterprise Legal Person with a registration number of 440682000040868.

In August 2011, upon the approval by the China Securities Regulatory Commission (CSRC) in the Reply on Approving the Initial Public Offering of Shares by Guangdong Dongfang Precision Science & Technology Co., Ltd. (ZH.J.X.K. [2011] No. 1237), the Company issued Renminbi-denominated ordinary shares to the public, and was listed on the Shenzhen Stock Exchange in the same month. The Company started to use the unified social credit code (914406002318313119) in 2016. The Company is headquartered in 2 Qiangshi Road, Shishan Town, Nanhai District, Foshan City, Guangdong Province, China.

Business scope of the Company:

General items: Network and information security software development; manufacturing of special printing equipment; computer system services; information system integration services; information consulting services (excluding licensing information consulting services); manufacturing of material handling equipment; manufacturing of special equipment for pulping and papermaking; manufacturing of industrial robots; manufacturing of special-purpose equipment (excluding manufacturing of special licensing equipment); manufacturing of industrial control computers and systems; sales of intelligent material handling equipment; software sales; intelligent control system integration; AI universal application system; domestic freight forwarding; information technology consulting services; socio-economic consulting services; environmental protection consulting services; technology intermediary services. (Except for items subject to approval according to law, business activities shall be conducted independently in accordance with the business license) Licensed items: import and export agency; import and export of goods; import and export of technologies. (Business activities that require approval according to law shall be subject to the approval by relevant authorities. Specific business items are indicated in the approval documents or permit documents of relevant authorities.) The Company belongs to the special-purpose equipment manufacturing industry.

The actual controllers of the Company are Tang Zhuolin and Tang Zhuomian.

These financial statements were authorized for issue by the Board of Directors of the Company on 26 July 2021.

The consolidation scope for consolidated financial statements is determined based on the concept of control. For details of changes during the period, please refer to Note VIII and Note IX.

IV Basis of Preparation of the Financial Statements

1. Basis of Preparation

These financial statements have been prepared in accordance with China's "Accounting Standards for Business Enterprises — Basic Standards" promulgated by the Ministry of Finance and the specific accounting standards, application guidance, interpretations and other relevant regulations issued or amended thereafter (hereafter collectively referred to as "Accounting Standards for Business Enterprises" or "CAS").

2. Going Concern

The financial statements are prepared on a going concern basis.

V Principal Accounting Policies and Accounting Estimates

1. Statement of compliance

The financial statements present truly and completely the financial positions of the Group and the Company as at 30 June 2021, and the financial performance and the cash flows for the semi-year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

The accounting year of the Group is from 1 January to 31 December of each calendar year.

3. Business Cycle

The business cycle of the Company is 12 months.

4. Functional currency

The Group's functional currency and the currency used in preparing the financial statements were Renminbi. The amounts in the financial statements were denominated in Renminbi yuan, unless otherwise stated.

The Group's subsidiaries and associates determine their functional currencies according to the major economic environment in which they operate the business, and translate into Renminbi when preparing the financial statements.

5. Business combination

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The acquirer is the entity that obtains control of the other entities participating in the combination at the combination date, and the other entities participating in the combination are the acquirees. The combination date is the date on which the combining party effectively obtains control of the parties being combined.

Assets and liabilities obtained by combining party in the business combination involving entities under common control (including goodwill arising from the acquisition of the merged party by the ultimate controller) are recognised on the basis of their carrying

amounts at the combination date recorded on the financial statements of the ultimate controlling party. The difference between the carrying amount of the consideration paid for the combination (or aggregate face values of the shares issued) and the carrying amount of the net assets obtained is adjusted to capital surplus. If the capital surplus are not sufficient to absorb the difference, any excess is adjusted to retained earnings.

Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquirer is the entity that obtains control of the other entities participating in the combination at the acquisition date, and the other entities participating in the combination are the acquirees. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date.

The excess of the sum of the consideration paid (or equities issued) for business combination and equity interests in the acquiree held prior to the date of acquisition over the share of the attributable net identifiable assets of the acquiree, measured at fair value, was recognised as goodwill, which is subsequently measured at cost less cumulative impairment loss. In case the fair value of the sum of the consideration paid (or equities issued) and equity interests in the acquiree held prior to the date of acquisition is less than the fair value of the share of the attributable net identifiable assets of the acquiree, a review of the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination (or equity issued) and the equity interests in the acquiree held prior to the date of acquisition is conducted. If the review indicates that the fair value of the sum of the consideration paid (or equities issued) and equity interests in the acquiree held prior to the date of acquisition is indeed less than the fair value of the share of the attributable net identifiable assets of the acquiree, the difference is recognised in profit or loss.

Where a business combination not involving entities under common control realized step by step through multiple transactions, the long-term equity investments held by the acquiree prior to the purchase date shall be remeasured at the fair value of the long-term equity investments on the purchase date, and the difference between the fair value and their carrying value shall be recognized in profit or loss. For other comprehensive income of the long-term equity investments under the equity method held by the acquiree prior to the purchase date, accounting treatment shall be performed on the same basis as the direct disposal of relevant assets or liabilities by the invested entity, and other changes in equity than net profit and loss, other comprehensive income and the distribution of profits shall be converted into current profits and losses on the purchase date. The changes in the fair value of the equity instrument investments held by the acquiree prior to the purchase date and accumulated in other comprehensive income prior to the purchase date shall be transferred to retained profits and losses.

6. Consolidated financial statements

The consolidation scope for consolidated financial statements is determined based on the concept of control, including the Company and all subsidiaries' financial statements. Subsidiaries are those enterprises or entities which the Company has control over (including enterprises, separable components of investee units and structured entities controlled by the Company).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Any inconsistent accounting policies have been adjusted to become consistent with the Company's accounting policies. All assets, liabilities, equities, revenues, costs and cash flows arising from intercompany transactions are eliminated on consolidation.

The excess of current loss attributable to non-controlling shareholders of a subsidiary over their entitlements to the opening balance of equity shall be charged to non-controlling interests.

For subsidiaries obtained through a business combination not involving entities under common control, the operating results and cash flows of the acquirees will be recognised in consolidated financial statements from the date the Group effectively obtains the control until the date that control is terminated. When consolidated financial statement is prepared, the subsidiaries' financial statements will be adjusted based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

In the event of the change in one or more elements of control as a result of changes in relevant facts and conditions, the Group reassesses whether it has control over the investee.

7. Cash and cash equivalents

Cash comprises cash on hand and deposits readily available for payments. Cash equivalents represent short-term highly liquid investments which are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

8. Foreign currency translation

For foreign currency transactions, the Group translates the foreign currency into its functional currency.

Upon initial recognition, foreign currency transactions are translated into the functional currency using the average exchange rate of the period in which transactions occur. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. The translation differences arising from the settlement and foreign currency monetary items are recognised in profit or loss. Also at the balance sheet date, foreign currency non-monetary items measured at historical cost continue to be translated using the spot exchange rate at the dates of the transactions and it does not change its carrying amount in functional currency. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate. The differences arising from the above translations are recognised in current profit or loss or other comprehensive income according to the nature of foreign currency non-monetary items.

The Group translates the functional currencies of foreign operations into Renminbi when preparing the financial statements. Asset and liability items in the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. Equity items, except for retained earnings, are translated at the spot exchange rates at the date when such items arose. Revenue and expense items in the income statement are translated using the average exchange rate for the periods when transactions occur. Translation differences arising from the aforesaid translation of financial statements denominated in foreign currency shall be recognised as other comprehensive income. When foreign operations are disposed, other comprehensive income relating to the foreign operation is transferred to current profit or loss. Partial disposal shall be recognised on a pro-rata basis.

Cash flows denominated in foreign currencies and foreign subsidiaries' cash flows are translated using the average exchange rate for the period when cash flows occur. The impact on cash by the fluctuation of exchange rates is presented as a separate line item of reconciliation in the statement of cash flows.

9. Financial instruments

Financial instruments refer to the contracts which give rise to a financial asset in one entity and a financial liability or equity

instrument in another entity.

Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the financial instrument.

A financial asset (or part of it, or a part of a group of similar financial asset) is derecognised when one of the following criteria is met, that is, when a financial asset is written off from its account and balance sheet:

- (1) The right of receiving the cash flow generated from the financial asset has expired;
- (2) The right of receiving cash flow generated by the financial assets is transferred, or an obligation of paying the full amount of cash flow received to third parties in a timely manner has been undertaken under “pass-through” agreements, where (a) substantially all risks and rewards of the ownership of such type of financial assets have been transferred, or (b) control over such type of financial assets has not been retained even though substantially all risks and rewards of the ownership of such type of financial assets have been neither transferred nor retained.

If the obligation of financial liability has been fulfilled, cancelled or expired, the financial liability is derecognised. If the present financial liability is substituted by the same debtee with another liability differing in substance, or the terms of the present liability have been substantially modified, this substitution or modification is treated as derecognition of a present liability and recognition of a new liability with any arising differences recognised in profit or loss.

Conventional dealings in financial assets are recognised or derecognised under the trade day accounting method. Conventional dealings refer to the receipt or delivery of financial assets within periods stipulated by the law and according to usual practices. The trade day is the date on which the Group undertakes to buy or sell a financial asset.

Classification and measurement of financial assets

At initial recognition, the Group classifies its financial assets into: financial assets at fair value through profit or loss, financial assets at amortised cost, or financial assets at fair value through other comprehensive income, according to the Group’s business model for managing financial assets and the contract cash flow characteristics of the financial assets. When and only when the Group changes its business model of managing financial assets, all relevant financial assets affected will be re-classified.

Financial assets are measured at fair value on initial recognition, but if the accounts receivable or notes receivable generated from the sales of goods or provision of services do not contain significant financing components or do not consider financing components of no longer than one year, the initial measurement will be based on the transaction price.

For financial assets at fair value through profit or loss, the relevant transaction costs are directly recognised in profit or loss; for other financial assets, the relevant transaction costs are recognized in their initial recognition amount.

The subsequent measurement of financial assets is dependent on its classification:

Debt instruments measured at amortised cost

Financial assets fulfilling all of the following conditions are classified as financial assets at amortised cost: the objective of the Group’s business management model in respect of such type of financial assets is to generate contract cash flow; the contract terms of such type of financial assets provide that cash flow generated on specific dates represents interest payment in relation to principal

amounts based on outstanding principal amounts only. Interest income from such type of financial assets are recognised using the effective interest rate method, and any profit or loss arising from derecognition, amendments or impairment shall be charged to current profit or loss.

Debt instruments at fair value through other comprehensive income

Financial assets fulfilling all of the following conditions are classified as financial assets at fair value through other comprehensive income: the objective of the Group's business management model in respect of such type of financial assets is both to generate contract cash flow and to sell such type of financial assets; the contract terms of such type of financial assets provide that cash flow generated on specific dates represents interest payment in relation to principal amounts based on outstanding principal amounts only. Interest income from this type of financial assets is recognized using the effective interest rate method. Other than interest income, impairment loss and exchange differences which shall be recognised as current profit or loss, other fair value changes shall be included in other comprehensive income. Upon derecognition of the financial assets, the cumulative gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income to current profit or loss.

Financial assets at fair value through profit or loss

Other than financial assets measured at amortised cost and financial assets at fair value through other comprehensive income as aforementioned, all financial assets are classified as financial assets at fair value through profit or loss, which are subsequently measured at fair value, any changes of which are recognised in current profit or loss.

Classification and measurement of financial liabilities

The Group classifies its financial liabilities at initial recognition: financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognised in profit or loss; for other financial liabilities, the relevant transaction costs are recognised in their initial recognition amount.

The subsequent measurement of financial liabilities is dependent on its classification:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include mainly financial liabilities held for trading (comprising derivatives classified as financial liabilities). Financial liabilities held for trading (comprising derivatives classified as financial liabilities) are subsequently measured at fair value and all changes are recognised in current profit or loss.

Other financial liabilities

Subsequent to initial recognition, these financial liabilities are carried at amortised cost using the effective interest method.

Impairment of financial instruments

The Group performs impairment treatment on financial assets at amortised cost, debt instruments at fair value through other comprehensive income and contract assets based on expected credit losses (ECL) and recognises allowances for losses.

For receivables and contract assets that do not contain significant financing components, the Group adopts a simplified measurement method to measure allowances for losses based on an amount equivalent to the lifetime expected credit losses.

For receivables and contract assets that contain a significant financing component, the Group adopts a simplified measurement method to measure allowances for losses based on an amount equivalent to the lifetime expected credit losses.

Financial assets other than those measured with simplified valuation methods, the Group evaluates at each balance sheet date whether its credit risk has significantly increased since initial recognition. The period during which credit risk has not significantly increased since initial recognition is considered the first stage, at which the Group shall measure loss allowance based on the amount of expected credit loss for the next 12 months and shall compute interest income according to the book balance and effective interest rate; the period during which credit risk has significantly increased since initial recognition although no credit impairment has occurred is considered the second stage, at which the Group shall measure loss allowance based on the amount of expected credit loss for the entire valid period and shall compute interest income according to the book balance and effective interest rate; The period during which credit impairment has occurred after initial recognition is considered the third stage, at which the Group shall measure loss allowance based on the amount of the lifetime expected credit loss and shall compute interest income according to the amortised cost and effective interest rate.

The Group estimates the expected credit loss of financial instruments individually and on a group basis. The Group considers the credit risk features of different customers and estimates the expected credit losses of financial instruments based on aging portfolio.

When the Group no longer reasonably expects to be able to fully or partially recover the contract cash flow of financial assets, the Group directly writes down the book balance of such financial assets.

Financial guarantee contracts

A financial guarantee contract is a contract under which the issuer shall indemnify the contract holder suffering losses with a specified amount in the event that the debtor fails to repay its debt in accordance with the terms of the debt instrument. Financial guarantee contracts are measured at fair value at initial recognition, other than financial guarantee contracts designated as financial liabilities at fair value through profit or loss, other financial guarantee contracts shall be subsequently measured at the higher of the amount of allowance for expected credit loss determined as at the balance sheet date after initial recognition and the amount at initial recognition less the cumulative amortised amount determined in accordance with revenue recognition principles.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in the fair value of derivative instruments shall be directly recognised in current profit or loss.

Transfer of financial assets

If the Group has transferred substantially all the risks and rewards associated with the ownership of a financial asset to the transferee, the asset should be derecognised. If the Group retains substantially all the risks and rewards of ownership of a financial asset, the asset should not be derecognised.

When the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it may either derecognise the financial asset and recognise any associated assets and liabilities if control of the financial asset has not been retained; or recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability if control has been retained.

Assets formed by the continuing involvement by way of the provision of financial guarantee in respect of the transferred financial assets shall be recognised as the lower of the carrying value of the financial asset and the amount of financial guarantee. The amount of financial guarantee means the maximum amount among considerations received to be required for repayment.

10. Inventories

Inventories include raw materials, work-in-progress, finished goods, product deliveries, semi-finished goods, materials consigned for processing, etc.

Inventories are initially recorded at costs. Inventories' costs include purchasing costs, processing costs and other costs. Actual costs of product deliveries are recognised using the weighted average method. Turnover materials include low-value consumables, packaging materials, etc., which are expensed in full.

The Group adopts the perpetual inventory system.

Inventories on the balance sheet date are stated at the lower of cost or net realisable value. Inventory valuation allowance is made and recognised in profit or loss when the net realisable value is lower than cost. If the factors that give rise to the allowance in prior years are not in effect in the current period, as a result that the net realisable value of the inventories is higher than cost, allowance should be reversed within the impaired cost, and recognised in profit or loss.

Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Valuation allowances for raw materials are established by category, and those for finished goods by individual item. For inventories that relate to products produced and sold in the same region, have the same or similar ultimate purpose, and are difficult to separate in measurement, valuation allowances are established on a combined basis.

11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

Long-term equity investments were recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital surplus (if the capital surplus are insufficient for setting off the difference, such difference shall be further set off against retained earnings). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Equity recognised as a result of changes in equity other than the set-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall

be the sum of the carrying value of the equity investment in the acquired party held at the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognised under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Equity recognised as a result of changes in equity other than the set-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognised in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments. For long-term equity investments acquired by way of debt restructuring, the initial investment cost shall be determined in accordance with “CAS No. 12 — Debt Restructuring.”

In the financial statements of the Company, the cost method is used for long term equity investments in investees over which the Company exercises control. Control is defined as the power exercisable over the investee, the entitlement to variable return through involvement in the activities of the investee and the ability to influence the amount of return using the power over the investee.

When the cost method is used, long-term equity investments are measured at initial cost on acquisition. When additional investments are made or investments are recouped, the cost of longterm equity investments shall be adjusted. Cash dividend or profit distribution declared by the investee shall be recognised as investment income for the period.

The equity method is used to account for long-term equity investments when the Group can jointly control or has significant influence over the invested entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence means having the authority to take part in the decision over the financial and operational policies but not the authority to control or jointly control with other parties the formulation of such policies.

Under the equity method, any excess of the initial investment cost over the Company’s share of the net fair value of the investment’s identifiable assets and liabilities is included in the initial investment cost of the long-term equity investment. When the carrying amount of the investment is less than the Company’s share of the fair value of the investment’s identifiable net assets, the difference is recognised in profit or loss of the current period and debited to long-term equity investments.

Under the equity method, after the long-term equity investments are acquired, investment gains or losses and other comprehensive income are recognised according to the entitled share of net profit or loss and other comprehensive income of the investee and the carrying amount of the long-term equity investment is adjusted accordingly. When recognising the Group’s share of the net profit or loss of the invested entity, the Group makes adjustments based on fair values of the investees’ identifiable assets and liabilities at the acquisition date in accordance with the Group’s accounting policy and accounting period to investee’s net profits, eliminating pro-rata profit or loss from internal transactions with associates and joint ventures attributed to investor (except that loss from inter-group transactions deemed as asset impairment loss shall be fully recognised), provided that invested or sold assets constituting businesses shall be excluded. When the invested enterprise declares profit distribution or cash dividends, the carrying amount of investment is adjusted down by the Group’s share of the profit distribution and dividends. The Group shall derecognize its share of the losses of the investee after the long-term equity investment together with any long-term interests that in substance forms part of the Group’s net investment in the investee are reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group also adjusts the carrying amount of long-term equity investments for other changes in owner’s equity of

the investees (other than the net-off of net profits or losses, other comprehensive income and profit distribution of the investee), and includes the corresponding adjustment in equity.

On disposal of the long-term equity investments, the difference between carrying value and market price is recognised in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Equity recognised as a result of changes in equity other than the net-off of profit and loss, other comprehensive income and profit distribution of the investee shall be transferred in full to current profit and loss. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee and transferred to current profit and loss on a pro-rata basis. Equity recognised as a result of changes in shareholders' equity other than the net-off of profit and loss, other comprehensive income and profit distribution of the investee shall be transferred to current profit and loss on a pro-rata basis.

12. Fixed Assets

(1) Recognition Condition

A fixed asset is recognised when, and only when, it is probable that future economic benefits that are associated with the fixed asset will flow to the Group and the cost can be measured reliably. Subsequent expenditures related to a fixed asset are recognised in the carrying amount of the fixed asset if the above recognition criteria are met, and the carrying value of the replaced part is derecognised; otherwise, those expenditures are recognised in profit or loss as incurred.

Fixed assets are initially recognised at cost. Cost of purchased fixed assets includes purchasing price, relevant taxes, and any directly attributable expenditure for bringing the asset to working conditions for its intended use.

Except for those incurred by using the accrued expenses for safety production, fixed assets are depreciated on a straight-line basis, and the respective estimated useful lives, estimated residual value ratios and annual depreciation rates are as follows:

The Group reviews, at least at each year end, useful lives, estimated residual values and depreciation methods of fixed assets and makes adjustments if necessary.

(2) Depreciation method

	Depreciation method	Useful life	Estimated residual value ratio	Annual depreciation rate
Buildings and constructions	Straight-line method	20-40 years	5.00%	2.38%-4.75%
Machinery	Straight-line method	5-18 years	5.00%	5.28%-19.00%
Transportation equipment	Straight-line method	5-10 years	5.00%	9.5%-19.00%
Electronic equipment	Straight-line method	3-10 years	5.00%	9.5%-31.67%
Office equipment	Straight-line method	3-10 years	5.00%	9.5%-31.67%
Other equipment	Straight-line method	5-10 years	5.00%	9.5%-19.00%

13. Construction in progress

Construction in progress is measured at the actual construction expenditures, including necessary project work expenses incurred

during the period while construction is in progress, and other related fees.

Construction in progress is transferred into fixed assets when it is ready for its intended use.

14. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowings of funds, which include borrowing interest, amortisation of discount or premium on debt, other supplementary costs and certain foreign exchange differences that occurred from the borrowings in foreign currencies.

15. Right-of-use assets

The Group as lessee

On the inception of a lease, the Group recognises the right-of-use assets and lease liabilities in respect of the lease. The right-of-use assets are initially measured at cost, including the initial measurement amount of lease liabilities, the lease payment amount paid on or prior to the inception of the lease (less the related amount of lease incentives already enjoyed), the initial direct cost incurred, and the anticipated cost of dismantling and removing the leasehold property, restoring the site where the leasehold property is located, or bringing the leasehold property back to the state agreed upon in the lease terms.

The Group adopts the straight-line method to depreciate the right-of-use assets. If it can be reasonably ascertained that the ownership of the leasehold property can be obtained by the expiry of the lease term, the Group will depreciate the leasehold property within its remaining useful life. Otherwise, the leasehold property will be depreciated within the shorter of the lease term and its remaining useful life.

The lease liabilities are initially measured at the present value of the lease payments outstanding on the inception of the lease. The rate of discount is the interest rate implicit in lease. If the interest rate implicit in lease cannot be determined, the incremental interest rate on borrowing will be used as the rate of discount.

The Group calculates the interest expenses of the lease liabilities during each period of the lease term at a fixed periodic interest rate, and includes them in profit or loss for the current period or the cost of relevant assets. Variable lease payments that are not covered in the measurement of the lease liabilities are included in profit or loss for the current period or the cost of relevant assets when actually incurred.

After the inception of the lease, if any of the following circumstances occurs, the Group will remeasure the lease liabilities based on the present value of the lease payments after the change:

- The amount payable anticipated based on the guaranteed residual value changes;
- Any indicator or ratio used to determine the lease payments changes;
- The Group's assessment of the option to purchase, the option to renew the lease, or the option to terminate the lease changes, or the actual exercise of the option to renew the lease or the option to terminate the lease is inconsistent with the original assessment result.

During the remeasurement of the lease liabilities, the Group will adjust the carrying value of the right-of-use assets accordingly. If the carrying value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Group will include the remaining amount in profit or loss for the current period.

The Group has chosen not to recognise the right-of-use assets and lease liabilities for short-term leases (leases with a lease term of no more than 12 months) and low-value asset leases, and will include the related lease payments in profit or loss for the current period or the cost of relevant assets according to the straight-line method during each period of the lease term.

16. Intangible assets

(1) Valuation method, useful life, impairment test

Intangible assets are recognised only when it is probable that economic benefits relating to such intangible assets would flow into the Group and that their cost can be reliably measured. Intangible assets are initially measured at cost, provided that intangible assets which are acquired in a business combination not under common control and whose fair value can be reliably measured shall be separately recognised as intangible assets at fair value.

Useful life of an intangible asset is determined by the period over which it is expected to bring economic benefits to the Group. For an intangible asset with no foreseeable limit to the period over which it is expected to bring economic benefits to the Group, it is treated as an intangible asset with indefinite useful life.

Useful life of respective intangible assets is as follows:

	Useful life
Land use rights	40-50 years
Land ownership (overseas)	Indefinite
Trademarks	5-10 years
Trademarks (overseas)	Uncertain
Patents	5-10 years

Property in land acquired by the Group is normally accounted for as intangible assets. Property in land and buildings relating to plants constructed by the Group are accounted for as intangible assets and fixed assets, respectively. The costs for acquiring land and buildings are apportioned between the property in land and buildings, or accounted for as fixed assets if they cannot be apportioned.

The straight-line amortisation method is used during the useful life period for intangible assets with definite useful lives. The Group reviews, at least at each year end, useful lives and amortization method for intangible assets with definite lives and makes adjustment when necessary.

For intangible assets with indefinite useful life, impairment tests shall be conducted annually regardless of whether there are indications of impairment. Such intangible assets shall not be amortized and their useful life shall be reviewed during each accounting period. If there is evidence suggesting that their useful life is limited, accounting treatment will be performed according to the above policy on intangible assets with definite useful life.

The land ownership of Fosber S.p.A. ("Fosber Group"), a subsidiary of the Company, in Italy has a permanent term, and the Company believes that the land ownership will be used and will bring expected inflows of economic benefits to the Company in the foreseeable future, so its useful life is regarded as indefinite. The trademarks registered by subsidiaries Fosber Group and Fosber America, Inc. ("Fosber America") have a useful life in accordance with the law, but at the expiration of the protection period, Fosber Group and Fosber America can apply for an extension at low service charges, so the Company will benefit from the above trademarks in the long term. Thus, the Company recognized the trademark use right as intangible assets with indefinite useful life. The useful life of intangible assets with indefinite useful life will be reviewed at the end of each year. After review, the useful life of the above intangible assets is still uncertain.

(2) Accounting policies for expenses for internal research and development

The Group classifies the expenses for internal research and development as research costs and development costs. All research costs

are charged to the current profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits (including demonstration that the product derived from the intangible asset or the intangible asset itself will be marketable or, in the case of internal use, the usefulness of the intangible asset as such), the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset, and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria is recognized in profit or loss when incurred.

17. Long-term asset impairment

The Group assesses impairment of assets other than inventories, contract assets and assets related to contract costs, deferred tax assets and financial assets, using the methods described below:

The Group assesses at each balance sheet date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount and performs a test of impairment for the asset. For goodwill generated from business consolidation and intangible assets with indefinite useful lives, tests for impairment are performed at least annually regardless of whether there are indications of impairment. Intangible assets which are not yet ready for use are also tested annually for impairment.

The recoverable amount is the higher of the asset's fair value less costs to sell and its present value of estimated future cash flows. The Group estimates recoverable value for individual assets. When it is difficult to estimate individually, the recoverable value of the cash generating units which the asset belongs to will be estimated. The definition of cash generating units is determined on the basis of whether the cash generating units generate cash flows which are largely independent of those from other cash generating units.

Where the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised in profit or loss and allowance for impairment is made accordingly.

In connection with impairment tests for goodwill, the carrying value of goodwill arising from business combination is allocated to relevant cash generating units ("CGU") from the date of acquisition on a reasonable basis. If it is difficult to allocate such goodwill to a relevant CGU, it should be allocated to a relevant CGU group. A relevant CGU or CGU group is defined as one which can benefit from the synergies of the business combination and is not larger than the reporting segments determined by the Group.

In connection with impairment tests for CGUs or CGU groups that comprise goodwill, where indications of impairment exists in a CGU or CGU group related to goodwill, impairment tests should be performed first on CGUs or CGU groups that do not comprise goodwill and recognize impairment loss after estimating the recoverable amount. Then impairment tests on CGUs or CGU groups that comprise goodwill should be performed and the carrying value and recoverable amount should be compared. Where the recoverable amount is lower than the carrying value, the impairment loss should first be offset against the carrying value of the goodwill allocated to CGUs or CGU groups and then against assets in the CGUs or CGU groups other than goodwill in proportion to the weighting of these assets.

Previously recognised impairment losses are not reversed in subsequent periods.

18. Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method, with the amortization periods as follows:

	Amortization period
Decoration expenditures	3-5 years
Amortization of moulds	3 years
Other expenditures	3-5 years

19. Contract liabilities

Contract liabilities are the obligation to pass products or services to customers in connection with customer consideration received or receivable, for example, amounts received prior to the transfer of the promised products or services.

20. Employee benefits

(1) Short-term benefits

For accounting periods during which services are rendered by employees, short-term benefits that will incur is recognised as liability and included in profit and loss or related capital costs.

(2) Retirement benefits

Retirement benefits (defined contribution schemes)

Employees of the Group participated in pension insurance and unemployment insurance schemes managed by the local government. The contribution costs are charged as asset cost or to profit or loss when incurred.

Retirement benefits (defined benefit schemes)

The Group operates a defined benefit pension scheme, which requires payments to an independently operated fund. No funds have been injected into the scheme. The cost of benefits provided under the defined benefit scheme is calculated using the expected benefit accrual unit approach.

Remeasurement arising from defined benefit pension schemes, including actuarial gains or losses, changes in the asset cap effect (deducting amounts included in net interest on net liabilities of the defined benefit schemes) and return on scheme assets (deducting amounts included in net interest on net liabilities of the defined benefit schemes) are instantly recognised in the balance sheet and charged to equity through other comprehensive income for the period during which it is incurred. It will not be reversed to profit and loss in subsequent periods.

Previous service costs are recognised as current expenses when: the defined benefit scheme is revised, or relevant restructuring costs are recognised by the Group, whichever earlier.

Net interest is arrived at by multiplying net liabilities or net assets of defined benefits with a discount rate. Changes in net obligations of defined benefits are recognised as cost of sales, administrative expenses, R&D expenses, selling expenses and finance costs in the income statement. Service costs included current services costs, past service costs and settlement of profit or loss. Net interest included interest income from scheme assets, interest expenses for scheme obligations and interest of the asset cap effect.

21. Provisions

Other than contingent consideration and assumed contingent liabilities in a business combination not involving entities under common control, the Group recognises as provision an obligation that is related to contingent matters when all of the following criteria are fulfilled:

- (1) the obligation is a present obligation of the Group;
- (2) the obligation would probably result in an outflow of economic benefits from the Group;
- (3) the obligation could be reliably measured.

Provisions are initially measured according to the best estimate of expenses on fulfilling the current liabilities, in connection with the risk, uncertainty and timing value of the currency. The carrying value of the provisions would be reassessed on every balance sheet date. The carrying value will be adjusted to the best estimated value if there is certain evidence that the current carrying value is not the best estimate.

The contingent liabilities obtained from a business combination not involving entities under common control shall be measured at fair value at the time of initial recognition. After the initial recognition, according to the amount confirmed by provisions and the balance of the initial recognition amount after deducting the accumulated amortization determined by the revenue recognition principle, the higher of the two shall prevail for subsequent measurements.

22. Share-based payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital surplus are credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognising services rendered during the period in relevant costs or expenses and crediting the capital surplus accordingly at the fair value on the date of grant according to the best estimates of the number of exercisable equity instruments conducted by the Group at each balance sheet date during the pending period. The fair value of equity instruments is determined using the closing price of the Company's stock on the date of grant.

No expenses are recognised for awards that do not ultimately vest due to non-fulfillment of nonmarket conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

23. Revenue generating from contracts with customers

Accounting policies used in revenue recognition and measurement

The Group recognises its revenue upon the fulfilment of contractual performance obligations under a contract, namely, when the customer obtains control over the relevant products or services. The acquisition control over relevant products or services shall mean the ability to direct the use of the products or the provision of the services and receive substantially all economic benefits derived

therefrom.

Contract for the sales of products

The product sales contract between the Group and its customers typically includes different contractual performance obligations for the transfer of products and the rendering of services. With respect to the sales of products, the Group typically recognises its revenue at the time when the customer takes control over the products, taking into account the following factors: the acquisition of the current right to receive payments for the products, the transfer of major risks and rewards of ownership, the transfer of the legal title of the products, the transfer of the physical assets of the products, and customers' acceptance of the products.

Contract for the rendering of installation services

The service contract between the Group and its customers includes contractual performance obligations for installation services. As the customer is able to forthwith obtain and consume the economic benefits brought by the Group's contractual performance when the Group performs a contract, the Group considers such contractual performance obligations to be obligations performed over a period of time, and revenue shall be recognised on each balance sheet date according to the progress of installation.

Significant financing component

Where a contract contains a significant financing component, the Group determines transaction prices based on amounts payable assumed to be settled in cash by customers immediately upon the acquisition of control over the products or services. The difference between such transaction price and contract consideration is amortised over the contract period using the effective interest method based on a ratio that discounts the nominal contractual consideration to the current selling price of the products or services. The Group shall not give consideration to any significant financing component in a contract if the gap between the customer's acquisition of control over the products or services and payment of consideration is expected to be less than 1 year.

Warranty clauses

The Group provides quality assurance for products sold in accordance with contract terms and laws and regulations. The accounting treatment of quality assurance in the form of warranty assuring customers products sold are in compliance with required standards is set out in Note III.18. Where the Group provides a service warranty for a standalone service in addition to the assurance of compliance of products with required standards, such warranty is treated as a standalone contractual performance obligation, and a portion of the transaction price shall be allocated to the service warranty based on a percentage of the standalone price for the provision of product and service warranty. When assessing whether a warranty is rendering a standalone service in addition to providing guarantee to customers that all sold goods are in compliance with required standards, the Group will consider whether or not such warranty is a statutory requirement, the term of the warranty and the nature of the Group's undertaking to perform its obligations.

24. Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The grant is measured as the amount received or receivable where it takes the form of a cash asset, or at fair value where it is not a cash asset. Where the fair value cannot be reliably obtained, it should be measured at the nominal value.

In accordance with the stipulations of the government instruments, government grants applied towards acquisition or the formation of long-term assets in other manners are asset-related government grants; the instruments unspecifically refer to the exercise of judgement based on the basic conditions for receiving the asset-related grant applied towards or the formation of long-term assets in other manners. All other grants are recognised as income-related government grants.

Government grants relating to income and applied to make up for related costs or losses in future periods shall be recognised as deferred income, and shall be recognised in profit or loss of the period for which related costs or loss are recognised. Government grants specifically applied for the reimbursement of incurred related costs and expenses shall be directly recognised in profit or loss.

Government grants relating to assets shall be recognised as deferred income and credited to profit or loss over the useful life of the asset concerned by reasonable and systematic instalments (provided that government grants measured at nominal value shall be directly recognised in profit or loss). Where the asset concerned is disposed of, transferred, retired or damaged prior to the end of its useful life, the balance of the deferred income yet to be allocated shall be transferred to “asset disposal” under current profit or loss.

25. Deferred tax assets and liabilities

Income taxes include current and deferred tax. Income taxes are recognised in current profit or loss as income tax expenses or income tax benefit, except for the adjustment made for goodwill in a business combination and income tax from transactions or items that directly related to equity.

For the current period's deferred tax assets and liabilities arising in current and prior periods, the Group measures them at the amount expected to be paid or recovered according to the relevant taxation regulations.

The Group recognises deferred tax assets and liabilities based on temporary differences using the balance sheet liability method. Temporary differences are differences between the carrying amount of assets or liabilities in the balance sheet and their tax base on the balance sheet date. Temporary differences also include the differences between the carrying values and tax bases of items not recognised as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (1) where the taxable temporary difference arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- (1) where the deductible temporary difference arises from transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (2) deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures are recognised when all following conditions are met: it is probable that the temporary differences will reverse in the foreseeable future, it is probable that taxable profit against the deductible temporary differences will be available.

As at balance sheet date, deferred tax assets and liabilities are measured in accordance with relevant tax laws at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and reflects the tax consequences that would

follow the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset and presented as a net amount if all of the following conditions are met: the Group has the legal right to set off the current income tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, provided that the taxable entity concerned intends either to settle current income tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

26. Other principal accounting policies and accounting estimates

Share repurchase

The consideration and transaction costs paid to repurchase equity instruments are charged against owner's equity. Except for share-based payments, the issue (including refinancing), repurchase, disposal or retirement of the Company's own equity instruments are accounted for as changes in equity.

Profit distribution

The Company's cash dividends are recognized as liabilities upon the approval by the general meeting.

Expenses for safety production

The expenses for safety production set aside as stipulated shall be included in the cost of relevant products or current profits and losses, and included in the special reserve at the same time. When such expenses are used, accounting treatment will be performed according to whether fixed assets are formed. If identified as expense expenditures, the special reserve will be written down directly; if fixed assets are formed, the expenses incurred will be collected, fixed assets will be recognized when they reach a predetermined usable state, and the equivalent amount of special reserve will be written down and the equivalent accumulated depreciation will be recognized.

Fair value measurement

At each balance sheet date, the Group measures the fair value of derivative financial instruments. Fair value means the price receivable from the disposal of an asset or required to be paid for the transfer of a liability in an orderly transaction incurred by market participants on the measurement date. The Group measures assets or liabilities at fair value with the assumption that the orderly transaction of asset disposal or the transfer of liabilities takes place in the major market for the relevant assets or liabilities. Where there is no major market, the Group assumes such transaction takes place in the most favourable market for the relevant assets or liabilities. The major market (or most favourable market) is a trading market which the Group has access to on the measurement date. The Group adopts assumptions used by market participants when they price the asset or liability with the aim of maximising its

economic benefits.

27. Changes to principal accounting policies and accounting estimates

(1) Changes to principal accounting policies

Applicable Not applicable

In 2018, the Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 21-Leases" (referred to as the "New Lease Standard"). The Group began accounting treatment in accordance with the newly revised standards on January 1, 2021. According to the convergence regulations, the comparable period information will not be adjusted, and only the amount of relevant items in the financial statements at the beginning of the year when the new standard was implemented for the first time will be adjusted. Under the New Lease Standard, with the exception of short-term leases and low-value asset leases, lessees will no longer distinguish between financial leases and operating leases. All leases will use the same accounting treatment, and right-of-use assets and lease liabilities must be recognized.

This change to accounting policies increased the company's total assets of 93.51 million and total liabilities of 93.51 million at the beginning of the year, which had no significant impact on the income statement.

(2) The adjustments to relevant items in the financial statements at the beginning of 2021 when the New Lease Standard was implemented for the first time

Applicable

Whether to adjust the items in the balance sheets at the beginning of the year.

Yes No

Consolidated Balance Sheet

Unit: RMB yuan

Item	31 December 2020	1 January 2021	Adjustments
Current assets:			
Cash and bank balances	885,711,053.88	885,711,053.88	
Settlement provisions			
Dismantling funds			
Financial assets held for trading	1,636,296,430.31	1,636,296,430.31	
Derivative financial assets			
Notes receivable	12,744,582.88	12,744,582.88	
Accounts receivable	469,635,423.58	469,635,423.58	
Receivable financing	56,737,978.04	56,737,978.04	
Prepayments	29,109,416.21	29,109,416.21	

Premium receivable			
Receivable reinsurance account			
Provision for reinsurance contract receivable			
Other receivables	79,103,472.64	79,103,472.64	
Including: Interest receivable	587,074.81	587,074.81	
Dividend receivable			
Buy back resale financial assets			
Inventories	734,120,595.26	734,120,595.26	
Contract assets	29,504,693.97	29,504,693.97	
Assets held for sale			
Current portion of non-current assets	2,556,000.00	2,556,000.00	
Other current assets	22,271,217.65	22,271,217.65	
Total current assets	3,957,790,864.42	3,957,790,864.42	
Non-current assets:			
Loans and advances			
Debt investment			
Other debt investments			
Long-term receivables	1,475,000.00	1,475,000.00	
Long-term equity investment	72,671,204.73	72,671,204.73	
Investment in other equity instruments			
Other non-current financial assets	5,948,588.15	5,948,588.15	
Real estate investment			
Fixed assets	571,413,480.14	571,413,480.14	
Construction in progress	9,062,038.52	9,062,038.52	
Productive biological assets			
Oil and gas asset			
Right-of-use assets		93,513,747.81	93,513,747.81
Intangible assets	332,387,182.69	332,387,182.69	
Development expenditure			

Goodwill	324,904,239.97	324,904,239.97	
Long-term prepaid expenses	12,096,981.78	12,096,981.78	
Deferred tax assets	98,947,059.25	98,947,059.25	
Other non-current assets	936,540,047.40	936,540,047.40	
Total non-current assets	2,365,445,822.63	2,458,959,570.44	93,513,747.81
Total assets	6,323,236,687.05	6,416,750,434.86	93,513,747.81
Current liabilities:			
Short-term borrowings	39,533,281.84	39,533,281.84	
Borrowing from the Central Bank			
Borrowed funds			
Financial liabilities held for trading	41,408,109.80	41,408,109.80	
Derivative financial liabilities			
Notes payable	104,855,187.97	104,855,187.97	
Accounts payable	503,042,561.05	503,042,561.05	
Advance receivables			
Contract liabilities	362,792,713.35	362,792,713.35	
Selling back financial assets			
Deposits and Interbank deposit			
Agent trading securities			
Agent underwriting securities			
Employee benefits payable	92,623,562.93	92,623,562.93	
Tax payable	36,369,777.05	36,369,777.05	
Other payables	81,743,851.64	81,743,851.64	
Including: Interest payable			
Dividend payable			
Fees and commissions			
Reinsurance accounts payable			
Liabilities held for sale			
Current portion of non-current liabilities	226,597,528.74	226,597,528.74	

Other current liabilities	20,532,046.04	20,532,046.04	
Total current liabilities	1,509,498,620.41	1,509,498,620.41	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings	353,412,388.29	353,412,388.29	
Bonds payable			
Including: Preference Shares			
Perpetual bonds			
Lease liabilities		93,513,747.81	93,513,747.81
Long-term payables			
Long-term employee benefits payable	18,451,652.74	18,451,652.74	
Provisions	105,450,257.63	105,450,257.63	
Deferred income	16,861,488.27	16,861,488.27	
Deferred tax liabilities	19,296,386.16	19,296,386.16	
Other non-current liabilities	68,737,415.25	68,737,415.25	
Total non-current liabilities	582,209,588.34	675,723,336.15	93,513,747.81
Total Liabilities	2,091,708,208.75	2,185,221,956.56	93,513,747.81
Equity:			
Share capital	1,545,126,957.00	1,545,126,957.00	
Other equity instruments			
Including: Preference Shares			
Perpetual bonds			
Capital surplus	4,002,393,061.81	4,002,393,061.81	
Less: Treasury stock	579,403,185.12	579,403,185.12	
Other comprehensive income	20,026,089.70	20,026,089.70	
Special reserve	10,057,438.97	10,057,438.97	
Surplus reserves	51,830,974.45	51,830,974.45	
General risk preparation			
Retained earnings	-891,492,837.06	-891,492,837.06	

Total equity attributable to owners of the parent	4,158,538,499.75	4,158,538,499.75	
Non-controlling interests	72,989,978.55	72,989,978.55	
Total equity	4,231,528,478.30	4,231,528,478.30	
Total liabilities and equity	6,323,236,687.05	6,416,750,434.86	93,513,747.81

Parent Company Balance Sheet

Unit: RMB yuan

Item	31 December 2020	1 January 2021	Adjustments
Current assets:			
Cash and bank balances	134,020,813.88	134,020,813.88	
Financial assets held for trading	1,539,762,030.97	1,539,762,030.97	
Derivative financial assets			
Notes receivable			
Accounts receivable	153,517,438.90	153,517,438.90	
Receivable financing	53,245,689.47	53,245,689.47	
Prepayments	2,641,946.74	2,641,946.74	
Other receivables	68,388,543.22	68,388,543.22	
Including: Interest receivable			
Dividend receivable	40,000,000.00	40,000,000.00	
Inventories	123,156,907.36	123,156,907.36	
Contract assets	4,470,173.25	4,470,173.25	
Assets held for sale			
Current portion of non-current assets	2,556,000.00	2,556,000.00	
Other current assets	18,942.75	18,942.75	
Total current assets	2,081,778,486.54	2,081,778,486.54	
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables	1,475,000.00	1,475,000.00	

Long-term equity investment	464,794,856.81	464,794,856.81	
Investment in other equity instruments			
Other non-current financial assets			
Real estate investment			
Fixed assets	329,230,669.84	329,230,669.84	
Construction in progress	351,261.61	351,261.61	
Productive biological assets			
Oil and gas asset			
Right-of-use assets		22,526,467.81	22,526,467.81
Intangible assets	58,215,631.98	58,215,631.98	
Development expenditure			
Goodwill			
Long-term prepaid expenses	3,475,004.06	3,475,004.06	
Deferred tax assets	32,570,759.90	32,570,759.90	
Other non-current assets	935,660,189.00	935,660,189.00	
Total non-current assets	1,825,773,373.20	1,848,299,841.01	22,526,467.81
Total assets	3,907,551,859.74	3,930,078,327.55	22,526,467.81
Current liabilities:			
Short-term loan			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	55,312,772.43	55,312,772.43	
Accounts payable	53,044,344.90	53,044,344.90	
Advance receivables			
Contract liabilities	22,116,154.74	22,116,154.74	
Employee benefits payable	16,961,090.03	16,961,090.03	
Tax payable	5,181,895.95	5,181,895.95	
Other payables	50,884,934.80	50,884,934.80	
Including: Interest payable			

Dividend payable			
Liabilities held for sale			
Current portion of non-current liabilities			
Other current liabilities	2,253,619.05	2,253,619.05	
Total current liabilities	205,754,811.90	205,754,811.90	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference Shares			
Perpetual bonds			
Lease liabilities		22,526,467.81	22,526,467.81
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	13,306,971.66	13,306,971.66	
Deferred tax liabilities	3,894,304.65	3,894,304.65	
Other non-current liabilities			
Total non-current liabilities	17,201,276.31	39,727,744.12	22,526,467.81
Total Liabilities	222,956,088.21	245,482,556.02	22,526,467.81
Equity:			
Share capital	1,545,126,957.00	1,545,126,957.00	
Other equity instruments			
Including: Preference Shares			
Perpetual bonds			
Capital surplus	3,846,323,477.68	3,846,323,477.68	
Less: Treasury stock	579,403,185.12	579,403,185.12	
Other comprehensive income			
Special reserve	3,835,986.08	3,835,986.08	
Surplus reserves	51,830,974.45	51,830,974.45	

Retained earnings	-1,183,118,438.56		
Total equity	3,684,595,771.53	3,684,595,771.53	
Total liabilities and equity	3,907,551,859.74	3,930,078,327.55	22,526,467.81

(3) Retrospective adjustments to the previous comparative data when the New Lease Standard was implemented for the first time

Applicable Not applicable

28. Others

VI Taxation

1. Principal tax items and tax rates

Tax items	Tax basis	Tax rates
Value-added tax (VAT)	The output tax of the taxable income is calculated at the rate of 13% and 6% and VAT is levied according to the difference after deducting the input tax which is allowed to be deducted in the current period.	13%、6%
City maintenance and construction tax	Levied at 7% of the turnover tax actually paid.	7%
Corporate income tax	Corporate income tax shall be levied at 25% of the taxable income. Except for the Company and subsidiaries enjoying tax concessions, other domestic subsidiaries shall calculate and pay the business income taxes at 25% of the taxable income; subsidiaries registered abroad shall apply the corporate income tax rate as required by the local tax law.	See the table below
Property tax	Ad valorem tax: levied at 1.2% of the remaining value after deducting 30% from the original value of the property; Tax levied from rent: levied at 12% of the rental income.	1.2%、12%
Land use tax	Land area registered in land use right certificate	RMB 3/square meter

Taxpayers with different corporate income tax rates within the Group are as follows:

Company name	Income tax rate
--------------	-----------------

Dongfang Precision	15%
Dongfang Precision (HK)	16.5%
Dongfang Precision (Netherland)	20%
Fosber Group	24%
Fosber America	21%
Fosber Tianjin	25%
Shunyi Investment	25%
Italy EDF	24%
Tiru ña	28%
Tiru ña Group	28%
Tratamientos Industriales Tiru ña S.A.U.	28%
Tiru ña France SARL	15%
Tiru ña UK Ltd	19%
Tiru ña America	21%
Parsun Power	15%
Fosber Asia	15%

2. Tax concessions

In November 2017, the Company passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service of State Taxation Administration and Guangdong Provincial Local Taxation Bureau and obtained a High-tech Enterprise Certificate (certificate no.: GR201744002995) jointly issued by the above authorities, with a validity of three years. Corporate income tax was levied at a reduced rate of 15% during the validity period. In 2020, the Company went through the procedures for high-tech enterprise re-identification and passed the no-objection identification (certificate no.: GR202044007667) on 9 December 2020, so the preferential tax rate of 15% was applicable to the Company's business income tax in 2021.

Suzhou Parsun Power Machine Co., Ltd. ("Parsun Power"), a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Jiangsu Province, Department of Finance of Jiangsu Province and Jiangsu Provincial Tax Service of State Taxation Administration on 7 November 2019 and obtained a High-tech Enterprise Certificate (certificate no.: GR201932000339) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%.

Guangdong Fosber Intelligent Equipment Co., Ltd. ("Fosber Asia"), a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service of State Taxation Administration on 28 November 2018 and obtained a High-tech Enterprise Certificate (certificate no.: GR201844003599) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%.

VII. Notes to the Consolidated Financial Statements

1. Cash and bank balances

Unit: RMB yuan

Item	Closing balance	Opening balance
Cash on hand	606,577.65	217,540.96
Cash at banks	1,542,592,373.60	860,383,695.82
Other cash balances	223,359,245.39	25,109,817.10
Total	1,766,558,196.64	885,711,053.88
Of which: Total amount overseas	516,280,064.79	514,387,073.67
Total restricted amount as collateral, pledge or frozen	223,359,245.39	25,109,817.10

2. Financial assets held for trading

Unit: RMB yuan

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	1,022,938,402.56	1,636,296,430.31
Of which:		
Investments in trust products	117,040,263.44	504,767,340.61
Funds management plans	536,140,816.75	619,890,000.00
Derivative financial assets	278,071.28	831,021.35
Investments in bank's wealth management products	283,737,251.09	510,808,068.35
Other financial instruments	84,816,000.00	
Stocks on the secondary market	926,000.00	
Designated financial assets at fair value through profit or loss	0.00	0.00
Of which:		
Total	1,022,938,402.56	1,636,296,430.31

3. Notes receivable

(1) Notes receivable by type

Unit: RMB yuan

Item	Closing balance	Opening balance
Bank acceptance notes	2,501,310.00	12,744,582.88
Total	2,501,310.00	12,744,582.88

Unit: RMB yuan

Type	Closing balance					Opening balance				
	Gross amount		Allowance		Carrying amount	Gross amount		Allowance		Carrying amount
	Amount	Percentage	Amount	Allowance percentage		Amount	Percentage	Amount	Allowance percentage	
Notes receivable for which the allowances are established individually	0.00		0.00		0.00		0.00		0.00	
Of which:										
Notes receivable for which the allowances are established by group	0.00		0.00		0.00		0.00		0.00	
Of which:										

Allowances established individually: Not applicable

Allowances established by group: Not applicable

Grouping basis: Not applicable

Where allowances for doubtful notes receivable are established using the general model of expected credit loss, please disclose allowance information as other receivables.

Applicable Not applicable

(2) Notes receivable that were endorsed or discounted but undue on the balance sheet date at the period-end

Unit: RMB yuan

Item	Closing derecognized amount	Closing un-derecognized amount
Bank acceptance notes		2,501,310.00
Total		2,501,310.00

4. Accounts receivable

(1) Accounts receivable by type

Unit: RMB yuan

Type	Closing balance					Opening balance				
	Gross amount		Allowance		Carrying amount	Gross amount		Allowance		Carrying amount
	Amount	Percentage	Amount	Allowance percentage		Amount	Percentage	Amount	Allowance percentage	
Accounts receivable for which the allowances are established individually	6,750,974.35	1.35%	6,750,974.35	100.00%	0.00	6,914,949.57	1.40%	6,914,949.57	100.00%	0.00
Of which:										
Accounts receivable for which the allowances are established individually	6,750,974.35	1.35%	6,750,974.35	100.00%	0.00	6,914,949.57	1.40%	6,914,949.57	100.00%	0.00
Accounts receivable for which the allowances are established by group	494,017,033.83	98.65%	15,616,580.02	3.16%	478,400,453.81	486,512,804.93	98.60%	16,877,381.35	3.47%	469,635,423.58
Of which:										
Accounts receivable for which the allowances are established by group with similar credit risk characteristics	494,017,033.83	98.65%	15,616,580.02	3.16%	478,400,453.81	486,512,804.93	98.60%	16,877,381.35	3.47%	469,635,423.58
Total	500,768,008.18	100.00%	22,367,554.37		478,400,453.81	493,427,754.50	100.00%	23,792,330.92		469,635,423.58

Accounts receivable for which the allowances are established individually: Accounts receivable for which the allowances are established individually

Unit: RMB yuan

Entity	Closing balance			
	Gross amount	Allowance	Allowance percentage	Reason for allowance
Customer 1	981,949.40	981,949.40	100.00%	Customer's inability to settle the amount due
Customer 2	641,600.00	641,600.00	100.00%	Customer's inability to settle the amount due
Customer 3	608,800.00	608,800.00	100.00%	Customer's inability to settle the amount due

Customer 4	515,595.00	515,595.00	100.00%	Customer's inability to settle the amount due
Customer 5	283,000.00	283,000.00	100.00%	Customer's inability to settle the amount due
Other companies	3,720,029.95	3,720,029.95	100.00%	Customer's inability to settle the amount due
Total	6,750,974.35	6,750,974.35	--	--

Accounts receivable for which the allowances are established by group: Accounts receivable for which the allowances are established by group with similar credit risk characteristics

Unit: RMB yuan

Item	Closing balance		
	Gross amount	Allowance	Allowance percentage
Within 1 year (inclusive)	423,881,377.57	1,830,049.30	0.43%
1-2 years (including 2 years)	42,343,812.82	2,670,785.05	6.31%
2-3 years (including 3 years)	18,497,379.75	1,860,558.19	10.06%
3-4 years (including 4 years)	1,147,437.47	1,117,248.04	97.37%
4-5 years (including 5 years)	1,490,067.25	1,480,980.47	99.39%
Over 5 years	6,656,958.97	6,656,958.97	100.00%
Total	494,017,033.83	15,616,580.02	--

Where allowances for doubtful accounts receivable are established using the general model of expected credit loss, please disclose allowance information as other receivables.

Applicable Not applicable

By aging:

Unit: RMB yuan

Aging	Closing balance
Within 1 year (inclusive)	391,887,465.95
1-2 years	71,252,280.31
2-3 years	21,517,256.56
Over 3 years	16,111,005.36
3-4 years	5,911,486.35
4-5 years	2,009,160.04
Over 5 years	8,190,358.97
Total	500,768,008.18

(2) Allowances established or reversed in the current period

Allowances in the current period:

Unit: RMB yuan

Type	Opening balance	Change in the current period				Closing balance
		Established	Reversed	Written off	Others	
Accounts receivable for which the allowances are established individually	6,914,949.57	0.00	0.00	0.00	-163,975.22	6,750,974.35
Accounts receivable for which the allowances are established by group	16,877,381.35	1,521,877.68	1,751,733.40	551,743.68	-479,201.93	15,616,580.02
Total	23,792,330.92	1,521,877.68	1,751,733.40	551,743.68	-643,177.15	22,367,554.37

(3) Accounts receivable written off in the current period

Unit: RMB yuan

Item	Amount written off
Accounts receivable written off	551,743.68

(4) Top five entities with respect to accounts receivable

Unit: RMB yuan

Entity	Closing balance of accounts receivable	As a % of the closing balance of total accounts receivable	Closing balance of allowances
Customer 1	16,334,712.24	3.26%	241,222.83
Customer 2	14,848,982.25	2.97%	276,191.07
Customer 3	11,815,226.64	2.36%	174,481.34
Customer 4	11,394,217.03	2.28%	168,264.08
Customer 5	9,564,696.67	1.91%	141,246.64
Total	63,957,834.83	12.78%	

5. Receivables financing

Unit: RMB yuan

Item	Closing balance	Opening balance
Notes receivable	89,380,635.10	56,737,978.04

Total	89,380,635.10	56,737,978.04
-------	---------------	---------------

Changes in receivables financing and in their fair value in the current period:

Applicable Not applicable

Where allowances for doubtful receivables financing are established using the general model of expected credit loss, please disclose allowance information as other receivables:

Applicable Not applicable

6. Prepayments

(1) Prepayments by aging

Unit: RMB yuan

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	43,754,594.54	97.20%	28,618,261.25	98.31%
1-2 years	1,137,286.32	2.53%	374,977.19	1.29%
2-3 years	20,544.64	0.05%	34,633.52	0.12%
Over 3 years	102,155.69	0.22%	81,544.25	0.28%
Total	45,014,581.19	--	29,109,416.21	--

(2) Top five entities with respect to prepayments

The closing balance of total prepayments to the top five entities amounted to RMB20,884,644.88, accounting for 46.40% of the closing balance of the total prepayments.

7. Other receivables

Unit: RMB yuan

Item	Closing balance	Opening balance
Interest receivable	1,562,811.76	587,074.81
Other receivables	170,604,759.87	78,516,397.83
Total	172,167,571.63	79,103,472.64

(1) Interest receivable

1) Interest receivable by type

Unit: RMB yuan

Item	Closing balance	Opening balance
Other interest	1,562,811.76	587,074.81

Total	1,562,811.76	587,074.81
-------	--------------	------------

(2) Other receivables**1) Other receivables by nature**

Unit: RMB yuan

Nature	Closing gross amount	Opening gross amount
Amount for transfer of equity investments	140,352,550.00	42,131,250.00
Prepaid service charges	8,633,043.92	11,152,973.97
Security deposits	4,980,477.44	6,202,941.33
Performance compensation	1,305,713.60	3,864,914.60
Export tax refunds	6,426,072.80	3,079,666.37
Employee loans and petty cash	4,374,693.19	2,579,209.29
Others	7,804,862.94	12,867,216.40
Total	173,877,413.89	81,878,171.96

2) Allowances

Unit: RMB yuan

Allowances	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at 1 January 2021	2,861,774.13	500,000.00		3,361,774.13
Balance as at 1 January 2021 in the current period	—	—	—	—
Other changes	-89,120.11			-89,120.11
Balance as at 30 June 2021	2,772,654.02	500,000.00		3,272,654.02

Balances with significant changes in loss allowances in the current period:

 Applicable Not applicable

By aging:

Unit: RMB yuan

Aging	Closing balance
Within 1 year (inclusive)	124,167,127.16

1-2 years	4,281,928.72
2-3 years	42,469,709.96
Over 3 years	2,958,648.05
3-4 years	1,999,487.98
4-5 years	325,938.15
Over 5 years	633,221.92
Total	173,877,413.89

3) Top five entities with respect to other receivables

Unit: RMB yuan

Entity	Nature of other receivable	Closing balance	Aging	As a % of the closing balance of total other receivables	Closing balance of allowances for doubtful other receivables
Entity 1	Amount for transfer of equity investments	40,352,550.00	2-3 years	23.21%	2,021,826.93
Entity 2	Amount for transfer of equity investments	30,000,000.00	Within 1 year	17.25%	
Entity 3	Amount for transfer of equity investments	30,000,000.00	Within 1 year	17.25%	
Entity 4	Amount for transfer of equity investments	20,000,000.00	Within 1 year	11.50%	
Entity 5	Amount for transfer of equity investments	20,000,000.00	Within 1 year	11.50%	
Total	--	140,352,550.00	--	80.72%	2,021,826.93

8. Inventories

Is the Company subject to the disclosure requirements for the real estate industry?

No.

(1) Inventories by type

Unit: RMB yuan

Item	Closing balance			Opening balance		
	Gross amount	Inventory valuation allowances or impairment allowances for contract performance costs	Carrying amount	Gross amount	Inventory valuation allowances or impairment allowances for contract performance costs	Carrying amount
Raw materials	372,327,102.32	7,858,175.27	364,468,927.05	313,339,147.74	8,477,773.27	304,861,374.47
Work-in-progress	452,435,151.75	27,553,580.09	424,881,571.66	347,787,856.58	27,512,393.21	320,275,463.37
Finished goods	77,579,093.99	575,827.54	77,003,266.45	80,477,465.24	2,209,825.73	78,267,639.51
Product deliveries	102,582,445.99		102,582,445.99	15,786,304.74		15,786,304.74
Semi-finished goods	13,248,101.07	114,428.27	13,133,672.80	14,676,986.94	114,428.27	14,562,558.67
Materials consigned for processing	711,738.73		711,738.73	367,254.50		367,254.50
Total	1,018,883,633.85	36,102,011.17	982,781,622.68	772,435,015.74	38,314,420.48	734,120,595.26

(2) Inventory valuation allowances and impairment allowances for contract performance costs

Unit: RMB yuan

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Established	Others	Reversed or written off	Others	
Raw materials	8,477,773.27	864,652.07		1,191,127.55	293,122.52	7,858,175.27
Work-in-progress	27,512,393.21	185,539.03			144,352.15	27,553,580.09
Finished goods	2,209,825.73			1,633,998.19		575,827.54
Product deliveries						
Semi-finished goods	114,428.27					114,428.27
Materials consigned for processing						
Total	38,314,420.48	1,050,191.10		2,825,125.74	437,474.67	36,102,011.17

9. Contract assets

Unit: RMB yuan

Item	Closing balance			Opening balance		
	Gross amount	Impairment	Carrying	Gross amount	Impairment	Carrying amount

		allowance	amount		allowance	
Contract assets	11,816,199.59	780,847.59	11,035,352.00	30,566,218.02	1,061,524.05	29,504,693.97
Total	11,816,199.59	780,847.59	11,035,352.00	30,566,218.02	1,061,524.05	29,504,693.97

Significant changes in the carrying amounts of contract assets in the current period and reasons: Not applicable

Where impairment allowances for contract assets are established using the general model of expected credit loss, please disclose allowance information as other receivables:

Applicable Not applicable

Impairment allowances for contract assets in the current period:

Unit: RMB yuan

Item	Established in the current period	Reversed in the current period	Written off/charged off in the current period	Reason
Impairment allowances for contract assets		257,325.86		
Total		257,325.86		--

10. Current portion of non-current assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Current portion of long-term receivables	4,281,000.00	2,556,000.00
Current portion of large-amount deposit certificates	100,315,833.33	
Total	104,596,833.33	2,556,000.00

11. Other current assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Input value-added tax (VAT) to be deducted	632,176.18	1,041,284.86
Overpaid VAT	13,242,562.02	13,120,049.59
Tax repayments	10,459,424.98	4,547,579.26
Prepaid expenses	49,465.29	23,570.22
Others	2,116,034.83	3,538,733.72
Total	26,499,663.30	22,271,217.65

12. Long-term receivables**(1) Particulars about long-term receivables**

Unit: RMB yuan

Item	Closing balance			Opening balance			Range of discount rates
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount	
Amounts receivable by installment for selling goods	4,103,750.00		4,103,750.00	1,475,000.00		1,475,000.00	
Total	4,103,750.00		4,103,750.00	1,475,000.00		1,475,000.00	--

Balances with significant changes in loss allowances in the current period:

 Applicable Not applicable**13. Long-term equity investments**

Unit: RMB yuan

Investee	Opening balance (carrying amount)	Change in the current period								Closing balance (carrying amount)	Closing balance of impairment allowance	
		Addition investment	Reduced investment	Return on investment under the equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividends or profit	Impairment allowance	Others			
1. Joint ventures												
2. Associates												
Jaten Robot	70,900,088.92			1,249,209.43							72,149,298.35	
Talleres Tapres	1,771,115.81									-74,775.93	1,696,339.88	
Subtotal	72,671,204.73			1,249,209.43						-74,775.93	73,845,638.23	
Total	72,671,204.73			1,249,209.43						-74,775.93	73,845,638.23	

14. Other non-current financial assets

Unit: RMB yuan

Item	Closing balance	Opening balance
------	-----------------	-----------------

Financial assets at fair value through profit or loss	6,050,655.19	5,948,588.15
Total	6,050,655.19	5,948,588.15

15. Fixed assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Fixed assets	556,554,822.37	571,413,480.14
Total	556,554,822.37	571,413,480.14

(1) Particulars about fixed assets

Unit: RMB yuan

Item	Buildings and constructions	Machinery	Transportation equipment	Office equipment/electronic equipment/other equipment	Total
I. Gross amount					
1. Opening balance	589,751,776.97	450,190,483.35	29,625,946.16	54,535,783.13	1,124,103,989.61
2. Increase in the current period	790,481.81	7,043,651.63	4,174,604.37	3,943,343.59	15,952,081.40
(1) Purchases	790,481.81	3,139,663.26	4,174,604.37	3,943,343.59	12,048,093.03
(2) Transfers from construction in progress		3,903,988.37			3,903,988.37
(3) Increase in business combination					
(4) Effect of exchange rate movements					
3. Decrease in the current period	7,928,688.73	13,597,362.89	3,441,294.85	409,719.72	25,377,066.19
(1) Disposal or retirement		175,269.23	3,281,163.00	47,657.86	3,504,090.09
(2) Transferred out in disposal of					

subsidiary					
(3) Effect of exchange rate movements	7,928,688.73	13,422,093.66	160,131.85	362,061.86	21,872,976.10
4. Closing balance	582,613,570.05	443,636,772.09	30,359,255.68	58,069,407.00	1,114,679,004.82
II. Accumulated depreciation					
1. Opening balance	170,382,986.59	335,115,748.64	19,447,337.09	27,744,437.15	552,690,509.47
2. Increase in the current period	8,702,978.06	11,040,973.56	2,442,391.58	3,357,357.58	25,543,700.78
(1) Provision	8,702,978.06	11,040,973.56	2,442,391.58	3,357,357.58	25,543,700.78
(2) Increase in business combination					
(3) Effect of exchange rate movements					
3. Decrease in the current period	4,411,040.46	11,924,840.98	3,365,333.03	408,813.33	20,110,027.80
(1) Disposal or retirement		121,470.07	3,164,618.95	42,892.07	3,328,981.09
(2) Transferred out in disposal of subsidiary					
(3) Effect of exchange rate movements	4,411,040.46	11,803,370.91	200,714.08	365,921.26	16,781,046.71
4. Closing balance	174,674,924.19	334,231,881.22	18,524,395.64	30,692,981.40	558,124,182.45
III. Impairment allowances					
1. Opening balance					
2. Increase in the current period					
(1) Established					
3. Decrease in the current period					

(1) Disposal or retirement					
4. Closing balance					
IV. Carrying amount					
1. Closing carrying amount	407,938,645.86	109,404,890.87	11,834,860.04	27,376,425.60	556,554,822.37
2. Opening carrying amount	419,368,790.38	115,074,734.71	10,178,609.07	26,791,345.98	571,413,480.14

16. Construction in progress

Unit: RMB yuan

Item	Closing balance	Opening balance
Construction in progress	9,929,394.59	9,062,038.52
Total	9,929,394.59	9,062,038.52

(1) Particulars about construction in progress

Unit: RMB yuan

Item	Closing balance			Opening balance		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Plants and buildings	1,306,188.24		1,306,188.24	384,832.84		384,832.84
Equipment installation	7,375,954.22		7,375,954.22	8,431,327.70		8,431,327.70
Software installation	1,247,252.13		1,247,252.13	245,877.98		245,877.98
Total	9,929,394.59		9,929,394.59	9,062,038.52		9,062,038.52

(2) Changes in substantial construction in progress in the current period

Unit: RMB yuan

Project	Budget	Opening balance	Increase in the current period	Transferred to fixed assets in the current period	Other decreases in the current period	Closing balance	Cumulative project investment as a % of the budget	Project progress	Cumulative capitalized interest	Of which: Capitalized interest in the current	Interest capitalization rate for the current period	Funding source
---------	--------	-----------------	--------------------------------	---	---------------------------------------	-----------------	--	------------------	---------------------------------	---	---	----------------

										period		
Equipment installation of Fosber Group	12,021,450.00	8,426,602.70	4,064,918.87	3,903,988.37	319,315.65	8,268,217.55	69.00%					Other
Others		635,435.82	1,029,853.18		4,111.96	1,661,177.04						Other
Total	12,021,450.00	9,062,038.52	5,094,772.05	3,903,988.37	323,427.61	9,929,394.59	--	--				--

(3) Impairment allowances for construction in progress in the current period

Not applicable.

(4) Engineering materials

Not applicable.

17. Right-of-use assets

Unit: RMB yuan

Item	Buildings and constructions	Transportation equipment		Total
I. Gross amount				
1. Opening balance	86,415,019.81	7,098,728.00		93,513,747.81
2. Increase in the current period				
3. Decrease in the current period	938,574.00	104,286.00		1,042,860.00
Effect of exchange rate movements	938,574.00	104,286.00		1,042,860.00
4. Closing balance	85,476,445.81	6,994,442.00		92,470,887.81
II. Accumulated depreciation				
1. Opening balance				
2. Increase in the current period	8,707,766.91	673,066.05		9,380,832.96
(1) Provision	8,707,766.91	673,066.05		9,380,832.96

3. Decrease in the current period	88,990.91	9,887.88		98,878.79
Effect of exchange rate movements	88,990.91	9,887.88		98,878.79
4. Closing balance	8,618,776.00	663,178.17		9,281,954.17
III. Impairment allowances				
1. Opening balance				
2. Increase in the current period				
(1) Established				
3. Decrease in the current period				
(1) Disposal				
4. Closing balance				
IV. Carrying amount				
1. Closing carrying amount	76,857,669.81	6,331,263.83		83,188,933.64
2. Opening carrying amount	86,415,019.81	7,098,728.00		93,513,747.81

18. Intangible assets

(1) Particulars about intangible assets

Unit: RMB yuan

Item	Land use rights	Patent rights	Non-patented technologies	Land ownership	Trademarks and software	Total
I. Gross amount						
1. Opening balance	114,739,730.08	94,087,773.87		17,169,515.99	188,146,579.45	414,143,599.39
2. Increase in the current period		4,956,581.52			4,049,966.66	9,006,548.18
(1) Purchases		4,956,581.52			4,049,966.66	9,006,548.18
(2) Internal R&D						

(3) Increase in business combination						
(4) Effect of exchange rate movements						
3. Decrease in the current period		4,030,714.30		724,863.80	7,955,425.80	12,711,003.90
(1) Disposal						
(2) Transferred out in disposal of subsidiary						
(3) Effect of exchange rate movements		4,030,714.30		724,863.80	7,955,425.79	12,711,003.89
4. Closing balance	114,739,730.08	95,013,641.09		16,444,652.19	184,241,120.31	410,439,143.67
II. Accumulated amortization						
1. Opening balance	19,772,711.70	44,892,936.80			17,090,768.20	81,756,416.70
2. Increase in the current period	1,279,370.65	8,073,531.73			4,571,368.47	13,924,270.85
(1) Provision	1,279,370.65	8,073,531.73			4,571,368.47	13,924,270.85
(2) Increase in business combination						
(3) Effect of exchange rate movements						
3. Decrease in the current period		2,343,299.30			713,549.05	3,056,848.35
(1)						

Disposal						
(2) Transferred out in disposal of subsidiary						
(3) Effect of exchange rate movements		2,343,299.30			713,549.05	3,056,848.35
4. Closing balance	21,052,082.35	50,623,169.23			20,948,587.62	92,623,839.20
III. Impairment allowances						
1. Opening balance						
2. Increase in the current period						
(1) Established						
(2) Effect of exchange rate movements						
3. Decrease in the current period						
(1) Disposal						
(2) Effect of exchange rate movements						
4. Closing balance						
IV. Carrying amount						
1. Closing carrying amount	93,687,647.73	44,390,471.86		16,444,652.19	163,292,532.69	317,815,304.47
2. Opening carrying amount	94,967,018.38	49,194,837.07		17,169,515.99	171,055,811.25	332,387,182.69

19. Goodwill

(1) Gross amounts of goodwill

Unit: RMB yuan

Investee or item generating goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Generated due to business combination	Effect of exchange rate movements	Disposal	Effect of exchange rate movements	
Parsun Power	208,031,946.10					208,031,946.10
Italy EDF	70,453,107.20				2,974,394.10	67,478,713.10
Fosber Group	164,757,896.55				6,955,760.91	157,802,136.92
Italy QCorr	13,969,451.67				589,763.28	13,379,688.39
Total	457,212,401.52				10,519,917.01	446,692,484.51

(2) Impairment allowances for goodwill

Unit: RMB yuan

Investee or item generating goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Established	Effect of exchange rate movements	Disposal	Effect of exchange rate movements	
Parsun Power	61,855,054.35					61,855,054.35
Italy EDF	70,453,107.20				2,974,391.52	67,478,715.68
Total	132,308,161.55				2,974,391.52	129,333,770.03

20. Long-term prepaid expenses

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Amortization in the current period	Other decreases	Closing balance
Plant decoration expenditures	3,502,191.47	873,485.29	311,003.01	26,634.63	4,038,039.12
Equipment expenditures		1,278,742.55			1,278,742.55
Internet access for offices	73,997.11		9,180.43		64,816.68
Amortization of lease assets	144,783.00		6,566.35	3,173.77	135,042.88

Office decoration expenditures	2,796,808.88	419,516.83	345,863.77		2,870,461.94
Amortization of moulds	5,513,088.39	1,715,575.25	1,487,813.12		5,740,850.52
CE certification fee	66,112.93		31,567.94		34,544.99
Total	12,096,981.78	4,287,319.92	2,191,994.62	29,808.40	14,162,498.68

21. Deferred tax assets/liabilities

(1) Deferred tax assets before offsetting

Unit: RMB yuan

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Asset impairment allowances	34,615,406.43	6,405,713.92	32,623,867.53	5,685,957.19
Internal unrealized profit	19,542,131.45	4,690,111.55	20,339,730.05	5,084,932.51
Deductible loss	182,098,097.80	33,154,276.98	186,910,770.30	37,446,876.20
Credit impairment allowances	23,509,138.09	4,940,468.77	10,520,932.53	1,526,582.59
Deferred income	53,980,505.42	12,955,321.30	56,359,912.05	13,526,378.24
Provisions—after-sales maintenance service charges	80,367,640.62	21,684,966.61	78,705,949.88	21,163,160.85
Accrued expenses	28,436,681.14	4,187,879.25	36,599,312.14	6,231,125.47
Equity incentives	27,988,748.26	4,250,276.08	25,006,448.74	3,838,878.64
Financial liabilities at fair value through profit or loss			8,785,171.84	1,422,118.28
Others	13,288,499.25	3,594,201.33	22,754,231.10	3,021,049.28
Total	463,826,848.46	95,863,215.79	478,606,326.16	98,947,059.25

(2) Deferred tax liabilities before offsetting

Unit: RMB yuan

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities

Increase in value in asset valuation in business combination not involving entities under common control	54,631,866.64	9,857,857.62	56,319,751.75	10,574,995.95
Depreciation difference of fixed assets	9,960,269.88	2,390,464.77	10,059,939.38	2,577,333.08
Financial assets at fair value through profit or loss	38,734,346.76	5,896,474.82	25,962,030.97	4,202,658.70
Others	3,348,093.04	803,542.41	8,046,763.80	1,941,398.43
Total	106,674,576.32	18,948,339.62	100,388,485.90	19,296,386.16

(3) Net balances of deferred tax assets/liabilities after offsetting

Unit: RMB yuan

Item	Offset amount between deferred tax assets and liabilities as at the period-end	Closing balance of deferred tax assets or liabilities after offsetting	Offset amount between deferred tax assets and liabilities as at the period-begin	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets		95,863,215.79		98,947,059.25
Deferred tax liabilities		18,948,339.62		19,296,386.16

(4) Breakdown of deferred tax assets unrecognized

Unit: RMB yuan

Item	Closing balance	Opening balance
Deductible temporary differences	3,204,495.91	34,063,872.36
Deductible losses	1,093,594,216.54	1,233,078,267.55
Total	1,096,798,712.45	1,267,142,139.91

(5) Deductible losses not recognized as deferred tax assets will expire as follows

Unit: RMB yuan

Year	Closing amount	Opening amount	Remark
2024	1,093,594,216.54	1,233,078,267.55	
Total	1,093,594,216.54	1,233,078,267.55	--

22. Other non-current assets

Unit: RMB yuan

Item	Closing balance			Opening balance		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Prepayments for long-lived assets	1,653,689.00		1,653,689.00	623,889.00		623,889.00
Prepayments for service charges related to long-term borrowings				363,799.89		363,799.89
Principal and interest for security deposit for domestic bank to provide guarantee for loan from overseas bank	295,075,000.00		295,075,000.00	295,075,000.00		295,075,000.00
Large-amount deposit certificates				640,000,000.00		640,000,000.00
Others	1,354,716.96		1,354,716.96	477,358.51		477,358.51
Total	298,083,405.96		298,083,405.96	936,540,047.40		936,540,047.40

23. Short-term borrowings**(1) Short-term borrowings by type**

Unit: RMB yuan

Item	Closing balance	Opening balance
Pledge loan	201,993,336.00	12,037,500.00
Guaranteed loan		16,560,239.29
Credit loan	26,296,297.82	10,935,542.55
Total	228,289,633.82	39,533,281.84

24. Financial liabilities held for trading

Unit: RMB yuan

Item	Closing balance	Opening balance
Financial liabilities held for trading	5,286,141.68	41,408,109.80
Of which:		
Non-controlling interests put options	5,286,141.68	41,408,109.80
Of which:		
Total	5,286,141.68	41,408,109.80

25. Notes payable

Unit: RMB yuan

Type	Closing balance	Opening balance
Bank acceptance notes	108,984,928.59	104,855,187.97
Total	108,984,928.59	104,855,187.97

26. Accounts payable**(1) Breakdown of accounts payable**

Unit: RMB yuan

Item	Closing balance	Opening balance
Purchases of inventories	614,222,863.46	489,841,770.00
Others	5,804,400.33	13,200,791.05
Total	620,027,263.79	503,042,561.05

(2) Substantial accounts payable over 1 year

Not applicable.

27. Contract liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Receipts in advance	546,618,708.94	362,792,713.35
Total	546,618,708.94	362,792,713.35

28. Employee benefits payable**(1) Breakdown of employee benefits payable**

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term benefits	84,647,882.17	264,305,091.21	259,642,918.27	89,310,055.11
II. Retirement benefits-defined contribution schemes	7,975,680.76	32,305,898.83	34,663,012.20	5,618,567.39
Total	92,623,562.93	296,610,990.04	294,305,930.47	94,928,622.50

(2) Breakdown of short-term benefits

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salaries, bonuses, allowances and subsidies	79,573,190.90	233,464,001.68	230,973,622.42	82,063,570.16
2. Employee welfare	4,218,192.78	14,445,576.65	12,298,669.21	6,365,100.22
3. Social security contributions	112,446.62	14,544,658.12	14,431,369.05	225,735.69
Including: medical insurance	120,597.45	9,626,417.78	9,667,382.67	79,632.56
Work injury insurance	-8,150.83	4,640,785.01	4,486,531.05	146,103.13
Maternity insurance		277,455.33	277,455.33	
4. Housing funds		1,426,147.84	1,426,147.84	
5. Labour union funds and employee education funds	744,051.87	424,706.92	513,109.75	655,649.04
Total	84,647,882.17	264,305,091.21	259,642,918.27	89,310,055.11

(3) Breakdown of defined contribution schemes

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance	7,975,680.76	32,035,671.41	34,392,784.78	5,618,567.39
2. Unemployment insurance		270,227.42	270,227.42	
Total	7,975,680.76	32,305,898.83	34,663,012.20	5,618,567.39

29. Tax payable

Unit: RMB yuan

Item	Closing balance	Opening balance
Value-added tax	3,583,467.28	2,698,793.65
Corporate income tax	30,971,262.32	18,169,790.66
Individual income tax	11,368,817.81	14,556,028.94
City maintenance and construction tax	69,887.29	365,856.73
Education surcharge	49,919.50	261,326.23
Stamp duties	22,964.20	51,466.90

Property tax	1,475,735.94	211,158.56
Land use tax	235,326.00	34,530.60
Others	598.68	20,824.78
Total	47,777,979.02	36,369,777.05

30. Other payables

Unit: RMB yuan

Item	Closing balance	Opening balance
Other payables	106,797,162.19	81,743,851.64
Total	106,797,162.19	81,743,851.64

(1) Interest payable

Not applicable.

(2) Dividends payable

Not applicable.

(3) Other payables

1) Other payables by nature

Unit: RMB yuan

Item	Closing balance	Opening balance
Accrued expenses	27,984,543.45	31,242,050.81
Repurchase obligation of restricted shares	21,630,000.00	22,600,000.00
Payables for settled lawsuit	10,138,123.27	10,224,904.52
Security deposits	1,627,227.21	1,327,227.21
Acquisition of equity investments	36,121,968.12	
Others	9,295,300.14	16,349,669.10
Total	106,797,162.19	81,743,851.64

2) Substantial other payables over 1 year

Not applicable.

31. Current portion of non-current liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Current portion of long-term borrowings	23,390,234.62	226,597,528.74
Current portion of lease liabilities	18,257,387.13	
Total	41,647,621.75	226,597,528.74

32. Other current liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Output tax to be written off	9,032,282.74	8,562,086.01
Endorsed undue notes receivable	2,501,310.00	11,800,000.00
Others	1,175,515.36	169,960.03
Total	12,709,108.10	20,532,046.04

33. Long-term borrowings**(1) Long-term borrowings by type**

Unit: RMB yuan

Item	Closing balance	Opening balance
Pledge loan	3,843,100.00	4,427,994.38
Mortgage loan	30,742,955.00	49,087,211.17
Guaranteed loan	293,805,138.34	281,708,768.77
Credit loan	12,903,907.78	18,188,413.97
Total	341,295,101.12	353,412,388.29

34. Lease liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Lease liabilities	67,893,331.89	93,513,747.81
Total	67,893,331.89	93,513,747.81

35. Long-term employee benefits payable**(1) Long-term employee benefits payable**

Unit: RMB yuan

Item	Closing balance	Opening balance
I. Retirement benefits- net liabilities of defined benefit schemes	16,531,807.55	18,451,652.74
Total	16,531,807.55	18,451,652.74

36. Provisions

Unit: RMB yuan

Item	Closing balance	Opening balance	Reason for provision
Product quality warranty	93,759,078.85	104,845,110.36	
Others	579,599.12	605,147.27	
Total	94,338,677.97	105,450,257.63	--

37. Deferred income

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reason for deferred income
Government grants	16,861,488.27		707,160.31	16,154,327.96	
Total	16,861,488.27		707,160.31	16,154,327.96	--

Deferred income associated with government grants:

Unit: RMB yuan

Liabilities	Opening balance	New government grants in the current period	Amount recognized in non-operating income in the current period	Amount recognized in other income in the current period	Amount offsetting costs and expenses in the current period	Other changes	Closing balance	Asset/income-related
Compensation for demolition of old plant at Jinfeng Road	3,554,516.61			148,830.31			3,405,686.30	Asset-related
Amortized deferred income	13,306,971.66			558,330.00			12,748,641.66	Asset-related

(4 Mitsubishi machining centers and 3 vertical machining centers)								
Total	16,861,488.27			707,160.31			16,154,327.96	

38. Other non-current liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Non-controlling interests options	65,835,454.34	68,737,415.25
Total	65,835,454.34	68,737,415.25

39. Share capital

Unit: RMB yuan

	Opening balance	Increase/decrease in the current period					Closing balance
		New issues	Shares as dividend converted from profit	Shares as dividend converted from capital surplus	Others	Subtotal	
Total share capital	1,545,126,957.00				-213,038,790.00	-213,038,790.00	1,332,088,167.00

Other information:

“Others” refer to the repurchase and retirement of the 900,000 restricted shares that had been granted to two resigned awardees but were still in lockup, as well as of 212,138,790 shares under the 2020 share repurchase plan.

40. Capital surplus

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share premium)	3,976,935,100.86	57,460,671.90	812,163,762.51	3,222,232,010.25
Other capital surplus	25,457,960.95	17,386,141.80	14,567,800.00	28,276,302.75
Total	4,002,393,061.81	74,846,813.70	826,731,562.51	3,250,508,313.00

Other information, including changes in the current period and reasons for changes:

1. According to equity incentive schemes, treasury shares were transferred to awardees in the period, reducing capital surplus by

RMB15,136,800.00;

2. The share-based payments by Dongfang Precision in the period increased capital surplus by RMB16,015,604.33;
3. The share-based payments by Parsun Power in the period increased capital surplus by RMB1,370,537.47;
4. The share repurchase-related service charges in the period reduced capital surplus by RMB98,018.61;
5. The acquisition of non-controlling interests in Guangdong Fosber in the period increased capital surplus by RMB36,121,968.12 and reduced capital surplus by RMB18,981,371.20;
6. The disposal of certain equity interests in Parsun Power (with continuing control) in the period increased capital surplus by RMB6,770,903.78;
7. The Company repurchased and retired 212,138,790 shares, reducing capital surplus by RMB777,947,572.70; and
8. RMB14,567,800.00 was transferred from other capital surplus to capital premium (share premium) upon the unlocking of restricted shares.

41. Treasury shares

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share repurchase	579,403,185.12	490,090,103.18	1,010,433,162.70	59,060,125.60
Total	579,403,185.12	490,090,103.18	1,010,433,162.70	59,060,125.60

Other information, including changes in the current period and reasons for changes:

The increase in treasury shares was driven by the consideration of RMB490,090,103.18 paid by the Company in the current period for share repurchases. The decrease in the current period was driven by the retirement of treasury shares and the transfer of treasury shares as share-based payments to employees.

42. Other comprehensive income

Unit: RMB yuan

Item	Opening balance	Amount generated in the current period					Closing balance
		Amount before income tax generated in the current period	Less: amount previously recognized in other comprehensive income and currently transferred to profit or loss	Less: amount previously recognized in other comprehensive income and currently transferred to retained earnings	Less: income tax expense	After-tax amount attributable to the parent	
I. Other comprehensive	-279,123.15	-95,990.87				-95,990.87	-375,114.02

income that will not be reclassified to profit or loss								
Of which: Changes due to remeasurement of defined benefit schemes	-279,123.15	-95,990.87				-95,990.87		-375,114.02
II. Other comprehensive income that will be reclassified to profit or loss	20,305,212.85	-22,903,050.55				-19,972,095.04	-2,930,955.51	333,117.81
Differences arising from the translation of foreign currency-denominated financial statements	20,349,184.92	-22,903,050.55				-19,972,095.04	-2,930,955.51	377,089.88
Others	-43,972.07							-43,972.07
Total other comprehensive income	20,026,089.70	-22,999,041.42				-20,068,085.91	-2,930,955.51	-41,996.21

43. Special reserve

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Expenses for safety production	10,057,438.97	2,257,128.43	1,283,353.59	11,031,213.81
Total	10,057,438.97	2,257,128.43	1,283,353.59	11,031,213.81

44. Surplus reserves

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserves	51,830,974.45			51,830,974.45

Total	51,830,974.45		51,830,974.45
-------	---------------	--	---------------

45. Retained earnings

Unit: RMB yuan

Item	Current period	Last year
Retained earnings as at the end of the prior year before adjustment	-891,492,837.06	-1,280,673,461.14
Opening retained earnings after adjustment	-891,492,837.06	-1,280,673,461.14
Add: Net profit attributable to owners of the parent in the current period	191,117,520.46	389,180,624.08
Closing retained earnings	-700,375,316.60	-891,492,837.06

46. Operating revenue and costs

Unit: RMB yuan

Item	H1 2021		H1 2020	
	Revenue	Costs	Revenue	Costs
Principal operations	1,390,814,259.00	988,136,647.75	1,122,698,491.71	803,803,269.33
Other operations	9,744,705.18	3,318,827.11	54,792,733.42	38,023,554.51
Total	1,400,558,964.18	991,455,474.86	1,177,491,225.13	841,826,823.84

Information related to the transaction price allocated to residual performance obligations:

At the end of the Reporting Period, the amount of income corresponding to performance obligations that had been contracted but not yet performed or fulfilled was RMB546,618,708.94.

47. Taxes and surcharges

Unit: RMB yuan

Item	H1 2021	H1 2020
City maintenance and construction tax	1,406,514.54	1,731,517.11
Education surcharge	1,908,759.68	1,220,501.41
Property tax	2,265,213.88	2,203,219.15
Land use tax	269,856.60	239,684.40
Vehicle and vessel use tax	15,452.53	9,930.39
Stamp duties	376,940.91	217,428.91
Others	76,276.26	65,860.55
Total	6,319,014.40	5,688,141.92

48. Selling expenses

Unit: RMB yuan

Item	H1 2021	H1 2020
Employee benefits	22,547,654.97	22,078,365.25
Transportation expenses	5,247,059.73	16,540,528.79
Commissions and agency fees	21,675,931.57	20,394,895.39
Advertising and exhibition expenses	2,527,612.71	2,247,452.05
Product quality warranties	8,474,477.51	17,951,965.17
Travel and business entertainment expenses	4,064,048.79	2,516,914.22
Others	4,013,776.04	9,565,468.93
Total	68,550,561.32	91,295,589.80

49. Administrative expenses

Unit: RMB yuan

Item	H1 2021	H1 2020
Employee benefits	55,345,233.87	59,770,138.86
Depreciation and amortization expenses	17,355,893.58	12,977,606.64
Intermediary expenses	11,985,471.80	11,905,267.41
Equity incentives	17,386,141.80	10,185,066.67
Travel and business entertainment expenses	4,633,656.20	4,401,637.79
Others	23,054,956.31	23,069,858.52
Total	129,761,353.56	122,309,575.89

50. R&D expenses

Unit: RMB yuan

Item	H1 2021	H1 2020
Employee benefits	23,772,680.95	23,210,086.32
Depreciation and amortization expenses	8,386,778.88	5,869,247.71
Material expenses	9,415,709.52	1,506,176.53
Travel and business entertainment expenses	1,025,814.85	841,342.08
Others	5,624,588.68	3,778,071.35

Total	48,225,572.88	35,204,923.99
-------	---------------	---------------

51. Finance costs

Unit: RMB yuan

Item	H1 2021	H1 2020
Interest expenses	4,899,967.92	6,239,583.43
Less: Interest income	11,985,482.68	11,409,249.10
Exchange gains and losses	4,223,803.17	-589,906.60
Others	1,235,137.03	4,025,054.09
Total	-1,626,574.56	-1,734,518.18

52. Other income

Unit: RMB yuan

Source of other income	H1 2021	H1 2020
Government grants	6,712,327.65	6,902,790.80
Handling charges for individual income tax withheld	141,332.03	194,481.14
Total	6,853,659.68	7,097,271.94

53. Investment income

Unit: RMB yuan

Item	H1 2021	H1 2020
Income from long-term equity investments measured at equity method	1,249,209.43	23,671.37
Income from financial assets held for trading	51,719,985.02	32,701,312.96
Total	52,969,194.45	32,724,984.33

54. Gains and losses on changes in fair value

Unit: RMB yuan

Source of gains and losses on changes in fair value	H1 2021	H1 2020
Financial assets held for trading	21,393,373.17	13,309,111.52
Total	21,393,373.17	13,309,111.52

55. Credit impairment loss

Unit: RMB yuan

Item	H1 2021	H1 2020
Loss on doubtful receivables		1,914,927.30
Impairment loss of contract assets	257,325.86	
Loss on doubtful accounts receivable	229,855.72	-1,556,386.05
Total	487,181.58	358,541.25

56. Asset impairment loss

Unit: RMB yuan

Item	H1 2021	H1 2020
II. Inventory valuation loss and loss on impairments of contract performance costs	583,807.10	-2,978,396.97
Total	583,807.10	-2,978,396.97

57. Gains on disposal of assets

Unit: RMB yuan

Source of gains on disposal of assets	H1 2021	H1 2020
Gain on disposal of non-current assets	276,635.45	
Others		1,972.08
Total	276,635.45	1,972.08

58. Non-operating income

Unit: RMB yuan

Item	H1 2021	H1 2020	Amount recognized in exceptional gains and losses
Others	364,145.89	176,776.93	364,145.89
Total	364,145.89	176,776.93	364,145.89

Government grants recognized in profit or loss: Not applicable.

59. Non-operating expenses

Unit: RMB yuan

Item	H1 2021	H1 2020	Amount recognized in exceptional gains and losses
------	---------	---------	---

Donations	62,122.44	1,446,189.29	62,122.44
Sponsorship expenditures	2,000.00	16,600.00	2,000.00
Loss on disposal of non-current assets	32,016.28		32,016.28
Others	324,101.76	2,060.00	324,101.76
Total	420,240.48	1,464,849.29	

60. Income tax expenses

(1) Income tax expenses

Unit: RMB yuan

Item	H1 2021	H1 2020
Current income tax expenses	36,572,973.93	7,751,569.77
Deferred income tax expenses	1,464,031.55	-2,109,259.77
Total	38,037,005.48	5,642,310.00

(2) Reconciliation between accounting profit and income tax expenses

Unit: RMB yuan

Item	H1 2021
Gross profit	240,381,318.56
Income tax calculated at statutory/applicable tax rates	37,138,222.20
Different tax rates for specific provinces or enacted by local authority	18,108,628.25
Adjustment to income tax in previous periods	-4,660,640.02
Income not subject to tax	-2,673,767.21
Costs, expenses and losses not deductible for tax	-5,035,584.01
Utilization of deductible losses on previously unrecognized deferred tax assets	-5,489,295.49
Effect of deductible temporary differences or deductible losses on current unrecognized deferred tax assets	522,535.68
Others	126,906.08
Income tax expenses	38,037,005.48

61. Other comprehensive income

See Note "42. Other Comprehensive Income".

62. Line items of the cash flow statement**(1) Cash generated from other operating activities**

Unit: RMB yuan

Item	H1 2021	H1 2020
Current accounts and others	10,559,708.11	19,138,595.34
Interest income	7,150,338.75	8,684,557.75
Government grants	6,146,499.37	3,413,534.85
Letter of guarantee received	5,738,155.61	
Total	29,594,701.84	31,236,687.94

(2) Cash used in other operating activities

Unit: RMB yuan

Item	H1 2021	H1 2020
Selling expenses in cash	38,137,786.88	68,632,511.73
Administrative expenses in cash	53,535,286.25	37,794,087.99
R&D expenses in cash	12,975,177.50	
Letter of guarantee paid	1,500,000.00	
Current accounts and others	26,935,772.72	112,769,312.77
Security deposits		
Total	133,084,023.35	219,195,912.49

(3) Cash generated from other investing activities

Unit: RMB yuan

Item	H1 2021	H1 2020
Performance compensation	2,453,179.98	
Bank's wealth management		4,827,403,841.13
Term deposits		
Others		
Total	2,453,179.98	4,827,403,841.13

(4) Cash used in other investing activities

Unit: RMB yuan

Item	H1 2021	H1 2020
------	---------	---------

Bank's wealth management		5,144,300,000.00
Total		5,144,300,000.00

(5) Cash generated from other financing activities

Unit: RMB yuan

Item	H1 2021	H1 2020
Security deposits for bank acceptance notes	69,199,415.97	
Share subscription	5,651,200.00	
Total	74,850,615.97	

(6) Cash used in other financing activities

Unit: RMB yuan

Item	H1 2021	H1 2020
Security deposits paid for internal guarantees for external loans	210,000,000.00	290,000,000.00
Share repurchase	491,088,121.79	
Security deposits for bank acceptance notes	58,766,410.12	
Repayment of lease liabilities	10,705,539.89	
Total	770,560,071.80	290,000,000.00

63. Supplemental information on statement of cash flows**(1) Supplemental information on statement of cash flows**

Unit: RMB yuan

Supplementary information	H1 2021	H1 2020
1. Reconciliation of net profit to net cash generated from/used in investing activities:	--	--
Net profit	202,344,313.08	126,483,789.66
Add: Asset impairment allowances	-1,070,988.68	2,619,855.72
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive living assets	25,543,700.78	24,591,531.90
Depreciation of right-of-use assets	9,380,832.96	

Amortization of intangible assets	13,924,270.85	8,481,822.44
Amortization of long-term prepaid expenses	2,191,994.62	2,046,625.18
Loss on the disposal of fixed assets, intangible assets and other long-lived assets (“-” for gain)	-276,635.45	-1,972.08
Loss on the retirement of fixed assets (“-” for gain)	32,016.28	
Loss on changes in fair value (“-” for gain)	-21,393,373.17	-13,309,111.52
Finance costs (“-” for income)	4,899,967.92	6,239,815.10
Loss on investment (“-” for income)	-52,969,194.45	-32,724,984.33
Decrease in deferred tax assets (“-” for increase)	295,818.56	-4,983,844.58
Increase in deferred tax liabilities (“-” for decrease)	193,925.50	-2,806,737.40
Decrease in inventories (“-” for increase)	-268,008,107.81	-163,596,564.15
Decrease in operating receivables (“-” for increase)	-175,004,370.95	-21,051,248.91
Increase in operating payables (“-” for decrease)	448,553,516.41	97,420,432.29
Others	17,386,141.80	
Net cash generated from/used in operating activities	206,023,828.25	29,409,409.32
2. Significant investing and financing activities that involve no cash proceeds or payments:	--	--
Conversion of debt to capital		
Current portion of convertible corporate bonds		
Fixed assets leased in in finance leases		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	1,543,198,951.25	1,519,015,849.88
Less: Opening balance of cash	860,601,236.78	2,226,724,737.39
Add: Closing balance of cash equivalents		

Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	682,597,714.47	-707,708,887.51

(2) Net cash payments for the acquisition of subsidiaries in the current period

Not applicable.

(3) Net cash proceeds from the disposal of subsidiaries in the current period

Not applicable.

(4) Breakdown of cash and cash equivalents

Unit: RMB yuan

Item	Closing balance	Opening balance
I. Cash	1,543,198,951.25	860,601,236.78
Including: cash on hand	606,577.65	217,540.96
Bank deposits readily available	1,542,592,373.60	857,460,233.91
Other cash and bank balances readily available		2,923,461.91
III. Closing balance of cash and cash equivalents	1,543,198,951.25	860,601,236.78

64. Assets with restricted ownership or right of use

Unit: RMB yuan

Item	Closing carrying amount	Reason for restriction
Cash and bank balances	223,359,245.39	Security deposits
Other non-current assets	295,075,000.00	Security deposits for loans of subsidiaries
Total	518,434,245.39	--

65. Monetary items in foreign currencies**(1) Monetary items in foreign currencies**

Unit: RMB yuan

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
------	-------------------------------------	---------------	------------------------

Cash and bank balances	--	--	
Including: USD	57,897,349.67	6.4601	374,022,668.60
EUR	44,599,781.14	7.6862	342,802,837.80
HKD	126,756.60	0.8321	105,474.17
AUD			
Accounts receivable	--	--	
Including: USD	504,281.00	6.4601	3,257,705.69
EUR	47,125,870.54	7.6862	362,218,866.14
HKD		0.8321	
Long-term borrowings	--	--	
Including: USD		6.4601	
EUR	44,403,619.62	7.6862	341,295,101.12
HKD			
Accounts payable			
Including: USD	13,318,320.14	6.4601	86,037,679.94
EUR	60,147,136.48	7.6862	462,302,920.41
Other receivables			
Including: USD	611,235.50	6.4601	3,948,642.45
EUR	8,106,465.65	7.6862	62,307,916.28
Short-term borrowings			
Including: USD		6.4601	
EUR	27,162,341.71	7.6862	208,775,190.85
Current portion of non-current liabilities			
Including: USD		6.4601	
EUR	4,768,780.10	7.6862	36,653,797.60
Other payables			
Including: USD	128,839.00	6.4601	832,312.82
EUR	2,117,918.68	7.6862	16,278,746.56

(2) Overseas business entities (for substantial overseas business entities, the following information shall be disclosed: principal place of business, functional currency and basis for the choice, change of functional currency and reasons)

Applicable Not applicable

66. Government grants**(1) Basic information of government grants**

Unit: RMB yuan

Type	Amount	Recognized in	Amount recognized in profit or loss
Compensation for demolition of the old plant in Jinfeng Road	3,554,516.61	Deferred income	148,830.31
4 Mitsubishi double-column milling machines and 3 fixed double-column milling machines	13,306,971.66	Deferred income	558,330.00
Thematic funds of 2020 intellectual property subsidies of Nanhai District Administration for Market Regulation, Foshan City (2nd batch)	31,626.00	Other income	31,626.00
Receipt of 2020 overseas R&D institution project support funds from the Nanhai Park Administration of the Foshan National High-tech Industrial Development Zone	1,000,000.00	Other income	1,000,000.00
Receipt of subsidy funds for the 2020 First Identification Award for Solo Champion Manufacturing Enterprise from the Nanhai Park Administration of the Foshan National High-tech Industrial Development Zone	300,000.00	Other income	300,000.00
Receipt of special subsidy funds for 2020 leading enterprises in the Foshan High-tech Zone from the Nanhai Park Administration of the Foshan National High-tech Industrial Development Zone	150,000.00	Other income	150,000.00
Receipt of subsidies for R&D expenses of high-tech	259,500.00	Other income	259,500.00

enterprises from the Foshan Science and Technology Bureau			
Receipt of Foshan support fund comprehensive service platform (Fuchitong) subsidy funds - 2021 support funds for industrial product quality improvement of Foshan City	200,000.00	Other income	200,000.00
Receipt of subsidies for high-tech enterprise identification in Foshan City in 2020 from the Foshan Science and Technology Bureau	100,000.00	Other income	100,000.00
Receipt of special funds for high-quality economic development in 2021 from the Nanhai District Economic Promotion Bureau, Foshan City	16,363.24	Other income	16,363.24
Receipt of subsidy funds for invention patent annuities from the Foshan Municipal Administration for Market Regulation	35,630.00	Other income	35,630.00
Receipt of subsidies for the 2020 First Identification Award for Gazelle Enterprise	250,000.00	Other income	250,000.00
Receipt of special subsidy funds for 2020 leading enterprises from the Nanhai Park Administration of the Foshan National High-tech Industrial Development Zone	150,000.00	Other income	150,000.00
Receipt of subsidies for national and provincial intellectual property demonstration and advantage enterprises	200,000.00	Other income	200,000.00
Receipt of (subsidies for) R&D expenses of high-tech enterprises from the Foshan Science and Technology Bureau	74,700.00	Other income	74,700.00
Receipt of thematic funds of 2020 intellectual property	100,000.00	Other income	100,000.00

subsidies of Nanhai District Administration for Market Regulation (2nd batch)			
Receipt of subsidies for Chinese invention patent licensing from the Foshan support fund comprehensive service platform (Fuchitong)	21,000.00	Other income	21,000.00
2020 enterprise rewards for highly skilled leading talent	50,000.00	Other income	50,000.00
Special funds for business development	20,103.00	Other income	20,103.00
Pandemic-related subsidies	1,000.00	Other income	1,000.00
Foreign government grants	3,045,245.10	Other income	3,045,245.10
Total	22,866,655.61		6,712,327.65

VIII. Changes to the Scope of Consolidation

1. Business combination not involving entities under common control

(1) Business combinations not involving entities under common control in the current period

Not applicable.

(2) Cost of acquisition and goodwill

Not applicable.

(3) Identifiable assets and liabilities of acquirees on the date of acquisition

Not applicable.

(4) Gains or losses arising from the remeasurement at fair value of equity interests held before the dates of acquisition

Indicate whether there were business combinations which were achieved by stages and of which control was obtained in the Reporting Period.

Yes No

(5) Inability to reasonably determine the acquisition consideration or the fair value of acquirees' identifiable assets and liabilities at acquisition dates or the period-ends of the combinations

(6) Other information

2. Business combinations involving entities under common control

(1) Business combinations involving entities under common control in the current period

Not applicable.

(2) Cost of acquisition

Not applicable.

(3) Carrying amounts of acquirees' assets and liabilities at dates of acquisition

Not applicable.

3. Counter-purchases

Basic transaction information, basis for the constitution of a counter-purchase, assets retained by the Company, whether the liabilities constitute business and why, determination of the cost of combination, adjustments to equities and computing when treating the transaction as an equity transaction: Not applicable.

4. Disposal of subsidiaries

Indicate whether there was any transaction where the Company ceased to control the subsidiary in a single disposal of its investment in the subsidiary.

Yes No

Indicate whether there was any disposal of the investment in a subsidiary which was carried out by stages and where control over the subsidiary ceased in the Reporting Period.

Yes No

5. Changes to the scope of consolidation for other reasons

Changes to the scope of consolidation due to other reasons (incorporation, liquidation, etc.): Not applicable.

6. Other information

IX. Interests in Other Entities

1. Interests in subsidiaries

(1) Composition of the Group

Subsidiary	Principal place of business	Place of registration	Business nature	The Company's interest		How the subsidiary was obtained
				Direct	Indirect	
Dongfang Precision (HK)	HK	HK	Trading	100.00%		Incorporated
Dongfang Precision (Netherlands)	Netherlands	Netherlands	Trading	90.00%	10.00%	Incorporated
Fosber Asia	Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	89.20%		Incorporated
Suzhou Jinquan	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Investment		2.97%	Incorporated
Parsun Power	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Manufacturing	8.24%	61.72%	Acquired in business combination not under common control
Shunyi Investment	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Investment	100.00%		Acquired in business combination not under common control
Yinglian Digital	Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	100.00%		
Italy EDF	Italy	Italy	Manufacturing		100.00%	Acquired in business combination not under common control
Fosber Group	Italy	Italy	Manufacturing		100.00%	Acquired in business combination not under common control
Fosber America	America	America	Manufacturing		100.00%	Acquired in business combination not under common control
Fosber Tianjin	Tianjin, China	Tianjin, China	Manufacturing		100.00%	Acquired in business combination not under common control

Tiruna Group	Spain	Spain	Manufacturing		70.00%	Acquired in business combination not under common control
Tiruna S.L.U.	Spain	Spain	Manufacturing		70.00%	Acquired in business combination not under common control
Tratamientos Industriales Tiruna S.A.U.	Spain	Spain	Manufacturing		70.00%	Acquired in business combination not under common control
Tiruna France SARL	France	France	Manufacturing		70.00%	Acquired in business combination not under common control
SCI Candan	France	France	Manufacturing		70.00%	Acquired in business combination not under common control
Tiruna UK Ltd	UK	UK	Manufacturing		70.00%	Acquired in business combination not under common control
Tiruna America	America	America	Manufacturing		85.00%	Acquired in business combination not under common control
Italy Qcorr	Italy	Italy	Manufacturing		60.00%	Incorporated
Dongfang Digicom	Haikou, Hainan, China	Haikou, Hainan, China	Industrial Internet	100.00%		Incorporated
Dongfang Digicom (Guangdong)	Foshan, Guangdong, China	Foshan, Guangdong, China	Industrial Internet	100.00%		Incorporated
Yineng Investment	Haikou, Hainan, China	Haikou, Hainan, China	Investment	100.00%		Incorporated

Reason for holding different equity percentage and voting right percentage in a subsidiary: Not applicable.

Reason for holding half or below of voting rights but still controlling the investee, and holding over half of voting rights but not controlling the investee: Not applicable.

Basis for control over substantial structured entities included in the consolidated financial statements: Not applicable.

Basis for determining whether the Company was an agent or consignor: Not applicable.

Other information: Not applicable.

(2) Principal non-wholly-owned subsidiaries

Unit: RMB yuan

Subsidiary	Non-controlling interests	Net profit or loss	Declared dividends for	Closing balance of
------------	---------------------------	--------------------	------------------------	--------------------

		attributable to non-controlling interests in the current period	non-controlling interests in the current period	non-controlling interests
Fosber Asia	10.80%	4,256,233.58		7,481,601.64

Reason for non-controlling shareholder holding different equity percentage and voting right percentage in a subsidiary: Not applicable.

Other information: Not applicable.

(3) Key financial information of principal non-wholly-owned subsidiaries

Unit: RMB yuan

Subsidiary	Closing 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
Fosber Asia	294,893,549.13	8,311,035.06	303,204,584.19	216,871,917.05	13,391,438.23	230,263,355.28	234,958,647.84	7,397,590.50	242,356,238.34	180,646,968.18	11,984,150.68	192,631,118.86

Unit: RMB yuan

Subsidiary	H1 2021				H1 2020			
	Operating revenue	Net profit	Total comprehensive income	Net cash generated from/used in operating activities	Operating revenue	Net profit	Total comprehensive income	Net cash generated from/used in operating activities
Fosber Asia	150,406,387.73	22,563,160.40	22,563,160.40	11,426,163.84	33,057,423.91	-3,634,750.76	-3,634,750.76	3,296,292.27

(4) Major restrictions with respect to use of the group's assets and repayment of the group's liabilities

(5) Financial or other support provided for structured entities included in the consolidated financial statements

Other information: Not applicable.

2. Transactions where changes occurred to the Company's interests in subsidiaries but the Company still controlled the subsidiaries

(1) Changes in interests in subsidiaries

(2) Effects of the transactions on non-controlling interests and equity attributable to owners of the parent

Unit: RMB yuan

	Parsun Power	Fosber Asia
--Cash	100,000,000.00	36,121,968.12
Total acquisition costs/disposal consideration	100,000,000.00	36,121,968.12
Less: Share of the subsidiary's net assets based on the acquired/disposed interest	93,229,096.22	17,140,596.92
Of which: Capital surplus adjustment	6,770,903.78	-18,981,371.20

3. Interests in joint ventures and associates

(1) Principal joint ventures and associates

Joint venture or associate	Principal place of business	Place of registration	Business nature	The Company's interest		Accounting treatment of investment in the joint venture or associate
				Direct	Indirect	
Jaten Robot	Foshan	Foshan, Guangdong, China	Manufacturing	21.00%		Equity method

Reason for holding different equity percentage and voting right percentage in a joint venture or associate: Not applicable.

Reason for holding below 20% voting rights but having a significant influence, or holding 20% or above voting rights but not having a significant influence: Not applicable.

(2) Key financial information of principal joint ventures

Unit: RMB yuan

	Closing balance/H1 2021	Opening balance/H1 2020
	Jaten Robot	Jaten Robot
Current assets	273,534,256.77	237,153,222.57
Non-current assets	115,953,406.29	112,043,388.53
Total assets	389,487,663.06	349,196,611.10
Current liabilities	175,575,468.14	148,070,950.71
Non-current liabilities	22,331,242.84	27,571,880.84
Total liabilities	197,906,710.98	175,642,831.55
Equity attributable to owners of the parent	191,580,952.08	173,553,779.55
Share of net assets based on the Company's interest	40,231,999.94	36,446,293.71
Carrying amount of equity investments in	72,149,298.35	70,900,088.92

associates		
Operating revenue	70,380,196.61	35,272,166.09
Net profit	5,948,616.35	551,646.47
Total comprehensive income	5,948,616.35	551,646.47

X. Risks Associated with Financial Instruments

The Group is faced with various financial instrument risks in its routine activities, mainly including credit risk, liquidity risk and market risk (including exchange rate risk and interest rate risk).

The Group's Board of Directors is fully responsible for the determination of risk management objectives and policies and assumes ultimate responsibility for such risk management objectives and policies, but the Board of Directors has authorized the Chief Executive's Office of the Group to design and implement procedures to ensure the effective execution of risks management objectives and policies. The Board of Directors reviews the effectiveness of the executed procedures and the rationality of the risk management objectives and policies through the monthly reports submitted by the treasury supervisor. The internal auditors of the Group will also audit the risk management policies and procedures and will report relevant findings to the Audit Committee.

The Group's overall goals for risk management are to develop risk management policies to minimize risks without unduly affecting the competitiveness and strain capacity of the Group.

Credit risk

The Group transacts only with recognized and reputable third parties. According to the Group's policies, credit checks are needed for all customers that require transactions should be conducted by means of credit. Additionally, the Group performs continuous monitoring of the balance of accounts receivable to ensure that the Group will not face major bad debt risk. For transactions not settled in the accounting standard currency of the relevant business unit, unless specifically approved by the credit control department of the Group, the Group will not provide credit transaction conditions.

Since the counterparties of cash and bank balances and notes receivable are banks with a good reputation and high credit rating, the credit risk of such financial instruments is low.

Other financial assets of the Group mainly include accounts receivable, other receivables and contract assets, the credit risk of which arises from counterparty default, and the maximum risk exposure is equal to the carrying value of these instruments.

The Group transacts only with recognized and reputable third parties, so no collateral is required. Credit risk concentration is managed by customer/counterparty, geographic region and industry. Because the customer base of accounts receivable of the Group is widely dispersed in different departments and industries, there is no major credit risk concentration within the Group. The Group does not hold any collateral or other credit enhancement on the balance of accounts receivable.

Criteria for judging significant increases in credit risk

The Company assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Company takes into account the reasonable and substantiated information that is accessible without exerting undue extra

cost or effort, including qualitative and quantitative analysis based on the historical data of the Company, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Company compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to determine changes in the risk of default during the expected lifetime of financial instruments.

Definition of credit-impaired financial assets

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the principal factors considered are as follows:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Debtors' breach of contract, such as defaulting or becoming overdue on interest or principal payments;
- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- (6) The purchase or origination of a financial asset at a deep discount that reflects the incurrence of credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Parameters of ECL measurement

Based on whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information.

The relevant definitions are as follows:

- (1) PD refers to the possibility that the debtor will not be able to fulfill its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the expected credit loss model, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;
- (2) LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;
- (3) EAD is the amount that the Company should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL.

As at 30 June 2021, there were no significant increases in the credit risk of the Group.

Exchange rate risk

The Group is exposed to trading exchange rate risks. Such exposures arise from sales or purchases by business units in currencies other than the units' functional currencies.

The sensitivity analysis of exchange rate risks is set out in the following table, reflecting the impact of reasonable and probable change in the exchange rates of EUR and USD on net profit or loss and other comprehensive income (net of tax) assuming that other variables remain constant.

	Increase/(decrease) in exchange rate (%)	Increase/(decrease) in net profit or loss	Increase/(decrease) in total equity
Stronger RMB against EUR	2.00	4,529,237.27	4,529,237.27
Weaker RMB against EUR	(2.00)	-4,529,237.27	-4,529,237.27
Stronger RMB against USD	2.00	-4,915,795.70	-4,915,795.70
Weaker RMB against USD	(2.00)	4,915,795.70	4,915,795.70

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and in the risk profiles of relevant assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as of 30 June 2021.

XI. Disclosure of Fair Values

1. The closing fair value of assets and liabilities measured at fair value

Unit: RMB yuan

Item	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous measurement of fair value	--	--	--	--
(I) Financial assets held for trading	1,022,938,402.56			1,022,938,402.56
1. Financial assets at fair value through profit or loss of the current period	1,022,938,402.56			1,022,938,402.56
(1) Debt instrument investments	1,022,938,402.56			1,022,938,402.56

Receivables financing		89,380,635.10		89,380,635.10
Other non-current financial assets		6,050,655.19		6,050,655.19
Total assets continuously measured at fair value	1,022,938,402.56	95,431,290.29		1,118,369,692.85
(VI) Financial liabilities held for trading			5,286,141.68	5,286,141.68
Other current liabilities				
Other non-current liabilities			65,835,454.34	65,835,454.34
Total liabilities continuously measured at fair value			71,121,596.02	71,121,596.02
II. Non-continuous measurement of fair value	--	--	--	--

2. Basis for determining the market price of continuous and non-continuous Level 1 fair value measurement items

3. Continuous and non-continuous Level 2 fair value measurement items, valuation techniques used, and the qualitative and quantitative information of important parameters

4. Continuous and non-continuous Level 3 fair value measurement items, valuation techniques used, and the qualitative and quantitative information of important parameters

5. Continuous and non-continuous Level 3 fair value measurement items, information on the adjustment between the opening and closing book value, and sensitivity analysis of unobservable parameters

6. If a continuous fair value measurement item was converted between levels for the current period, the reasons for such conversion and the policies for determining the conversion point

7. Valuation technique changes incurred in the current period and the reasons for such changes

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

9. Other information

XII. Related Parties and Related-party Transactions

1. Parent

Information about the parent of the Company:

Name	Relationship with the Company	Interest in the Company (%)
Tang Zhuolin (individual)	The Company's controlling shareholder and one of the actual controllers	20.32
Tang Zhuomian (individual)	One of the Company's actual controllers	7.75

The ultimate controllers of the Company are Tang Zhuolin and Tang Zhuomian.

Other information:

For substantial joint ventures and associates of the Company, see Note "IX. Interests in Other Entities".

2. Subsidiaries of the Company

See Note IX.

3. Joint ventures and associates of the Company

For substantial joint ventures and associates of the Company, see Note IX.

Other joint ventures or associates that were involved in related-party transactions with the Company in the current period, or that were involved in related-party transactions with the Company in prior periods with balances lasting into the current period: Not applicable.

4. Other related parties

Other related parties	Relationship with the Company
Qiu Yezhi	Director and General Manager
Zhou Wenhui	Director, Board Secretary and Vice President
Xie Weiwei	Director and Deputy General Manager
Mai Zhirong	Independent Director
Peng Xiaowei	Independent Director
He Weifeng	Independent Director
Chen Huiyi	Chairman of the Supervisory Committee
Zhao Xiuhe	Supervisor
He Baohua	Supervisor
Shao Yongfeng	Chief Financial Officer and Vice President

5. Related-party transactions

(1) Related-party transactions involving purchase and sale of goods, as well as receipt and rendering of services

Not applicable.

(2) Management entrustment and contracting between the Company and related parties

Not applicable.

(3) Leases between the Company and related parties

Not applicable.

(4) Guarantees provided between the Company and related parties

Not applicable.

(5) Loans between the Company and related parties

Not applicable.

(6) Asset transfers and debt restructuring involving related parties

Not applicable.

(7) Remuneration of key management

Unit: RMB yuan

Item	H1 2021	H1 2020
Remuneration of key management	7,727,395.52	8,117,846.67

(8) Other related-party transactions**6. Amounts receivable from or payable to related parties****(1) Amounts receivable from related parties**

Not applicable.

(2) Amounts payable to related parties

Not applicable.

7. Commitments involving related parties**8. Other information****XIII. Share-based Payments****1. The overall situation of share-based payments**

Applicable Not applicable

Unit: RMB yuan

Total amount of various equity instruments granted by the Company during the current period	4,240,000.00
Total amount of various equity instruments exercised by the Company during the current period	4,310,000.00
Total amount of various equity instruments invalidated during the current period of the Company	930,000.00

2. Equity-settled share-based payments

Applicable Not applicable

Unit: RMB yuan

Methods for determining the fair value of equity instruments on the grant date	Market prices
Basis for determining the number of feasible right equity instruments	2020 Restricted Share Incentive Plan
Reason for significant difference between estimates of the current period and the last period	Not applicable
Cumulative amount of equity-settled share-based payments recognized in capital surplus	42,556,548.28
Total costs of equity-settled share-based payments in the current period	17,386,141.80

3. Cash-settled share-based payments

Applicable Not applicable

4. Modification and termination of share-based payments**5. Other information****XIV. Commitments and Contingent Events****1. Significant commitments**

Significant valid commitments on the balance sheet date: Not applicable.

2. Contingent events**(1) Significant valid contingent events on the balance sheet date****(2) The Company shall make it clear if it has no significant contingent events that require to be disclosed.**

There were no significant contingent events that require to be disclosed.

3. Other information**XV. Events after the Balance Sheet Date****1. Significant non-adjustment matters****2. Profit distribution****3. Return of sales****4. Other events after the balance sheet date****XVI. Other Significant Matters****1. Segment reporting****(1) Basis for the determination of reporting segments and accounting policies****(2) Financial information of reporting segments**

Unit: RMB yuan

Item	Domestic entities	Overseas entities	Offset	Total
Operating revenue	614,905,538.38	910,057,458.54	-124,404,032.74	1,400,558,964.18
Cost of sales	392,816,445.06	681,323,466.68	-82,684,436.88	991,455,474.86
Total assets	4,868,694,997.41	2,531,156,967.38	-921,021,009.15	6,478,830,955.64

Total liabilities	1,317,579,200.63	1,711,679,235.70	-595,194,225.50	2,434,064,210.83
-------------------	------------------	------------------	-----------------	------------------

(3) Reasons shall be given if the Company has no reporting segments or is unable to disclose the total assets and liabilities of the reporting segments.

(4) Other information

XVII. Notes to Major Items in the Company Financial Statements

1. Accounts receivable

(1) Accounts receivable by type

Unit: RMB yuan

Type	Closing balance					Opening balance				
	Gross amount		Allowance		Carrying amount	Gross amount		Allowance		Carrying amount
	Amount	Percentage	Amount	Allowance percentage		Amount	Percentage	Amount	Allowance percentage	
Accounts receivable for which the allowances are established individually	3,030,944.40	1.55%	3,030,944.40	100.00%	0.00	3,030,944.40	1.89%	3,030,944.40	100.00%	
Of which:										
Accounts receivable for which the allowances are established individually	3,030,944.40	1.55%	3,030,944.40	100.00%	0.00	3,030,944.40	1.89%	3,030,944.40	100.00%	
Accounts receivable for which the allowances	192,269,270.03	98.45%	3,143,604.08	1.64%	189,125,665.95	157,140,503.65	98.11%	3,623,064.75	2.31%	153,517,438.90

are established by group										
Of which:										
Accounts receivable for which the allowances are established by group with similar credit risk characteristics	192,269,270.03	98.45%	3,143,604.08	1.64%	189,125,665.95	157,140,503.65	98.11%	3,623,064.75	2.31%	153,517,438.90
Total	195,300,214.43	100.00%	6,174,548.48	3.16%	189,125,665.95	160,171,448.05	100.00%	6,654,009.15	4.15%	153,517,438.90

Accounts receivable for which the allowances are established individually: Accounts receivable for which the allowances are established individually

Unit: RMB yuan

Entity	Closing balance			
	Gross amount	Allowance	Allowance percentage	Reason for allowance
Customer 1	981,949.40	981,949.40	100.00%	Customer's inability to settle the amount due
Customer 2	641,600.00	641,600.00	100.00%	Customer's inability to settle the amount due
Customer 3	608,800.00	608,800.00	100.00%	Customer's inability to settle the amount due
Customer 4	515,595.00	515,595.00	100.00%	Customer's inability to settle the amount due
Customer 5	283,000.00	283,000.00	100.00%	Customer's inability to settle the amount due
Total	3,030,944.40	3,030,944.40	--	--

Accounts receivable for which the allowances are established by group: Accounts receivable for which the allowances are established by group with similar credit risk characteristics

Unit: RMB yuan

Item	Closing balance		
	Gross amount	Allowance	Allowance percentage
Within 1 year (inclusive)	154,812,720.65	1,052,155.08	0.68%
1-2 years (including 2 years)	31,747,902.46	402,351.62	1.27%
2-3 years (including 3 years)	3,130,373.80	76,144.69	2.43%

3-4 years (including 4 years)	1,351,713.66	386,489.11	28.59%
4-5 years (including 5 years)	225,703.06	225,607.18	99.96%
Over 5 years	1,000,856.40	1,000,856.40	100.00%
Total	192,269,270.03	3,143,604.08	--

Where allowances for doubtful accounts receivable are established using the general model of expected credit loss, please disclose allowance information as other receivables.

Applicable Not applicable

By aging:

Unit: RMB yuan

Aging	Closing balance
Within 1 year (inclusive)	155,082,156.42
1-2 years	31,747,902.46
2-3 years	3,130,373.80
Over 3 years	5,339,781.75
3-4 years	2,333,663.06
4-5 years	741,298.06
Over 5 years	2,264,820.63
Total	195,300,214.43

(2) Allowances established or reversed in the current period

Allowances in the current period:

Unit: RMB yuan

Type	Opening balance	Change in the current period				Closing balance
		Established	Reversed	Written off	Others	
Allowances for doubtful accounts receivable	6,654,009.15	222,665.46	736,786.53	-34,660.40	0.00	6,174,548.48
Total	6,654,009.15	222,665.46	736,786.53	-34,660.40	0.00	6,174,548.48

Significant allowances that were withdrawn or reversed in the current period: Not applicable.

(3) Accounts receivable written off in the current period

Unit: RMB yuan

Item	Amount written off
Accounts receivable written off	-34,660.40

Significant accounts receivable written off: Not applicable.

(4) Top five entities with respect to accounts receivable

Unit: RMB yuan

Entity	Closing balance of accounts receivable	As a % of the closing balance of total accounts receivable	Closing balance of allowances
Customer 1	89,348,333.81	45.75%	
Customer 2	52,561,541.16	26.91%	
Customer 3	9,226,000.00	4.72%	171,603.60
Customer 4	4,039,860.28	2.07%	
Customer 5	3,006,897.87	1.54%	
Total	158,182,633.12	80.99%	

(5) Accounts receivable derecognized due to transfer of financial assets

Not applicable.

(6) Assets and liabilities arising from continuing to involve in accounts receivable upon transfer

Not applicable.

2. Other receivables

Unit: RMB yuan

Item	Closing balance	Opening balance
Dividends receivable		40,000,000.00
Other receivables	442,548,476.35	28,388,543.22
Total	442,548,476.35	68,388,543.22

(1) Interest receivable**1) Interest receivable by type**

Not applicable.

2) Substantial interest overdue

Not applicable.

3) Allowances

□ Applicable √ Not applicable

(2) Dividends receivable**1) Dividends receivable by type**

Unit: RMB yuan

Item (or investee)	Closing balance	Opening balance
Parsun Power		40,000,000.00
Total		40,000,000.00

2) Substantial dividends receivable over 1 year

Not applicable.

3) Allowances Applicable Not applicable**(3) Other receivables****1) Other receivables by nature**

Unit: RMB yuan

Nature	Closing gross amount	Opening gross amount
Internal transactions with related parties	335,006,048.32	23,381,677.83
Amount for transfer of equity investments	100,000,000.00	
Prepaid service charges		2,663,309.52
Security deposits	1,403,495.96	1,818,495.96
Performance compensation	500,000.00	500,000.00
Export tax refunds	1,333,888.81	
Employee loans and petty cash	770,233.24	806,740.89
Others	4,689,834.56	373,343.56
Total	443,703,500.89	29,543,567.76

2) Allowances

Unit: RMB yuan

Allowances	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	

Balance as at 1 January 2021	655,024.54	500,000.00		1,155,024.54
Balance as at 1 January 2021 in the current period	—	—	—	—
Balance as at 30 June 2021	655,024.54	500,000.00		1,155,024.54

Balances with significant changes in loss allowances in the current period:

Applicable Not applicable

By aging:

Unit: RMB yuan

Aging	Closing balance
Within 1 year (inclusive)	440,806,485.21
1-2 years	325,080.50
2-3 years	42,765.32
Over 3 years	2,529,169.86
3-4 years	1,654,154.95
4-5 years	277,792.99
Over 5 years	597,221.92
Total	443,703,500.89

3) Allowances established or reversed in the current period

Allowances for doubtful other receivables in the current period:

Unit: RMB yuan

Type	Opening balance	Change in the current period				Closing balance
		Established	Reversed	Written off	Others	
Allowances for doubtful other receivables	1,155,024.54					1,155,024.54
Total	1,155,024.54					1,155,024.54

Significant allowances that were withdrawn or reversed in the current period: Not applicable.

4) Other receivables written off in the current period

Not applicable.

5) Top five entities with respect to other receivables

Unit: RMB yuan

Entity	Nature of other receivable	Closing balance	Aging	As a % of the closing balance of total other receivables	Closing balance of allowances for doubtful other receivables
Entity 1	Current account	335,350,093.71	Within 1 year	75.38%	
Entity 2	Amount for transfer of equity investments	30,000,000.00	Within 1 year	6.74%	
Entity 3	Amount for transfer of equity investments	30,000,000.00	Within 1 year	6.74%	
Entity 4	Amount for transfer of equity investments	20,000,000.00	Within 1 year	4.50%	
Entity 5	Amount for transfer of equity investments	20,000,000.00	Within 1 year	4.50%	
Total	--	435,350,093.71	--	97.86%	

6) Other receivables associated with government grants

Not applicable.

7) Other receivables derecognized due to transfer of financial assets

Not applicable.

8) Assets and liabilities arising from continuing to involve in other receivables upon transfer

Not applicable.

3. Long-term equity investments

Unit: RMB yuan

Item	Closing balance			Opening balance		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Investments in	511,878,126.30	45,570,551.84	466,307,574.46	455,749,822.24	61,855,054.35	393,894,767.89

subsidiaries						
Investments in joint ventures and associates	72,149,298.35		72,149,298.35	70,900,088.92		70,900,088.92
Total	584,027,424.65	45,570,551.84	538,456,872.81	526,649,911.16	61,855,054.35	464,794,856.81

(1) Investments in subsidiaries

Unit: RMB yuan

Investee	Opening balance (carrying amount)	Change in the current period				Closing balance (carrying amount)	Closing balance of impairment allowance
		Additional investment	Reduction in investment	Impairment allowance	Others		
Dongfang Precision (HK)	1,856,010.00					1,856,010.00	
Dongfang Precision (Netherland)	307,666.80					307,666.80	
Fosber Asia	16,738,279.20	36,121,968.12				52,860,247.32	
Shunyi Investment (inclusive of Parsun Power)	350,089,349.55		79,993,664.06		16,284,502.51	286,380,188.00	45,570,551.84
Yinglian Digital	21,903,462.34					21,903,462.34	
Dongfang Digicom	3,000,000.00					3,000,000.00	
Yineng Investment		100,000,000.00				100,000,000.00	
Total	393,894,767.89	136,121,968.12	79,993,664.06		16,284,502.51	466,307,574.46	45,570,551.84

(2) Investments in joint ventures and associates

Unit: RMB yuan

Investee	Opening balance (carrying amount)	Change in the current period								Closing balance (carrying amount)	Closing balance of impairment allowance
		Additional investment	Reduction in investment	Return on investment recognized using the equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividends or profit	Impairment allowance	Others		
1. Joint ventures											

2. Associates											
Jaten Robot	70,900,088.92			1,249,209.43						72,149,298.35	
Subtotal	70,900,088.92			1,249,209.43						72,149,298.35	
Total	70,900,088.92			1,249,209.43						72,149,298.35	

(3) Other information

4. Operating revenue and costs

Unit: RMB yuan

Item	H1 2021		H1 2020	
	Revenue	Costs	Revenue	Costs
Principal operations	192,965,012.06	121,408,712.13	154,538,552.09	93,837,630.90
Other operations	47,118,141.54	874,365.90	5,103,195.85	857,589.41
Total	240,083,153.60	122,283,078.03	159,641,747.94	94,695,220.31

Information related to the transaction price allocated to residual performance obligations:

At the end of the Reporting Period, the amount of income corresponding to performance obligations that had been contracted but not yet performed or fulfilled was RMB19,270,375.20.

5. Investment income

Unit: RMB yuan

Item	H1 2021	H1 2020
Income from long-term equity investments measured at cost method	18,992,000.00	18,868,681.95
Income from long-term equity investments measured at equity method	1,249,209.43	23,671.37
Income from the disposal of long-term equity investments	36,290,838.45	
Income from financial assets held for trading	9,559,565.86	
Income from the disposal of financial assets held for trading		32,601,213.26
Total	66,091,613.74	51,493,566.58

6. Other information**XVIII. Supplementary Information****1. Schedule of exceptional gains and losses in the current period**

√ Applicable □ Not applicable

Unit: RMB yuan

Item	Amount	Note
Gain or loss on disposal of non-current assets	244,619.17	
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	6,712,327.65	
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	31,537,269.94	
Non-operating income and expenses other than the above	-24,078.31	
Less: Income tax effects	2,960,044.59	
Non-controlling interests effects (net of tax)	415,405.96	
Total	35,094,687.90	--

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

□ Applicable √ Not applicable

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

Profit of the Reporting Period	Weighted average ROE	EPS	
		Basic EPS (RMB/share)	Diluted EPS (RMB/share)
Net profit attributable to ordinary	4.72%	0.14	0.14

shareholders of the Company			
Net profit attributable to ordinary shareholders of the Company before exceptional gains and losses	3.85%	0.11	0.11