



Guangdong Dongfang Precision Science & Technology Co., Ltd.

Semi-Annual Report 2022

Date of Disclosure: 27 July 2022

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.

All directors of the Company attended in person the board meeting for the approval of this Report.

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.

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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 2022 Semi-Annual Report carrying the signature of the legal representative.
4. The documents above are lodged in the Securities Department of the Company, 25/F, Hisense Southern Building, 1777 Chuangye Road, Nanshan District, Shenzhen City, Guangdong Province, China.

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.
Tiruña Group/Spain Tiruña	Tiruña Group Industrial, S.L.
Tiruña America	Tiruña America Inc.
Qcorr	QuantumCorrugated S.r.l.
Dongfang Precision (Europe)/EDF	EDF Europe S.r.l.
Dongfang Precision (Netherland)	Dong Fang Precision (Netherland) Cooperatief U.A.
Dongfang Precision (HK)	Dong Fang Precision (HK) Limited
Shenzhen Wonder	Shenzhen Wonder Printing System Co., Ltd.
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.
Yineng Investment	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 pre-regulator, 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*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 2022 to 30 June 2022

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	Feng Jia	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 2021 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 2021 Annual report.

3. Other relevant information

Whether other relevant information has changed in the reporting period

Applicable Not applicable

IV Key Financial Information

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

Yes No

	2022H1	2021H1	change (%)
Operating revenue (RMB yuan)	1,535,615,634.26	1,400,558,964.18	9.64%
Net profit attributable to the listed company's shareholders (RMB yuan)	148,199,917.83	191,117,520.46	-22.46%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB yuan)	119,896,025.29	156,022,832.56	-23.15%
Net cash generated from/used in operating activities (RMB yuan)	152,250,706.73	206,023,828.25	-26.10%
Basic earnings per share (RMB yuan /share)	0.12	0.14	-14.29%
Diluted earnings per share (RMB yuan /share)	0.12	0.14	-14.29%
Weighted average return on equity (%)	4.08%	4.72%	-0.64%
	30 June 2022	30 June 2021	Change (%)
Total assets (RMB yuan)	6,498,246,817.74	6,357,168,835.19	2.22%
Equity attributable to the listed company's shareholders (RMB yuan)	3,643,188,598.43	3,681,970,298.39	-1.05%

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	2022H1	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-367,582.31	
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)	6,032,264.36	
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)	23,425,024.84	
Non-operating income and expenses other than the above	453,244.06	
Less: Income tax effects	997,616.29	
Non-controlling interests effects (net of tax)	241,442.12	
Total	28,303,892.54	--

Details of other profit and loss items that meet the definition of non-recurring profit or loss.

Applicable Not applicable

No such cases in the Reporting Period.

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 Business of the Company in the Reporting Period

(I) Overview

During the reporting period, the Company engaged in no change in its principal business as compared to 2021. The major business components are listed below.

[Table 1: Principal Businesses of Dongfang Precision]

Principal business/product	Main functions and application fields
Intelligent corrugated packaging machinery	<ul style="list-style-type: none"> ■ Corrugator lines. It is used for the production of corrugated boards of different specifications, and is the core and key machinery for corrugated packaging production. They are widely used in large- and medium-sized enterprises (primary and secondary plants) producing corrugated boards in the industrial chain. A corrugator line is composed of two process sections, namely wet-end equipment, and dry-end equipment, independent of each other. The former makes corrugated base paper into three-layer, five-layer and seven-layer corrugated boards, and the latter longitudinally cuts, presses, transversely cuts and stacks corrugated boards as required by orders. ■ Corrugated box printing and packaging machinery. It is used to produce and process corrugated boards into corrugated boxes of different specifications as required by customers, and it includes such processes as corrugated paper feeding, printing, slotting, die cutting and box stitching. Corrugated box printing and packaging machinery is composed of the corrugated box printing line, the corrugated box printing machine and the supporting pre-printing and post-printing machines for the printing unit including the paper feeding unit, slotting and die cutting unit, waste discharging unit, box pasting and stitching unit and the counting and stacking unit. The printing and packaging machinery is the core of corrugated box production, and is widely used by all kinds of enterprises (primary plants, secondary plants and tertiary plants) that process and produce corrugated boxes in the corrugated packaging industry chain.
Corrugated packaging industry Intelligent plant solutions	<p>The Company has built an enterprise- and industry-level intelligent plant platform for customers in the corrugated packaging industry to help the customers realize a digital and network-based equipment layer, connect business, cash, and information flows, and promote comprehensive digitalization of the production and operation layer, as well as data-based reasonable management and decision-making, in order to promote</p>

	intelligent transformation, and enhance enterprise competitiveness in all respects.
Outboard power products	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 and can be applied to boats shorter than 24m in inland rivers, lakes, and coastal waters. They are widely used in water recreation, fishing, water traffic, emergency rescue, shore landing and maritime patrol.

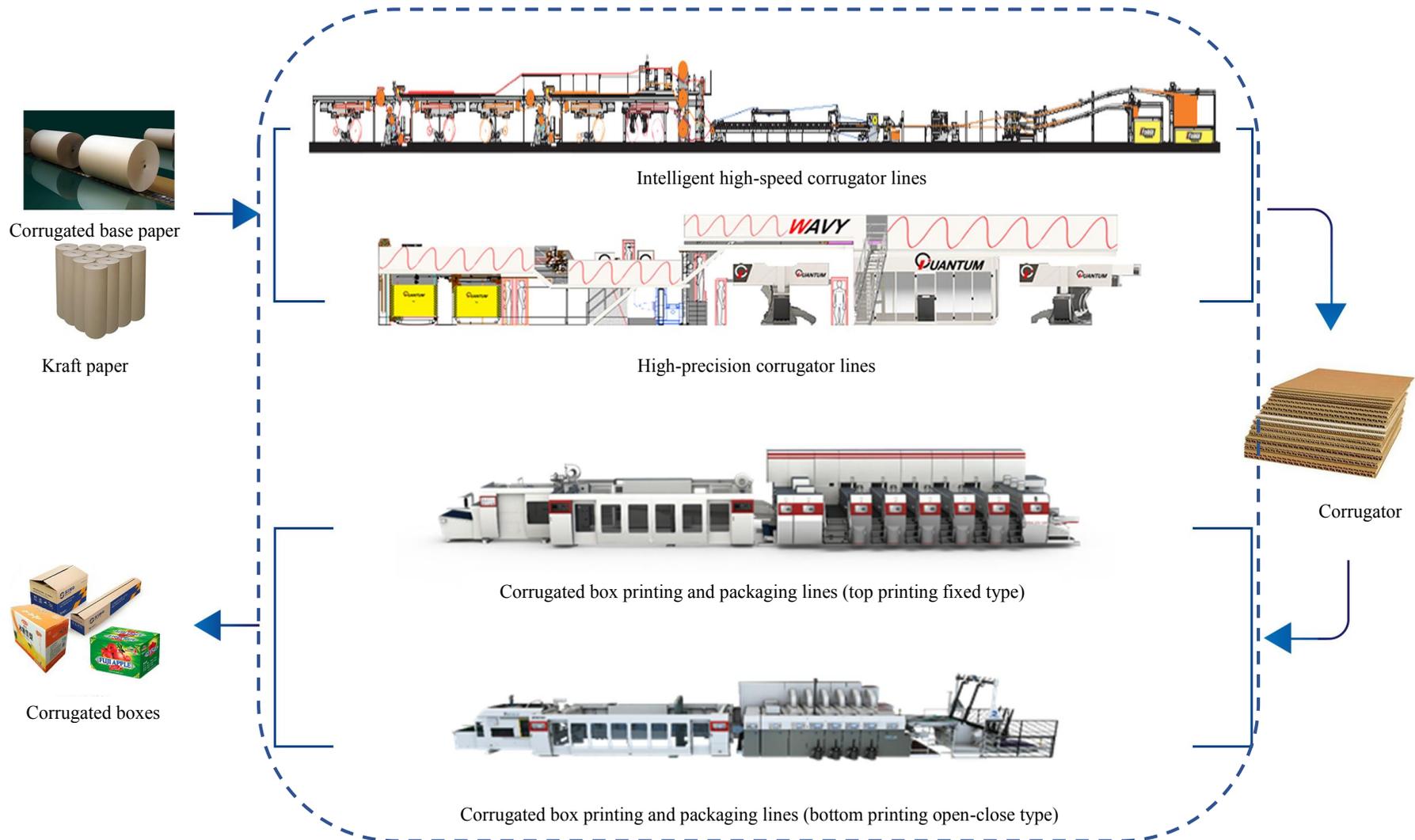
(II) Intelligent corrugated packaging machinery business

1. Overview of the intelligent corrugated packaging machinery business

The Company's core business is intelligent corrugated packaging machinery, in which it provides medium- and large-sized enterprise customers in the global corrugated packaging industry with core and key production lines and machines making up the production lines necessary for the corrugated packaging production and processing.

The Company has become a one-stop production line and machinery supplier with leading comprehensive strength in the industry for corrugated packaging enterprise customers and provides machinery products for the production and printing of corrugated boards and paper feeding/slotting/die cutting/waste discharging/pasting and stitching/counting/stacking of corrugated boxes of corrugator plants and corrugated box plants.

[Figure 1 Relationship between Corrugated Packaging Production and Industrial Value Chain and the Company's Intelligent Corrugated Packaging Machinery Products]



2. Main products in intelligent corrugated packaging machinery business

(1) Corrugator lines

The Company's corrugator line business is mainly operated by the wholly owned subsidiary Fosber Group (consisting of Fosber Italy, Fosber America, QCorr, Tiruñã Group, etc.) and the holding subsidiary Fosber Asia.

The subsidiary Fosber Group owns S-Line, C-Line and Quantum-Line products, and its main customer groups are in Europe, North America, and Latin America. The subsidiary Fosber Asia owns Pro-Line and E-Line products, and its main customer groups are in China, Southeast Asia, and South Asia.

The Company's middle- and high-end corrugator line products are ahead of those of domestic brands of enterprises of the same type in overall performance including velocity, width, intelligence, precision, and stability, and run stably and are provided with good technical support, being greatly competitive in the global industry market.

(2) Corrugated box printing and packaging lines

The Company's corrugated box printing and packaging line business is mainly operated by Dongfang Precision (China), Dongfang Precision (Europe) and Shenzhen Wonder.

Dongfang Precision (China) owns integrated corrugated box printing and packaging line products including Dongfang Star I top printing fixed type FFG inline, Dongfang Star II top printing open-close type FFG inline, Super Star I bottom printing die cutter stripper vacuum stacker converting line, Super Star II bottom printing open-close type FFG inline and Super Star III bottom printing open-close type/FFG & stitcher line, covering different types and specifications as fixed type/open-close type and top printing/bottom printing. Besides, Dongfang Precision (China) also sells the main assemblies of the integrated line products up to dozens of different specifications, as well as corrugated box printing and packaging machinery products of different market positioning. Its integrated line products and single machine products are marketed in over 30 countries and regions in Europe, America, Asia, Africa, Latin America, and Oceania.

Dongfang Precision (Europe) owns high-end integrated corrugated box printing and packaging lines including FD quickset top printing FFG inline and HGL

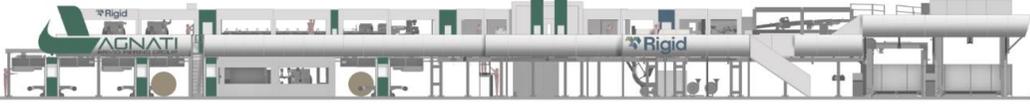
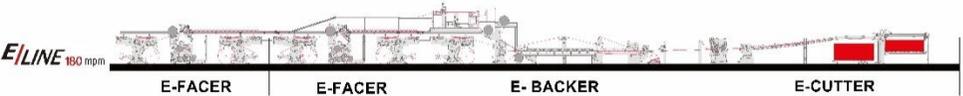
quickset bottom printing FFG inline and quickset bottom printing FFG/die cutter stripper line and sells them in the European market. These lines can feed paper without crushing and be separately controlled by the servo, is fully automatic, and is capable of high-resolution printing. Besides, it also sells pre-printing and post-printing machines of different specifications that are applicable to integrated line products, including paper feeders, waste dischargers, intelligent stackers, and folder gluer.

Shenzhen Wonder is a pioneer and leader among the Chinese brands of digital printing machinery in the corrugated packaging industry. It is one of the several enterprises worldwide that has demonstrated its leadership in applying the high-speed inkjet printing technology to corrugated packaging, and that specializes in producing the printing machinery for corrugated packaging based on the Single Pass digital printing technology.

After years of development, Shenzhen Wonder has owned the Multi Pass scanning digital printers applicable to small batch printing of corrugated boards and the Single Pass high-speed digital printers applicable to the printing of the corrugated boards of various specifications and to the pre-printing of the base paper. Additionally, it has formed a complete digital printing machinery matrix that covers multiple application modes and scenarios, ranging from Multi Pass scanning digital printers to Single Pass high-speed direct-inkjet digital printers, from post-printing to pre-printing, from dye ink, pigment ink to UV inks, from cattle paperboard to coated board, from single-sheet printing to seamless change of variable data, from stand-alone printing to ERP-supported printing. This has enabled Shenzhen Wonder to provide a full range of digital printing solutions for corrugated board packaging to small, medium, and large customers and to export its products to America and Europe, the Middle East, Latin America, Southeast Asia and elsewhere. Currently, Shenzhen Wonder occupies a market stock of more than 1,300 units in more than 80 countries worldwide.

Meanwhile, Shenzhen Wonder, with its profound exploration of digital printing of packaging and a good reputation in the industry, has created the digital printing machinery for advertising, home decoration, building materials and other fields, and the customized high-speed digital printing machinery such as flatbed and roll-to-roll printers. Materials that are applicable to flatbed printers include aluminum gusset, glass, ceramic tile, metal plate, acrylic plate, and pp plate sheet. Materials that are applicable to roll-to-roll printers include corrugated base paper, removable stickers, print cloth, PVC color film, decorative paper, and metal coils.

[Table 2 Main Product Matrix of the Intelligent Corrugated Packaging Machinery Business of Dongfang Precision - Corrugator Lines]

Product type	Brand	Product image	Main characteristics
Corrugator lines			Width: 2.5m to 2.8m; Velocity: 250 to 470m/min Pro/Care, Pro/Quality, etc. Industrial Production Information System 4.0
			
			Width: 1.8m to 2.5m. Innovation Compact body and high flexibility More suitable to produce light corrugated boards
			
			Width: 2.2m to 2.8m. Velocity: 180 to 320m/min
			
		The world's top three professional suppliers of corrugating rolls and pressure rolls, with leading processing and tungsten carbide processing technologies	

[Table 3 Main Product Matrix of the Intelligent Corrugated Packaging Machinery Business of Dongfang Precision - Corrugated Box Printing and Packaging

Lines]

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
<p><i>Integrated corrugated box printing and packaging lines</i></p>	 <p>东方精工 DONGFANG PRECISION</p>	<p>Dongfang Star I top printing fixed type FFG inline</p> 	<p>Top printing fixed type Full servo control Model change without suspension 2min quick order change Energy-saving, efficient and intelligent</p>
		<p>Dongfang Star II top printing open-close type FFG inline</p> 	<p>Top printing open-close type Servo motor control Require only 2 to 3 operators for one integrated line</p>
		<p>Super Star I bottom printing die cutter stripper vacuum stacker converting line</p> 	<p>Efficient, stable, thorough cleaning Accurate counting and automatic stacking Suitable for special-shaped boxes, machine-packed boxes, and pre-printed boxes,</p>

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
			<p>and can cut dies by continuous clicks once after being powered on, which solves the industry pain point Require only 2 to 3 operators for one integrated line</p>
		<p>Super Star II bottom printing open-close type FFG inline</p> 	<p>A professional die cutter FFG line Suitable for efficient production of boxes requiring slotting or die cutting Servo motor control Require only 2 to 3 operators for one integrated line</p>
<p><i>Integrated corrugated box printing and packaging lines</i></p>		<p>Super Star III bottom printing open-close type/FFG & stitcher line</p> 	<p>A well-established bottom printing FFG & stitcher All-in-one control and easy operation One machine for multiple purposes supporting order changes Fewer processes and lower labor costs</p>

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
			<p>High-end bottom printing fixed type line</p> <p>Driven by spindle servo</p> <p>Quick order change</p> <p>Complete pre-printing and post-printing supporting units</p> <p>High-end bottom printing open-close type line</p> <p>Servo motor control</p> <p>Require only 2 to 3 operators for one integrated line</p>
		<p>WD200+ +SINGLE-PASS Industrial Grade High-Speed Corrugated Board Digital Printing Line</p> 	<p>Industrial printing, benchmark accuracy 1200 DPI</p> <p>Printing speed 150m/min</p> <p>Support 8-color printing</p> <p>Wide format can be customized</p>

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
		<p>MULTI PASS-SINGLE PASS Digital Printing All-In-One Machine</p> 	<p>Combines Multi Pass high precision scanning and Single Pass high speed printing with two different digital printing methods in one</p> <p>Reduce equipment investment capital, save space, labor, maintenance, and other costs, greatly improve production efficiency</p>

3. Business model of intelligent corrugated packaging machinery business

A. R&D model

Both the corrugator line business represented by the subsidiaries Fosber Group and Fosber Asia and the corrugated box printing and packaging machinery business represented by Dongfang Precision (China), Dongfang Precision (Europe) and Shenzhen Wonder are equipped with industry-leading independent design and R&D capabilities.

The Company keeps building a high-level R&D innovation management mechanism and has an R&D team composed of industry-leading experts, and secure the leading position of its technology in the industry with long-term and short-term product R&D plans, market-oriented R&D mechanism and refined R&D talent incentive policies.

B. Procurement and production model

The Company purchases steel plates, metal components and electric components from external suppliers, while producing core machining components and corrugating rolls by itself.

It produces most of the machinery products according to orders, and purchases raw materials from suppliers, compiles annual, quarterly, and monthly production plans and reasonably arranges production according to sales contracts and raw materials on hand only after receiving customers' orders and requiring customers to pay part of the down payment. In production and operation management, the Company promotes "lean production" to accurately control BOM costs and manufacturing costs and continuously improve operational efficiency.

In general cases, orders of corrugator lines will be delivered in 4 to 6 months, and orders of corrugated box printing and packaging machinery will be delivered in 2 to 3 months.

C. Marketing model

In terms of the marketing method, the Company sells products through direct selling and distribution. In the domestic market, the Company sells products mainly through direct selling, as well as a small amount of distribution. In overseas markets, the subsidiaries Fosber Group and Fosber Asia sell mainly through direct selling and Dongfang Precision (China), Dongfang Precision (Europe) and Shenzhen Wonder sell mainly through agency distribution in some overseas markets.

Direct selling allows the Company to directly face customers to ensure accurate demand information, prompt information transmission and information feedback to the Company's R&D and production departments, so that

customers can be timely provided with overall solutions. Due to the complexity of products, the Company has an outstanding after sales service team that is responsible for on-site installation, commissioning, training and after sales services, which can provide 7*24h prompt response and support as required by customers.

In terms of the types of products being sold, the Company sells production lines, single machines, accessories, software, and services. Integrated lines and single machines are sold only once, and the amount of each sale is large. Accessories, software, and services are sold multiple times during the lifecycle of machines.

In the industry market, the continuously increasing holding of the Company's machinery boosts ceaseless sales of the Company's accessories, software and services, and high-quality technical support and services drives the sales of production lines and machines, which is fully evidenced by the high re-purchase rate of the Company's middle- and high-end machinery products, so the two support and facilitate each other.

In terms of the settlement method of sales payment, the Company enjoys a high brand awareness and superior bargain power in the industry, so it collects down payment in advance and payment by stages for the sales of corrugator lines and corrugated box printing and packaging machinery products. In general cases, 80% to 90% of the sales payment can be collected upon the delivery of products.

(III) Overall solution business for intelligent plants in the corrugated packaging industry

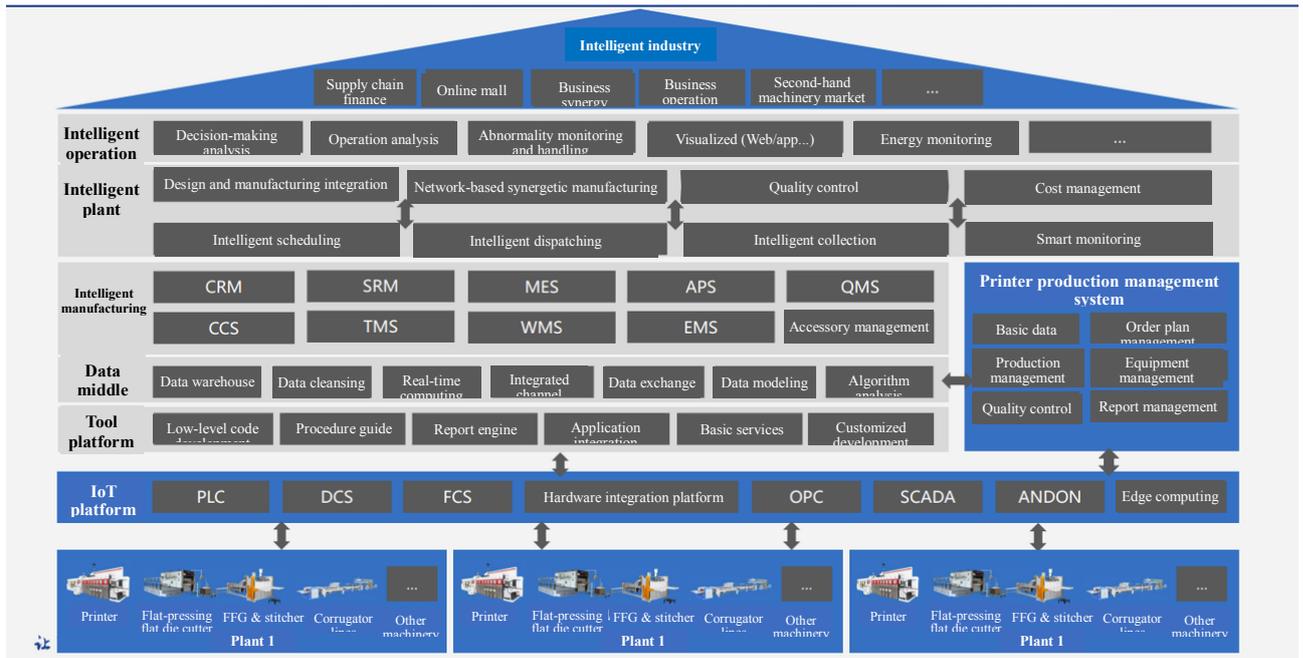
Dongfang Digicom, established in 2020, is the key carrier of the implementation of the Group's "digitalization and intellectualization strategy". Adhering to the purpose and mission of "making the industry more intelligent and manufacturing simpler" and with the vision of "to become a world-leading supplier of overall solutions of intelligent plants and industrial Internet services in the packaging industry", it is specialized in building an enterprise-level and industry-level industrial Internet platform for the corrugated packaging industry that integrates new information technologies including IoT, cloud computing, big data, 5G and AI.

Aiming at the current situation that most domestic corrugated packaging enterprises are poorly capable of production resources integration and in labor shortage, have unreasonable workshop layout and have a large room for production efficiency improvement, the intelligent logistics business team of Dongfang Digicom provides corrugated packaging enterprises in China with tailor-made intelligent logistics solutions for intelligent plants based on years of profound experience in global and domestic industry markets and ERP, APS, WMS/WC and MES technologies and in combination with advanced international technical concepts and the distinctive characteristics of the carton packaging market in China.

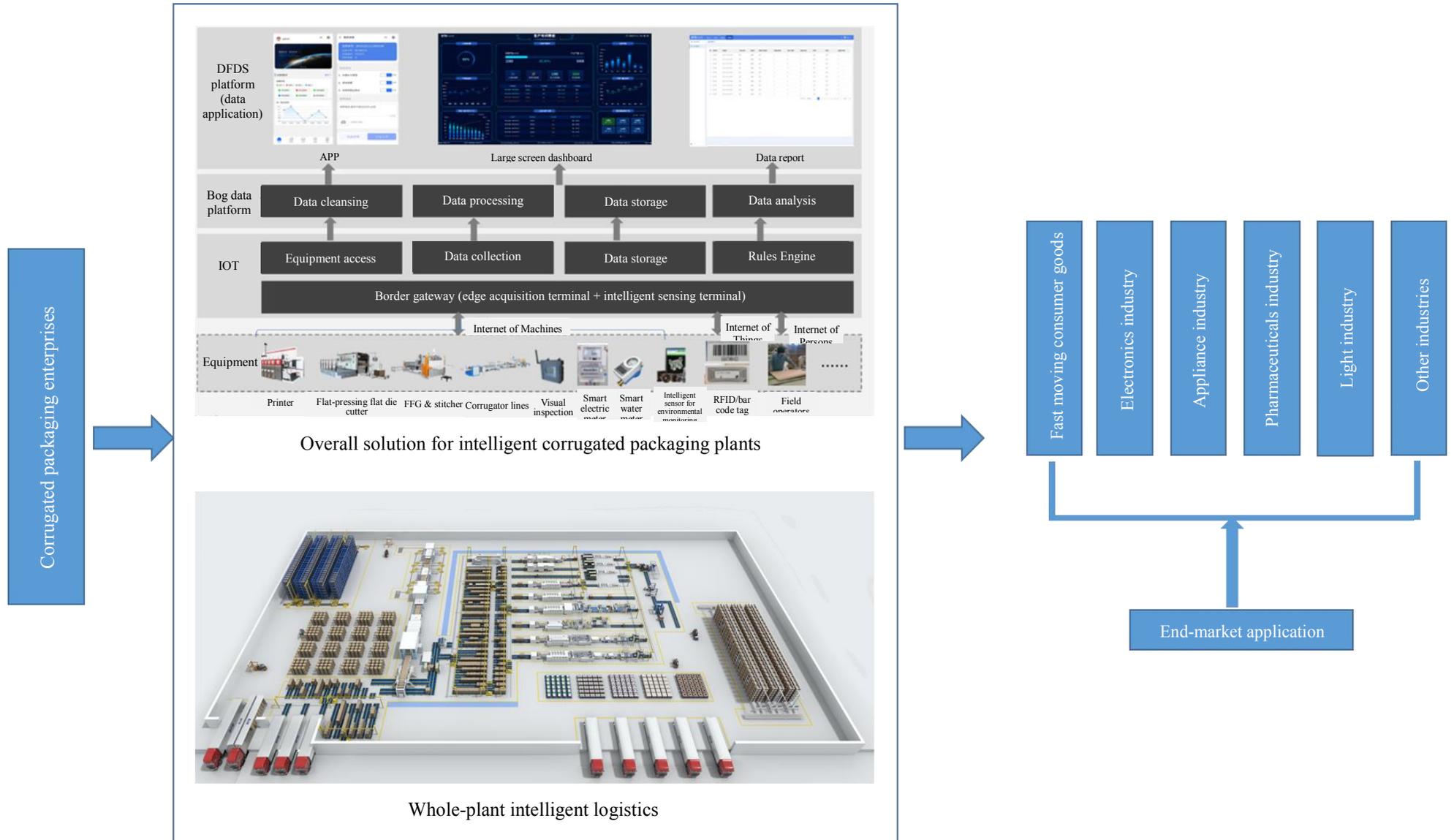
The Company enjoys a whole-industrial-chain layout in the corrugated packaging machinery sector, and the

most complete and rich product base in the industry. With nearly 30 years of profound experience in Know-How in the corrugated packaging machinery sector, it is the firm foundation and solid support for Dongfang Digicom. With an unswerving strategic focus, the Company continues resources input and import of talents specialized in industrial Internet and has developed the unique and core technical R&D force of Dongfang Digicom to output solutions with completely independent intellectual property rights.

Figure 2 Dongfang Digicom's Overall Solutions for Intelligent Plants in the Corrugated Packaging Industry



[Figure 3 Application Model of the Overall Solution Business for Intelligent Plants in the Corrugated Packaging Industry]



(IV) Outboard power product business

The subsidiary Parsun Power mainly engages in the design, R&D, production, and marketing of outboard motors, and is committed to becoming a world-class outboard power supplier. Parsun Power is the leading enterprise in the outboard motor industry in China and enjoyed the first market share in the industry from 2018 to 2020. In 2021, the sales volume of outboard power products of Parsun Power reached 75,500 units, accounting for 11.11% of the global forecast sales volume of small and medium horsepower outboards power products.

1. Industry situation and market position of Parsun Power

Parsun Power falls under the outboard motor industry in the marine auxiliary equipment industry. Outboard motors are the key equipment for small- and medium-sized ships, and are widely used in water recreation, fishing, water traffic, emergency rescue, shore landing and maritime patrol, as shown below:

[Table 4 Fields and Scenarios of the Application of Outboard Motors]

Field of application	Specific scenario	Legend
Recreational	Recreational fishing, recreational sailing, and recreational water sports	
Commercial	Fishing, water traffic and waterway maintenance	

Field of application	Specific scenario	Legend
Official and military	Emergency rescue and maritime patrol Beach landing and water reconnaissance	

According to the report by Global Market Insights Research Private Limited, the size of the global outboard motor market in 2020 was USD9,105 million, which is expected to reach USD13,191 million by 2027, with a compound annual growth rate of 5.04% from 2021 to 2027. In 2020, the size of the outboard motor market in China was USD228 million, which is expected to reach USD424 million by 2027, with a compound annual growth rate of 8.91% from 2021 to 2027, significantly higher than that 5.04% of the global market.

Worldwide, the outboard motor industry is dominated by Japanese and American brands, including Yamaha, Japan (an outboard motor brand under Yamaha Motor) and Mercury, USA (an outboard motor brand under Bentfield Group).

China has become one of the world's fastest-growing outboard motor markets owing to its rapid economic growth and changing recreational habits. With the rise of domestic brands represented by Parsun Power, domestic substitution has gradually become one of the mainstream trends in the development of the outboard motor industry in China, and there is a broad market space for domestic substitution.

Meanwhile, with the increasing attention to global environmental protection and climate changes and the implementation of China's carbon emission reduction and carbon neutrality policies, the global development trend of outboard motor products toward medium- and high-horsepower and new-energy ones is more and more definitive.

After years of development, Parsun Power has become a leading enterprise among domestic outboard motor brands, its market share has been ranking the first nationwide for years, and its products are being exported to tens of countries and regions in Europe, Africa, Oceania, South America, North America, the Middle East, and Southeast Asia. Parsun Power has realized a complete product line layout of "gasoline-diesel-electric power" and has been marching toward high-horsepower diesel outboard motors and electric outboard motors with its years of experience

in products and technology and leading market share in the field of petrol outboard motors. In the future, it will raise funds through a spin-off listing, and will improve its core competitiveness to become a professional supplier of aquatic power products in China with global competitiveness.

2. Main products of Parsun Power in outboard motor business

Parsun Power provides outboard motor products from 2hp to 115hp. The output power of an outboard motor increases with its horsepower, so as the size or velocity of the boat assembled to it.

By the source of engine power, outboard motor products of Parsun Power are divided into gasoline outboard motors, electric outboard motors, and diesel outboard motors.

Gasoline outboard motors enjoy the most abundant specifications and varieties. Parsun Power has accumulated years of industry experience in the field and has had several proprietary technologies and applied them to products.

In recent years, Parsun Power has developed medium- and high-horsepower outboard motors leading the Chinese market and with domestic substitution characteristics, has achieved mass production of the maximum 115hp gasoline outboard motors, and has successfully broken the long-term monopoly by international well-known brands in the 115hp sector. With stable and reliable quality of its 115hp gasoline outboard motors, Parsun Power has won more and more product orders in Europe and China, contributing to domestic substitution of medium- and high-horsepower outboard motors and the improvement of the global market share of domestic brands. After successfully conquering the 115hp gasoline model, Parsun Power's R&D team marches toward higher-horsepower models and strives the make domestic-brand high-horsepower outboard motors take a place in the global competition of the high-horsepower outboard motor market.

Electric outboard motors are powered by batteries. They convert electric power into kinetic power through motors, and are characterized by zero emissions, low noise, and easy operation, and are mainly used in scenic spots and other sectors requiring stricter environmental protection. Parsun Power's electric outboard motors are divided into 7hp motors and 9.9hp motors, which are being sold in developed countries such as the United States.

Diesel outboard motors not only retain the characteristics of easy assembly, easy maintenance and easy operation of gasoline outboard motors but also enjoy the advantages of fuel saving, lower emissions, greater torque and being safer, more reliable, and easier for maintenance, which are mainly used in commercial transportation and public law enforcement. Parsun Power now has diesel outboard motors and is selling the high-horsepower outboard motors of 150hp to 300hp of OXE Marine (a Swedish brand) in the domestic market.

Parsun Power's outboard motor products have stable quality and reliable performance, and some of them enjoy

the comprehensive performance comparable to that of internationally well-known brands and emissions reaching European and American standards. In the future, Parsun Power will focus on high-horsepower outboard motors, enrich electric outboard motor production lines, continuously optimize the product structure of outboard motors, and consolidate its leading position among domestic outboard motor manufacturers.

3. Business model of Parsun Power's outboard motor business

Parsun Power runs its outboard motor business through "Design and R&D + Production + Marketing". In terms of sales model, Parsun Power gives priority to distribution, with direct selling as a supplement.

II Core Competitiveness Analysis

In the Reporting Period, the Company had no significant adverse changes in its core competitiveness. Analysis of the Company's core competitiveness is as follows:

(I) Complete layout in the corrugated packaging machinery industry chain and the most complete and richest product portfolio in the industry

Among enterprises of the same type in the domestic corrugated packaging machinery industry, Dongfang Precision has the most complete and comprehensive industry chain layout, with its business covering almost all key processes in the corrugated packaging production and processing business chain. A full-coverage layout in the corrugated packaging production and processing value chain has been established.

Processes in the corrugated packaging production and processing value chain covered by the Company's business units include:

1. Corrugator production:

Fosber Group, Fosber Asia and QuantumCorrugated are the business units of the Company engaging in it. They serve large- and medium-sized enterprises in domestic and foreign corrugated board production and processing industries, and supply middle- and high-end corrugator line products of different specifications, different types, and different market positioning.

Fosber Group has middle- and high-end corrugator lines and leading industrial Internet technologies in the front rank of the global industry market, and has corrugating roll production lines and high-speed corrugator lines suitable for industrial digital printing, having a complete industrial layout in the core production line and machinery sector in the field of corrugator production and processing.

Specifically, Tiruñá Group, a subsidiary of Fosber Group, is a time-honored, prestigious, and professional

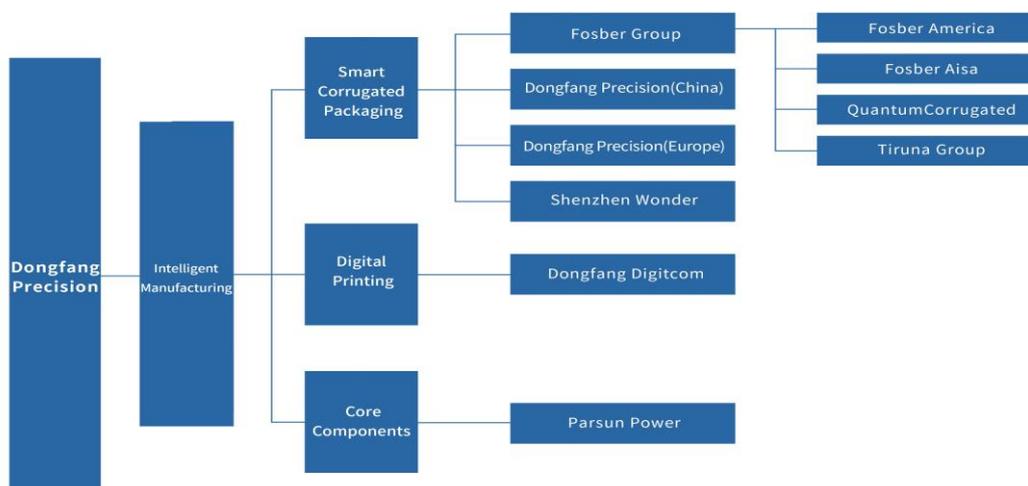
corrugating roll supplier in Spain, and its corrugating roll products are one of the key components of corrugator lines, and QCorr, another subsidiary of Fosber Group, has the independently developed Quantum high-speed corrugator line that has the unique design fitting the embedding of industrial digital printing technology.

2. Corrugated box printing and packaging: Dongfang Precision (China), Dongfang Precision (Europe) and Shenzhen Wonder are the business units of the Company engaging in it. They serve domestic and foreign corrugated box production and processing industry markets, and supply middle- and integrated high-end corrugated box printing and packaging lines and single machine products covering all units and all specifications of the production lines. In terms of corrugated box printing and packaging machinery, Dongfang Precision's products are divided into fixed type/open-close type, top printing/bottom printing and integrated line/single machine products and has the richest product portfolio among domestic enterprises of the same type. In terms of digital printing, the digital printing machine products of Shenzhen Wonder cover a wide range of application modes and scenarios, including Multi Pass scanning and Single Pass high-speed direct-jet, post-printing and pre-printing, ink, and UV, etc., that have formed a complete digital printing lines and machines product matrix and can provide a full range of digital printing products for corrugated packaging for customers of all levels.

3. Overall solution for intelligent corrugated packaging plants: Dongfang Digicom is the business unit of the Company engaging in it. It provides customers in the corrugated packaging production and processing industry market with the overall solution for intelligent plants covering order management, production management, cost analysis, intelligent decision-making, intelligent logistics and supply chain management and equipment management, as well as the solution for intelligent whole-plant logistics.

With the full-coverage industry chain layout, the Company has the most complete and richest corrugated packaging line and machinery product portfolio in the industry, making it capable of meeting the demands for integrated line and single machine products of different market positioning, different customer types and dozens of specifications and models, second to none in China.

Figure 4 Business Divisions and Entities of Dongfang Precision



(II) Industry-leading technology level and capability of continuous R&D and innovation

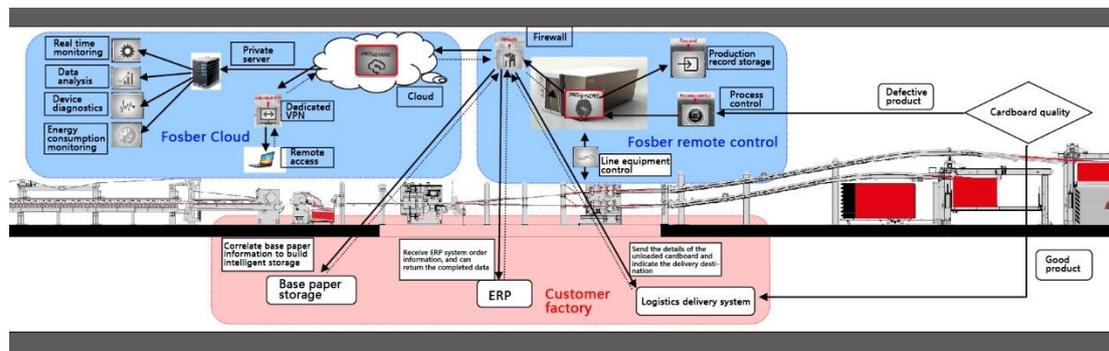
The Company's overall R&D strength and technology level are at the forefront among domestic enterprises of the same type. As of 30 June 2022, the Company was holding around 330 licensed patents at home and abroad. And the Company has been awarded the Provincial Industrial Design Center of Guangdong and the Provincial Demonstration Enterprise of Intellectual Property Right in Guangdong.

Its subsidiary Fosber Group is one of the two companies with the strongest comprehensive technical strength in the field of high-speed and wide corrugator lines worldwide. Fosber's middle- and high-end corrugator lines are internationally leading in the industry in velocity, width, precision, stability, reliability, failure rate and intelligence, and its high-technology-content and high-quality machinery products and technical support services have won the praise of domestic and foreign enterprise customers.

During design and R&D of high-end corrugator lines, Fosber Group proactively practices the industrial Internet technology and applies sensors, VR, big data, and algorithms, and has launched the PRO information-based intelligent production management system for corrugator lines with tens of years of Know-How experience in the middle- and high-end corrugator line industry, realizing full automation and intelligence of the whole process of corrugator production and processing. Through over 200 sensors in corrugator lines, it monitors the temperature, humidity, heat, folds, and other data of corrugator lines in real time, and monitors the dashboard dynamically in the production process. Through data-based production performance analysis and cost analysis, it helps customers improve production efficiency. Through the self-diagnosis system, it identifies abnormal operations and sends alerts,

and searches solutions in the database and outputs the solutions automatically. Through the "big data analysis system" module, it collects real-time data in the corrugator production process through sensors, outputs recommended configuration parameters and improvements through algorithm analysis, and helps customers improve the effectiveness of production process control.

Figure 5 How Fosber Group's PRO Information-based Intelligent Production Management System Works



The subsidiary Parsun Power is committed to independent R&D and innovation of China-made outboard motors, and is a state-level "Little Giant" enterprise with specialties, refined management, unique technologies and innovation, a national high-tech enterprise, the Provincial Outboard Motor Engineering and Technology Research Institute of Jiangsu, a technology center recognized by Jiangsu Province, a leading enterprise in China's internal combustion engine industry and a council member of the Small Gasoline Motor Branch of China Internal Combustion Engine Industry Association. Its outboard motor products have won the Certificate for Industrialization Demonstration Program under the National Torch Plan and honors including Innovative Products in Chinese Machinery Industry, Products of Well-known Brands in Jiangsu, and Products of Well-known Brands in Suzhou.

Parsun Power has been developing in the outboard motor industry for over ten years and has had several China-leading core technologies and accumulated rich scientifically innovative achievements after long-term R&D input and technical accumulation. As at the end of the Reporting Period, it has got 57 licensed patents and won two second prizes of the China Machinery Industry Science and Technology Award and is one of the main drafters of two industry standards including *Outboard Gasoline Engines- General Requirements* (JB/T 11875-2014) and *General Technical Specification of Outboard Engine* (CB/T 4505-2020). In 2021, Parsun Power successfully realized the mass production of 115hp outboard motors, that with independent intellectual property rights, breaking the long-standing monopoly of internationally well-known brands in the 115hp sector.

(III) Profound Know-How experience and experienced team in the industry

Dongfang Precision has an experienced team with profound Know-How experience in the industry, which has

20 years of experience in both global and domestic industry markets and has an in-depth understanding of the Company's industrial layout, development planning, R&D approach, production operation, marketing, and team management. The core management team has a broad vision, can promptly keep up with the general development trend of the intelligent corrugated packaging machinery manufacturing industry, and can enable the Company to achieve steady and sustainable development through forward-looking strategic planning and layout.

As an enterprise that practices the management model of professional manager team and attaches great importance to authorization management, Dongfang Precision takes "a wealth of talents" and "cultural orientation" as the basis of its corporate strategy and corporate culture, and develops its organizational capacity, improves the Group's control over all business units and subsidiaries and integration of resources and assistance and aid, improves the Group's overall operational efficiency and reduces the Group's operation cost and promotes the Company's healthy and sustainable development by optimizing the organizational structure design, standardizing the authorization and control system, implementing medium- and long-term incentives and further developing the corporate culture.

(IV) High brand popularity and customer recognition in the industry worldwide

Dongfang Precision and Shenzhen Wonder corrugated box printing and packaging machinery, Fosber and Quantum corrugator lines, Tiru ña corrugating rolls and Parsun outboard motors of the Company are enjoying considerable brand recognition and industry influence at home and abroad.

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

In the business segment of "intelligent corrugated packaging machinery", the Company has established good partnerships with domestically leading enterprises in the corrugated packaging industry including Nine Dragons Paper, Shanying Intl, Yuen Foong Yu, HXPP, MYS, XTL, Great Shengda, Forest Packing Co., Ltd., UCPS and Zhengye International, and large international groups in the corrugated packaging industry 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, large- and medium-sized packaging enterprises will need more solutions for intelligent plants as well as middle- and high-end production lines and machinery. The Company has seized opportunities and formed a better competitive edge by virtue of its stable business partnership during the above industry changes.

(V) Global layout of business assets

The Company mainly serves customers in the corrugated packaging industry worldwide, and has realized the global layout of its business assets:

In Asia, the Company has three domestic R&D and production bases in Foshan, Suzhou, and Shenzhen, in Europe, it has R&D and production bases in Lucca, Bologna and Milan, Italy, and Pamplona, Spain, and in North America, it has a production base in Green Bay, Wisconsin, USA. With such a layout in the three continents, the Company has formed a global marketing and service network.

An internationalized marketing and service network enables the Company to seize all opportunities in the global industry market and to provide product machinery and technical services for customers in the industry in over 100 countries and regions worldwide.

An internationalized product R&D, production and supply chain layout enables the Company to make prompt responses worldwide and meet customer demands and is conducive to the Company's integration of global resources, improvement of resource allocation efficiency, complement of advantages, reduction of the total cost and improvement of the allocation efficiency, so that the Company can be generally competitive in the world when it is operated as a group.

Figure 6 Global Layout of the Company's Business Assets and Marketing Network



(VI) Strong strategic control and integration of business segments

Since listing, the Company has been making full use of the platform of listed companies to carry out industrial mergers and acquisitions of appropriate subject matters in the corrugated packaging machinery industry chain. The Company attaches great importance to post-investment integration. Over the years, the Company has developed strong strategic control and integration of its business segments through successful practices in acquiring target companies in the corrugated packaging machinery industry chain and has accumulated rich experience in control

and integration.

Strategic control is the core capability that the Company relies on to manage its various business entities. After years of practice, the Company adjusted the strategic development plans, business models, product mixes, market strategies and core management teams of the target companies acquired with its in-depth understanding of the industry, forward-looking foresight to the development trend of the industry, clear awareness of its strategic development objectives and a well-established understanding of the capabilities and resources of all its business entities, so that these companies can be energized for new growth and step on a new development stage.

In terms of post-investment integration, the Company has formulated the legal person governance standardization policy, the "three-board" operation mechanism and the strategic and financial control system, and implemented decentralized authorization management, complete audits, and management incentives, forming a set of measures for integrated and effective post-investment control to secure the effective implementation of the strategic plan.

In 2014, the Company acquired the shareholding right of Fosber Group, and took several effective measures in the acquisition, helped Fosber Group adjust its strategic plan and business strategy and standardize the authorization management system, and implemented the performance incentive policy and strengthened financial control over the core management. Such measures have successfully stimulated Fosber Group's business vitality. From 2015 to 2021, the compound annual growth rate of the operating revenue of Fosber Group was about 14%, and the same of its net profit was 30%. In 2022H1, Fosber Italy, that's the Fosber Group's main business unit, grew revenue by more than 30% YoY and Fosber America grew revenue by more than 70% YoY, both recording the highest H1 revenues in the five years since 2018 to date.

In 2015, the Company acquired the shareholding right of Parsun Power, helped Parsun Power streamline and adjust its strategies, develop the new development roadmap, increase inputs in technology, products, and R&D, strengthen the marketing force, and improve the efficiency of the supply chain and production. It also supported Parsun Power to introduce excellent talents for a more powerful core team. These measures enabled Parsun Power to realize continuous and stable growth. From 2017 to 2021, the compound annual growth rate of the operating revenue of Parsun Power was about 20%. In 2022H1, Parsun Power's revenue increased by more than 25% YoY.

In 2019 and 2020, the Company acquired the relevant business assets of Tiruñã Group, a nearly century-old corrugating roll manufacturer, and those of Agnati, an once splendid Italian corrugator line manufacturer. The Company fully streamlined the development strategies, R&D systems, product sequences, marketing and team

building of these two companies, based on which it adjusted and optimized the business strategies and output management, effectively stimulating the vitality of the two old European companies and the enthusiasm of their manager teams.

Relying on its strong strategic control and integration of business segments, based on "mutual respect and mutual trust" and with an open mind seeking common ground while putting aside differences, the Company effectively integrated all its business entities and continuously released the synergy with the industry chain, and has become a successful example among domestic private enterprises in integration after domestic and foreign industrial mergers and acquisitions. The valuable experience and accumulation in industry chain mergers, acquisitions and integrations lay a solid foundation and provide strong support for the Company to promote the implementation of the five-year strategic planning and realize steady and sustainable development.

III Core Business Analysis

(I) Overview

The Russia-Ukraine conflict, the recurring COVID-19 pandemic, the interest rate increases by the Federal Reserve of America and other factors in the first half of 2022 have raised the risk of global stagflation and significantly increased the uncertainties. Under enormous internal and external pressures, China's economy has displayed strong resilience. Thanks to the effects delivered by a range of robust and stable economic policies, China has overcome the adverse impacts of the factors beyond expectations and achieved a YoY increase of 2.5% in GDP in H1 2022.

The Company was also in face of complex and more challenging domestic and international market conditions in H1 2022. Under the firm leadership of the Board of Directors and the management and through the hard work of all employees, the Company bucked up its principal business and continued the trend toward steady growth that has been lasting for years. In the Reporting Period, the Company recorded operating revenue of approximately RMB1,536 million, up by 9.64% YoY, and a net profit attributable to its shareholders of approximately RMB148 million, down by 22.46% YoY.

(II) Analysis of the performance of the business divisions in the Reporting Period

1. The division of corrugator lines

The corrugator line division is an important component of the Company's core business, contributes to over half of the Company's total revenue from principal business, and has been steadily growing for consecutive years. From 2018 to 2021, the compound annual growth rate of the operating revenue from it was about 16%. This division includes the wholly owned subsidiary Fosber Group (including Fosber Italy, Fosber America, QCorr and Tiru ña Group) and the holding subsidiary Fosber Asia. Fosber Group, largely targeting the American and European markets, is central to this division.

Fosber Group's businesses, assets and team members are in Europe and North America. Fosber Group and all its subsidiaries adopt localized management and operation, and have their product design, development and production and manufacturing in local regions in Europe and North America. Their products are corrugator lines and corrugating rolls of different market positioning, which are eventually used for the production and processing of corrugated packaging products of different models. Corrugated packages are rigid consumer goods in European and American countries. The official introduction of the plastic ban in Europe in July 2021 further accelerated the trend of "replacing plastics with paper" in the packaging industry of the European Union. The increase in the demand for corrugated packaging products in these end markets will be conducive to the increase in the demand for corrugator lines.

In H1 2022, Fosber Italy, a principal business unit (PBU) of Fosber Group, achieved operating revenue of approximately EUR75 million and a combined value of new orders of approximately EUR158 million, representing YoY increases of 34% and 67%, respectively. Fosber America, also a PBU of Fosber Group, recorded operating revenue of approximately USD70 million and a combined value of new orders of approximately USD100 million, up 72% and 97% year on year, respectively. In H1 2022, both Fosber Italy and Fosber America have achieved the highest operating revenue and combined value of new orders for H1 in the five years since 2018. The number of Fosber America's orders for integrated line products and single machine products grew dramatically by approximately 165% year on year, with some orders scheduled for 2024. The real economy of the US in H1 2022 remained promising. According to the latest research data released by the research institute Mastercard Spending Pulse on the retail market of the US in June, the total retail sales of consumer goods (excluding automobiles) for June in the US climbed 9.5% year on year, and the online retail sales were approximately twice as many as those for the same period in 2019. The end market boosted the market demand of the corrugated packaging machinery industry. Fosber Group surpassed its main competitors in terms of sales volume and amount in the North American market, fully displaying the competitiveness of the corrugator lines of Fosber in the high-end corrugator line market

of North America.

During the Reporting Period, Qcorr, a member enterprise of Fosber Group, sold its first 2.5-meter-wide Quantum corrugator line, achieving a breakthrough in sales in the North American market. Meanwhile, the introduction of the Quantum corrugator line into China was constantly in progress. Tiru ña Group, a member enterprise of Fosber, achieved a significant increase in its number of corrugating roll-related orders during the Reporting Period, approximately twice as many as that for H1 2021.

In H1 2022, the Russia-Ukraine conflict and the high inflation rates in Europe and the US increased the energy and raw material costs in the European market, which resulted in a YoY rise in the manufacturing cost. The supply tension of some parts postponed the order delivery date to some extent. All the above-mentioned factors have partly slowed the profit growth of Fosber Group. Additionally, the euro depreciation was expedited in H1 2022. As the recording currency of Fosber Group's financial statements is the euro, the decrease in the euro exchange rate has influenced the consolidated financial statements to some extent.

The subsidiary Fosber Asia mainly serves China and Southeast Asia markets. Fosber Asia's Pro-Line corrugator lines are tailor-made for the China market, with the import substitution rate of parts standing at around 90%. Making full use of China's supply chain advantages with the most complete industrial categories and the most complete supporting facilities in the world, Fosber Asia can design and manufacture these corrugator lines domestically, providing industrial customers with high-quality and high-end corrugator line products which are made in China.

During the Reporting Period, Fosber Asia constantly expanded its foreign sale territories and entered the Russian market for the first time. The combined value of Fosber Asia's new orders in foreign markets was approximately twice as much as that for the same period in 2021. In terms of R&D, the projects of Fosber Asia for the localization of internationally advanced, high-end corrugator lines and Quantum corrugator lines were in smooth progress during the Reporting Period. Meanwhile, positive progress was achieved in the project for the localization of corrugating rolls of Tiru ña.

Facing challenges arising from changes in the external environment and the market demand of the industry, the Company responded proactively. Specifically, it adjusted the product and marketing strategies for the corrugator line division, proactively grasped the new opportunities worldwide brought by the changes in the market competition of the industry, and constantly improved and launched new products that could better solve the pain points for customers of the industry. Besides, it deepened the internal integration of the corrugator line business and

improved quality and efficiency to enhance its market competitiveness.

2. The division of corrugated box printing and packaging lines

The division of corrugated box printing and packaging lines is the oldest business among the principal types of business of the Company. By the end of the Reporting Period, this division is comprised of Dongfang Precision (China), Dongfang Precision (Europe) and Shenzhen Wonder.

In H1 2022, Dongfang Precision (China) witnessed rapid growth in its export business. Thanks to the surge in the market demand of foreign industries and intensified efforts in the direct sale and the creation of access to the international market, the revenue of Dongfang Precision (China) from export grew by more than 60% year on year; the combined value of new orders stood at approximately RMB290 million, up 43% year on year. Meanwhile, Dongfang Precision (China) was granted another two invention patents and three patents for utility models, and progress was achieved in the development and design of new models.

In June 2022, the Company completed the acquisition of Shenzhen Wonder. It obtained 51% of the shares and a controlling stake in Shenzhen Wonder through the combination of the acceptance of equity transfer and capital injection. Consequently, Shenzhen Wonder became one of the important members of the "division of corrugated box printing and packaging lines".

The incorporation of Shenzhen Wonder into the division of corrugated box printing and packaging lines significantly enhanced the Company's comprehensive strength in the field of digital printing of corrugated packaging. Meanwhile, Shenzhen Wonder will be included in the Company's consolidated statements and will also become a new driver to boost the results growth of the Company's division of corrugated box printing and packaging lines. In H1 2022, the combined value of new orders of Shenzhen Wonder reached approximately RMB100 million. So far, Shenzhen Wonder has had eight invention patents and 27 patents for utility models.

3. The division of outboard power products

In H1 2022, the subsidiary Parsun Power maintained the robust growth trend in its outboard motor business. It achieved operating revenue of approximately RMB280 million, up 25% year on year, and the revenue from the outboard motor business increased by more than 30% year on year.

The outboard motor business of Parsun Power has been benefiting from the constant growth in the demand for outboard motors from water entertainment consumption in foreign markets and the trend of replacement with domestic products in dedicated domestic markets. During the Reporting Period, Parsun Power's revenue from export

continued to grow rapidly, and that from the domestic market basically remained unchanged from the same period last year. Parsun Power continued to increase its R&D investment and enrich the product matrix. The R&D of high horsepower gasoline motors with 200 HPs and above and electric outboard motors was in smooth progress. Meanwhile, Parsun Power filed applications for two invention patents and five patents for utility models. In terms of production and operation, Parsun Power constantly tapped into the existing capacity potential, hit another record high in the output value of outboard motors, improved the automation level of the production, and effectively controlled the operational cost.

3. The division of overall solutions for intelligent corrugated packaging plants

As the undertaking unit of the Company's business of overall solutions for intelligent corrugated packaging plants, in H1 of 2022, the subsidiary Dongfang Digicom successfully sold the solutions with independent intellectual property rights and completed the installation, implementation, and commissioning of the solutions on the production lines of potential customers. The solutions can be sold along with the Company's corrugated box printing and packaging line machinery, to help customers of the downstream industry improve the automation level, operational efficiency, and production quality of production lines.

During the Reporting Period, the product R&D of Dongfang Digicom was sped up. The applications for the 11 software copyrights, invention patents and patents for utility models submitted were processed. Besides, Dongfang Digicom obtained five certificates of software copyrights and completed the development of more than 40 R&D projects in H1.

4. The epitaxial division

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

(1) Equity investment in Shenzhen Wonder

During the Reporting Period, Dongfang Precision carried out a direct equity investment in Shenzhen Wonder with its own funds and obtained 51% of the shares of Shenzhen Wonder. The total investment reached RMB173.8 million. Shenzhen Wonder completed the procedures for business information change and filing of this transaction in June 2022. After the completion of the asset delivery and transfer, Shenzhen Wonder was included in the consolidated statements of Dongfang Precision. For more details, please see the Voluntary Announcement on the Equity Investment in Shenzhen Wonder released by the Company on 15 June 2022.

(2) Investment in Beijing Sinoscience Fullcryo Technology Co., Ltd.

During the Reporting Period, the wholly owned subsidiary Yineng Investment indirectly invested in Beijing Sinoscience Fullcryo Technology Co., Ltd. (referred to as "Fullcryo" in this Report) and Sinoscience Fullcryo (Zhongshan) Equipment Manufacturing Co., Ltd. by making a capital contribution to a limited partnership and obtained non-controlling interests of the two companies.

Fullcryo is a high-tech enterprise founded by the Technical Institute of Physics and Chemistry, CAS. It focuses on the strategic guarantee of national big science research projects, the independent and comprehensive development and utilization of strategic helium resources and the development needs of the green hydrogen energy industry. Based on the decades of the large-scale cryogenic R&D led by two generations of academicians of the Technical Institute of Physics and Chemistry, CAS, and with the research achievements of the two phases of national projects for key scientific machinery at the core, Fullcryo has attracted famous experts and scholars and marketing teams at home and abroad and used the core technologies with a working temperature of 20K to 2K (-253 °C to -271 °C) to provide large-scale cryogenic refrigeration machinery with liquid helium and liquid helium temperature zones, hydrogen liquefaction machinery, LNG-BOG helium extraction machinery, advanced cryogenic machinery for the separation and purification of rare gases (such as neon, helium, krypton and xenon), solutions for hydrogen energy application systems, engineering of highly pure rare gases and industrial gases, and other services. Fullcryo is a national supplier in China with independent intellectual property rights, whose services cover the design and manufacturing of large-scale cryogenic refrigeration machinery, cryogenic system engineering, and industrial gas provision. Being a subsidiary controlled by Fullcryo, Sinoscience Fullcryo (Zhongshan) Equipment Manufacturing Co., Ltd. is the only advanced machinery manufacturer that owns independent intellectual property and technologies for large-scale cryogenic machinery with a working temperature of below 20K (-253 °C to -271 °C). It is also the only manufacturer and service provider worldwide that can simultaneously provide the non-standard customization, leasing, and entrusted operation of large-scale cryogenic machinery with working temperatures of 4.2K (-269 °C) and 20K (-253 °C).

As one of the limited partners of the partnership, Yineng Investment accounts for 94.86% of the total capital contributions. Considering the partnership's agreements on investment orientation, investment decisions, operation and management, income apportionment, and loss bearing, and the fact that Yineng Investment accounts for the majority of the capital contributions to the partnership, the partnership is included in the consolidated statements of Dongfang Precision as a "structured body controlled by the Company" from the perspective of commercial substance and after complying with the Accounting Standard for Business Enterprises and referring to the

professional opinions of the independent auditor.

(3) Investment in Yuze Semiconductor (Yunnan) Co., Ltd.

During the Reporting Period, the wholly owned subsidiary Yineng Investment indirectly invested in Yuze Semiconductor (Yunnan) Co., Ltd. (referred to as "Yunnan Yuze" in this Report) by making a capital contribution to a limited partnership. Yunnan Yuze mainly engages in the manufacturing of photovoltaic silicon wafers. It is a leading manufacturer of N-type photovoltaic silicon wafers and silicon rods. It has been exploring the R&D and manufacturing of N-type single-crystal silicon wafers since 2019. With significant first-mover advantages in technology and talent reserves as well as customer expansion, Yunnan Yuze has created a good image in the industry as a professional supplier of N-type single-crystal silicon wafers.

As one of the limited partners of the partnership, Yineng Investment accounts for 39.37% of the total capital contributions. By the agreement on the fund investment decisions in the partnership agreement, the limited partner Yineng Investment does not participate in the operation of the Fund Investment Decision Committee and does not have veto power over fund investment decisions. Considering the partnership's agreements on investment orientation, investment decisions, operation and management, income apportionment, and loss bearing, and by the related regulations in the Accounting Standard for Business Enterprises, the Company does not control funds, so funds are not included in the consolidated statements of the Company. They will be presented under the "Other non-current financial assets--Financial assets at fair value through profit or loss" item in the consolidated financial statements.

(4) Impacts of the above-mentioned epitaxial business on the Company

The business purpose of Yineng Investment, the subsidiary, is to focus on the industries related to its principal business and seek investment opportunities in high-end machinery manufacturing and other industries that the country encourages to develop in the "14th Five-Year Plan" while carrying out industrial mergers and acquisitions based on industries, assisted by capital, guided by its strategic planning, and driven by circulation. It aims to expand the development space for the Company in emerging industries. It shares profits of the investees in the process of their growth and development, thus boosting the Company's overall profitability.

The aforesaid equity investments do not constitute related-party transactions or major assets restructuring and exert no significant impacts on the Company's operating results or financial condition in the Reporting Period.

(III) Capital operation: The capabilities to create value and seek returns for shareholders were improved

1. The application for the spin-off listing of the subsidiary Parsun Power on the ChiNext board has been accepted by the Shenzhen Stock Exchange for review.

During the Reporting Period, the preliminary plan for the spin-off listing of the subsidiary Parsun Power on the ChiNext board of the Shenzhen Stock Exchange was approved by the Company's Board of Directors and general meetings of shareholders. Parsun Power has filed the application materials to the Shenzhen Stock Exchange for its initial public offering on the ChiNext board. It received in June 2022 from the Shenzhen Stock Exchange the Notification on the Acceptance for Review of the Application Materials of Suzhou Parsun Power Machine Co., Ltd. for Its Initial Public Offering on the ChiNext Board (SZSS [2022] No. 189).

2. The share repurchase moved on as scheduled.

During the Reporting Period, the Company carried on with the 2021 share repurchase plan. During the period from October 2021 to 30 June 2022, the Company repurchased a total of approximately 106.6521 million shares (or around 8.01% of the Company's total share capital) through centralized bidding. With the highest trading price being RMB6.30/share and the lowest being RMB3.59/share, the total amount paid was approximately RMB551 million (exclusive of transaction costs). The Company will carry forward the share repurchase plan and fulfil its obligation of information disclosure in a timely manner as it does so.

According to the share repurchase plan, no lower than 80% of the repurchased shares will be retired to reduce the Company's registered capital while no more than 20% will be used for equity incentives or employee stock ownership plans.

3. Equity incentives were steadily promoted to stimulate the internal power

During the Reporting Period, the Company launched the 2022 Restricted Share Incentive Plan. In April 2022, the first grant was completed, where 2,650,000 restricted shares were granted to seven key managerial, technological, and business personnel. In June 2022, as the unlocking conditions were met for the second unlocking period of the first grant under the 2022 Restricted Share Incentive Plan, a total of 8,620,000 restricted shares of 37 awardees were unlocked for public trading.

Steady promotion of equity incentives is beneficial to the Company's sustainable and healthy development and gathering of internal power, to "stabilize the team, boost the morale, gather talents and improve performance". By closely binding the interests of the Company's key personnel with the Company's future performance and the improvement of the capability to seek returns for shareholders, the Company will see continuous improvement in

its business performance and the ability to create value.

(IV) Analysis of key financial indicators

YoY changes in major financial data

Unit: RMB yuan

	2022H1	2021H1	Change (%)	Cause of change
Operating revenue	1,535,615,634.26	1,400,558,964.18	9.64%	Mainly due to the increase in sales for the period.
Operating cost	1,134,044,266.22	991,455,474.86	14.38%	Mainly due to the increase in sales for the period.
Selling expenses	62,093,800.66	68,550,561.32	-9.42%	Mainly due to the decrease in commissions and agency service fees for the period.
Administrative expenses	133,292,392.91	129,761,353.56	2.72%	No significant changes.
Finance costs	-8,856,622.89	-1,626,574.56	-444.50%	Mainly due to the change in foreign exchange gain for the period.
Income tax expenses	31,123,723.82	38,037,005.48	-18.18%	Mainly due to the decrease in income tax payable for the period.
R&D expenses	44,132,225.30	52,906,052.88	-16.58%	Mainly due to the decrease in investment in research and development for the period.
Net cash generated from/used in operating activities	152,250,706.73	206,023,828.25	-26.10%	Mainly due to the increase in taxes and fees paid during the period.
Net cash generated from/used in investing activities	-171,226,100.99	1,200,263,426.07	-114.27%	Mainly due to the payment for the acquisition of equity interest in Shenzhen Wonder during the period.
Net cash generated from/used in financing activities	-9,276,543.86	-700,252,772.58	98.68%	Mainly due to the combined effect of the payment for share repurchase and the recovery of loan deposits during the period.
Net increase in cash and cash equivalents	-31,580,854.21	682,597,714.47	-104.63%	Mainly due to the inflow from operating activities and outflow from investing activities during 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

	2022H1		2021H1		Change
	Operating revenue	As a % of total operating revenue (%)	Operating revenue	As a % of total operating revenue (%)	
Total	1,535,615,634.26	100%	1,400,558,964.18	100%	9.64%
By operating division					
Intelligent manufacturing	1,535,615,634.26	100.00%	1,400,558,964.18	100.00%	9.64%
By product category					
Complete lines and individual machine units for intelligent corrugated packaging machinery	719,585,213.35	46.86%	747,290,015.07	53.36%	-3.71%
Parts for intelligent corrugated packaging machinery	431,002,865.60	28.07%	300,176,099.08	21.43%	43.58%
Software and services related to intelligent corrugated packaging machinery	102,910,890.21	6.70%	128,676,852.98	9.19%	-20.02%
Outboard motors and general utility small gasoline motors	282,116,665.10	18.37%	224,415,997.05	16.02%	25.71%
By operating segment					
Mainland China	140,124,894.68	9.12%	331,950,181.68	23.70%	-57.79%
Other countries and regions	1,395,490,739.58	90.88%	1,068,608,782.50	76.30%	30.59%

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	1,535,615,634.26	1,134,044,266.22	26.15%	9.64%	14.38%	-3.06%
By product category						
Intelligent corrugated packaging machinery	1,253,498,969.16	911,985,158.44	27.24%	6.58%	11.62%	-3.29%
Outboard motors and general utility small gasoline motors	282,116,665.10	222,059,107.78	21.29%	25.71%	27.32%	-0.99%
By operating segment						
Mainland China	140,124,894.68	98,415,710.91	29.77%	-57.79%	-58.32%	0.90%
Other countries and regions	1,395,490,739.58	1,035,628,555.31	25.79%	30.59%	37.11%	-3.53%

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	-222,580.97	-0.12%	No significant impact.	Yes
Gain/loss on changes in fair value	24,927,586.43	13.08%	Mainly due to the increase in fair value changes recognized from the implementation of securities investments during the period.	Yes
Asset impairment loss	-6,154,706.43	-3.23%	Mainly due to the provision for decline in value of inventories during the period.	Not
Non-operating income	1,033,996.47	0.54%	No significant impact.	Not
Non-operating expenses	714,629.11	0.37%	No significant impact.	Not

V Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB yuan

	30 June 2022		31 December 2021		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		
Cash and bank balances	1,242,403,906.96	19.12%	1,664,336,339.35	26.18%	-7.06%	Mainly due to the share repurchase, acquisition of Shenzhen Wonder and payment for foreign investment during the period.
Accounts receivable	753,538,571.88	11.60%	741,135,648.09	11.66%	-0.06%	No significant change.
Contract assets	6,212,959.35	0.10%	24,414,117.64	0.38%	-0.28%	No significant change.
Inventories	1,180,552,585.86	18.17%	867,280,013.47	13.64%	4.53%	Mainly due to the increase in sales orders, resulting in the increase in inventory reserve.
Investment property						No significant change.

	30 June 2022		31 December 2021		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		
Long-term equity investments	86,076,091.60	1.32%	84,777,596.67	1.33%	-0.01%	No significant change.
Fixed assets	540,843,950.15	8.32%	544,180,159.09	8.56%	-0.24%	No significant change.
Construction in progress	36,036,409.77	0.55%	12,298,259.58	0.19%	0.36%	No significant change.
Right-of-use assets	78,147,661.94	1.20%	80,386,832.91	1.26%	-0.06%	No significant change.
Short-term borrowings	67,132,224.05	1.03%	228,312,880.73	3.59%	-2.56%	Mainly due to partial repayment of short-term loans in the current period.
Contract liabilities	719,487,278.58	11.07%	405,842,932.51	6.38%	4.69%	Mainly due to the increase in sales orders and the increase in advance receipts during the period.
Long-term borrowings	72,183,710.90	1.11%	325,026,188.49	5.11%	-4.00%	Mainly due to the reclassification of borrowings due within one year during the period.
Lease liabilities	56,626,311.25	0.87%	65,213,555.87	1.03%	-0.16%	No significant change.

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	661,616,519.72	Italy	Producing and marketing by itself	Operation management	Good	17.08%	Not
100% interest of EDF S.R. L	M&A	22,365,116.93	Italy	Producing and marketing by itself	Operation management	Good	0.58%	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)	775,249,020.94	4,748,245.04			2,902,010,158.14	2,878,253,631.70	14,157,091.56	817,910,883.98
2. Derivative financial assets	12,936,500.63	-256,707.60					-208,978.46	12,470,814.57
Subtotal of financial assets	788,185,521.57	4,491,537.44			2,902,010,158.14	2,878,253,631.70	13,948,113.10	830,381,698.55
Other non-current financial assets	162,523,519.41	487,879.55			108,000,000.00		-1,210,848.34	269,800,550.62
Total of the above	950,709,040.98	4,979,416.99			3,010,010,158.14	2,878,253,631.70	12,737,264.76	1,100,182,249.17
Financial liabilities	246,925,243.48						3,499,085.75	250,424,329.23

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	Reason for Restriction
Cash and bank balances	14,680,985.43	Used as deposits to obtain bank acceptance bills and letters of guarantee.
Fixed assets	4,308,785.21	Used to obtain bank loans for subsidiaries.
Other non-current assets due within one year	305,225,000.00	Used as deposits for loans for subsidiaries.
Total	324,214,770.64	

VI Analysis of Investments Made**1. Total Investment Amount**√ Applicable Not applicable

Total investment amount in 2022H1 (RMB)	Total investment amount in 2021H1 (RMB)	Change (%)
1,227,440,484.73	1,608,856,907.68	-23.71%

2. Significant Equity Investments Acquired in the Reporting Period√ Applicable Not applicable

Unit: RMB yuan

Name of investee company	Main business	Investment mode	Investment amount	Shareholding ratio	Source of funds	Cooperating party	Investment period	Type of product	Progress as of the balance sheet date	Expected return	Gain or loss of investment for the period	Whether involved in litigation	Date of disclosure (if any)	Index of disclosure (if any)
Shenzhen Wonder	Production, sales, R&D and technical services of environmentally friendly packaging and printing equipment and accessories	M&A	173,800,000.00	51.00%	Self-funded	Shenzhen Wonder Business Service Partnership (Limited Partnership) and three persons, including Zhao Jiang, Li Yajun and Luo Sanliang	Indefinite	Shares	Completion of transfer	0.00	789,556.27	None	June 05,2022	Published on Cninfo.com, No. 2022-049
合计	--	--	173,800,000.00	--	--	--	--	--	--	0.00	789,556.27	--	--	--

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 listed stocks	688567	Farasis Energy	0.00	Fair value	0.00	-4,449,554.36		30,265,333.10	262,240.00	-4,454,321.02	25,548,772.08	Financial assets held for trading	Self-funded
Domestically listed stocks	002407	Do-Fluoride	0.00	Fair value	0.00	15,004,678.74		69,067,160.45	0.00	15,004,678.74	84,071,839.19	Financial assets held for trading	Self-funded
Domestically listed stocks	300567	Jingce Electronic	0.00	Fair value	0.00	-13,454,150.92		74,055,562.31	2,317,467.00	-13,798,255.31	57,939,840.00	Financial assets held for trading	Self-funded
Domestically listed stocks	600760	Avic Sac	0.00	Fair value	0.00	11,401,886.03		71,584,544.20	26,732,226.00	14,336,694.80	59,189,013.00	Financial assets held for trading	Self-funded
Domestically listed stocks	----	Other stocks	0.00	Fair value	0.00	0.00		845,037,558.08	840,359,387.98	-4,678,170.10	0.00	Financial assets held for trading	Self-funded
Trust products	----	----	6,631,573.01	Fair value	6,631,573.01	-10,883.33	0.00	0.00	3,125,602.67	80,236.57	3,586,206.91	Financial assets held for trading	Self-funded
Funds	----	----	628,007,924.74	Fair value	628,007,924.74	-4,386,594.45	0.00	270,000,000.00	404,162,537.66	10,175,943.21	504,021,330.29	Financial assets held for trading	Self-funded

Others	----	----	140,609,523.19	Fair value	140,609,523.19	642,863.33	0.00	1,542,000,000.00	1,601,294,170.39	2,238,529.71	83,553,882.51	Financial assets held for trading	Self-funded
Total			775,249,020.94	--	775,249,020.94	4,748,245.04	0.00	2,902,010,158.14	2,878,253,631.70	18,905,336.60	817,910,883.98	--	--
Disclosure date of the board announcement approving the securities investments			On 14 March 2022, the Board of Directors of the Company held a meeting to consider and approve the proposal relating to securities investment, with the securities investment valid for 12 months from the date of approval at the shareholders' meeting and the announcement date of the Board of Directors' resolution was 15 March 2022.										
Disclosure date of the general meeting announcement approving the securities investments (if any)			On 8 April 2022, the shareholders' meeting was held to consider and approve the proposal relating to securities investment, and the announcement date of the resolution of the shareholders' meeting was 11 April 2022.										

(2) Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

Unit: RMB'0,000

Counterparty	Relationship with the Company	Related transaction	Type of derivative	Initial investment amount	Start date	End date	Opening investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment allowance (if any)	Closing investment amount	Closing investment amount as % of the Company's closing equity	Actual gain/loss in the Reporting Period
Huatai Futures Co., Ltd.	N/A	No	Aluminum futures	0	2022-01-01	2022-06-30	0	114.65	108.83		0	0	-5.82
Bank	N/A	No	Forward forex settlement and sale contract	3,312.03	2022-01-01	2022-06-30	3,312.03	2,137.84	5,030.52	0	419.35	0.12%	-183.10

Counterparty	Relationship with the Company	Related transaction	Type of derivative	Initial investment amount	Start date	End date	Opening investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment allowance (if any)	Closing investment amount	Closing investment amount as % of the Company's closing equity	Actual gain/loss in the Reporting Period
Total				3,312.03	--	--	3,312.03	2,252.49	5,139.35	0.00	419.35	0.12%	-188.92
Funding source				Self-funded									
Legal matter (if applicable)				N/A									
Disclosure date of the announcement about the board's consent for the derivative investment (if any)				20 April 2022									
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)				7 May 2022									
Risk analysis of positions held in derivatives during the Reporting Period and description of control measures (Including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				The Company's financial derivative transaction business is mainly intended to avert and prevent risks arising from fluctuations in exchange rates and commodity prices. In the Rules on the Management of Financial Derivative Transaction Business formulated by the Company, the operating rules, review and approval authority, routine management, and risk control mechanisms on the financial derivative transaction business have been prescribed to standardize business operation as well as prevent and control related risks. Chinese futures exchanges have established well-improved risk control mechanisms. As future exchanges assume the performance responsibility, there is a low probability of credit risk. The Company will strengthen the understanding and mastering of national policies and requirements of relevant governing bodies to avoid related credit and legal risks.									
Changes in market prices or fair value of derivative products during the Reporting Period, specific methods used, and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives				Undue forward forex settlement and sale contracts are measured at fair value, i.e., the difference between the signing price of an undue forward forex settlement and sale contract held at the period-end and the bank's forward forex rates at the period-end.									
Description of significant changes in accounting policies and specific financial accounting principles in respect of the Company's derivatives for the Reporting Period as compared to the prior reporting period				N/A									

Counterparty	Relationship with the Company	Related transaction	Type of derivative	Initial investment amount	Start date	End date	Opening investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment allowance (if any)	Closing investment amount	Closing investment amount as % of the Company's closing equity	Actual gain/loss in the Reporting Period
Special opinions expressed by independent directors concerning the Company's derivatives investment and risk control				<p>1. Based on the realities and normal needs of routine operation, the Company and its subsidiaries intend to conduct the financial derivative transaction business, for the purposes of reducing the risks arising from fluctuations in exchange rates and prices of related commodities to the principal business of the Company and decreasing the impacts of market fluctuations on the principal business of the Company and its subsidiaries. By giving full play to the hedging function of financial derivative instruments, the operating results and finance of the Company and its subsidiaries are increasingly robust. 2. The Company has prepared the rules on the internal control management of the financial derivative transaction business by relevant regulatory prescriptions, which is conducive to standardizing and strengthening the risk control management of financial derivative transactions. The Board of Directors of the Company has performed the necessary review and approval procedures for this matter in a legal and rule-compliant manner. No illegalities or violations of regulations and Articles of Association have occurred. 3. In strict compliance with the Stock Listing Rules of the Shenzhen Stock Exchange, the Guideline No. 7 of the Shenzhen Stock Exchange for the Self-regulation of Listed Companies--Transactions and Related-party Transactions, and other relevant laws and regulatory guidelines, the Company shall make prudent decisions and conduct prudent management, inspections and monitoring of the financial derivative transactions of the Company and its subsidiaries, strictly control risks, and promptly discharge the information disclosure duty. 4. We hold that the financial derivative transaction business of the Company and its subsidiaries does not prejudice the interests of the Company and all shareholders, particularly not impair the interests of non-controlling shareholders. Therefore, we approve this matter and suggest submitting it to the General Meeting of Shareholders of the Company for deliberation.</p>									

5. Use of Raised Funds

Applicable Not applicable

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	2,189,940,321.16	661,616,519.72	929,352,568.31	100,019,034.32	74,778,974.74
Shunyi Investment	Subsidiary	Production of general utility small gasoline motors, shipboard power	RMB10 million	499,004,539.88	278,520,604.89	282,116,665.10	34,569,321.53	30,278,194.96

Name	Relationship with the Company	Principal activities	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
		(outboard motors) and its accessories, as well as provision of after-sales service						

Subsidiaries acquired or disposed of in the Reporting Period:

Applicable Not applicable

IX Structured Bodies Controlled by the Company

Applicable Not applicable

1. In March 2021, the Company established Tianjin Hangchuang Zhijin Investment Partnership (Limited Partnership) (the "Tianjin Hangchuang Fund" or the "Partnership") with AVIC Innovation Capital Management Co., Ltd. The Company, as the sole LP of the Fund, subscribed for the Partnership's contribution share of RMB20,000,000. The Fund is a special fund which is to invest in the equity of Sichuan Dajin Stainless Steel Co., Ltd. (now renamed as Chengdu Dajin Aero-Tech Co., Ltd.).

This investment is in line with the Company's development strategy considering the Fund's investment direction, decision-making, management, income distribution, loss allocation, etc. From the perspective of business nature, the Company provides the absolute majority of the capital of the Tianjin Hangchuang Fund, so it is reasonable to include the Fund in the Company's consolidated financial statements of the Reporting Period.

2. In March 2022, the wholly owned subsidiary Yineng Investment indirectly invested in Beijing Sinoscience Fullcryo Technology Co., Ltd. (referred to as "Fullcryo" in this Report) and Sinoscience Fullcryo (Zhongshan) Equipment Manufacturing Co., Ltd. by making a capital contribution to a limited partnership and obtained non-controlling interests of the two companies.

As one of the limited partners of the partnership, Yineng Investment accounts for 94.86% of the total capital contributions. Considering the partnership's agreements on investment orientation, investment decisions, operation and management, income apportionment, and loss bearing, and the fact that Yineng Investment accounts for the majority of the capital contributions to the partnership, the partnership is included in the consolidated statements of

Dongfang Precision as a "structured body controlled by the Company" from the perspective of commercial substance and after complying with the Accounting Standard for Business Enterprises and referring to the professional opinions of the independent auditor.

X Risks Faced by the Company and Countermeasures

1. Risks arising from fluctuations in exchange rates

The main settlement currency and recording currency of Fosber Group, the principal overseas business entity of the Company, are euros, while the revenue of Fosber America and domestic entities from export is mainly settled with the US dollar. Fluctuations in the US dollar and euro exchange rates do not significantly impact the routine operation of overseas business entities but exert certain impacts on the presentation of their assets and operating results in the consolidated financial statements. In H1 2022, the euro depreciated constantly; the US dollar became robust after it entered the interest rate hike cycle, and the US Dollar Index has hit a record high since 2002. The bi-directional fluctuations in the two currencies have exerted impacts on the Company's consolidated statements in addition to the principal business.

Countermeasures:

The Company can closely track the global financial market and national exchange rate policies, make timely decisions to select proper exchange rate management tools to manage exchange rate risks actively. It can also reduce risk exposure and increase exchange gains by increasing debts of foreign currency and rely on Group management to strengthen the level of capital coordination in different countries and regions, balance, and offset fluctuation risks at the Group level.

2. Risk of fluctuations in the prices of Energy & Raw materials

The raw materials required for the Company's corrugated packaging machinery mainly include various types of steel plates, steel parts and electrical parts. In 2021, the prices of iron ore and base metals in bulk commodities were once highly volatile, resulting in certain fluctuations in the costs of the Company's main business. In the first half of 2022, the price of energy and commodity in international markets also experienced some degree of volatility due to the Russian-Ukrainian conflict, geopolitical and inflationary influences.

Countermeasures:

The Company will pay attention to the market prices of steel and other important raw materials constantly, and

conduct dynamic analysis and judgment; in terms of procurement, it will strengthen proactive management and collaboration by adopting countermeasures such as proper adjustment of payment settlement and entering into long-term purchase agreements for important raw materials to control the fluctuation of procurement prices; it will give full play to the Group's internal allocation ability brought about by the globalization of business assets, and reach allocation efficiency and reduce overall costs through rational planning and management of internal transactions and sharing of high-quality supply chain resources.

3. Integration risk due to epitaxial business

Epitaxial business includes industrial M&A, equity investment and other forms. The Company will arrange high-end equipment manufacturing through equity control, investment, and other different forms, expecting to gradually develop new performance growth points in the future.

In the next few years, the Company will continue to expand upstream and downstream in the industry chain involving its core business in the world and arrange in the key industries supported by the national 14th Five-Year Plan, such as high-end equipment manufacturing, artificial intelligence, biomedicine, and big consumption. Among the business entities of its subordinate companies, there are old European companies with nearly 100 years of history and profound track record, as well as international companies with multinational distribution of business and assets and customers around the world, and domestic private companies with roots in the Chinese market and years of hard-working to be leaders in their niche industries.

During the integration, the new member companies are different from Dongfang Precision in cultural background, language differences, business practices, corporate culture, laws and regulations, fiscal and tax policies, internal management mechanisms, etc., which bring about certain challenges to the post-investment management and integration work.

Countermeasures:

- Promote the implementation of the "globalization" strategy and bring in talents capable of handling international business.
- Promote the implementation of the "a wealth of talents" strategy, improve the synthetic ability of the management team and the backbone team of key business, and build a prudent backbone team with a broad vision that highly identifies with the purpose and culture of the Company, and is capable of winning battles.
- Promote the "synergy" strategy and seek common ground with an open mind on the premise of

"mutual respect and trust".

■ Carry out the post-investment management mechanism of "combination of strategic control + authorized management" to form a unique and effective integration and control mode in the run-in process, which reaches a better industrial synergy and the positive development of each business entity.

4. Potential risks of financial investment business

In recent years, the Company has arranged some of its idle owned funds to carry out financial investment business such as securities investment and entrusted wealth management in an appropriate manner, based on the actual and development needs.

Based on its own attributes, there are certain risks of carrying out the above business due to fluctuations in the financial market and uncertainty of income; and the risk that the Company may suffer certain investment losses in case of risk events in the process of wealth management activities in terms of investment strategies and use of funds.

Countermeasures:

On the premise that the funds required for the daily operation of the main business will not be affected, the Company reasonably controls the capital scale for financial investment; it establishes and improves the internal control system and mechanism standards for securities investment and entrusted financial management, and strengthens the risk control management of securities investment business, safeguard the safety of investment funds, and strictly control the risk exposure. 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	Date of the meeting	Disclosure date	Resolution
The First Extraordinary General Meeting of 2022	Extraordinary General Meeting	33.10%	14 March 2022	15 March 2022	<ol style="list-style-type: none"> 1. The Proposal on the 2022 Restricted Share Incentive Plan (Draft) and Its Summary was approved. 2. The Proposal on the Appraisal Management Methods for the 2022 Restricted Share Incentive Plan was approved. 3. The Proposal on the Request for the General Meeting to Authorize the Board of Directors to Handle Matters in Relation to the 2022 Restricted Share Incentive Plan was approved.
The 2021 Annual General Meeting	Annual General Meeting	32.52%	8 April 2022	11 April 2022	<ol style="list-style-type: none"> 1. The Proposal on the 2021 Work Report of the Board of Directors (including the 2021 Work Report of Independent Directors) was approved. 2. The Proposal on the 2021 Work Report of the Supervisory Committee was approved. 3. The Proposal on the 2021 Annual Report and Its Summary was approved. 4. The Proposal on the 2021 Final Financial Accounts was approved. 5. The Proposal on the 2022 Budget was approved. 6. The Proposal on the 2021 Final Dividend Plan was approved. 7. The Proposal on the 2021 Internal Control Assessment Report was approved. 8. The Proposal on Intension to Appoint the Independent Auditor for 2022 was approved. 9. The Proposal on the Use of Own Funds for Entrusted Wealth Management in 2022 was approved. 10. The Proposal on the Compliance with Applicable Laws and Regulations of the Spin-off Listing of the Subsidiary Suzhou Parsun Power Machine Co., Ltd. on the ChiNext Board was approved. 11. The Proposal on the Plan for the Spin-off Listing of the Subsidiary Suzhou Parsun Power Machine Co., Ltd. on the ChiNext Board was approved. 12. The Proposal on the Preliminary Plan for the Spin-off Listing of the Subsidiary Suzhou Parsun

					<p>Power Machine Co., Ltd. on the ChiNext Board was approved.</p> <p>13. The Proposal on the Compliance with the Spin-off Rules for Listed Companies (Trial) of the Spin-off Listing of the Subsidiary Suzhou Parsun Power Machine Co., Ltd. on the ChiNext Board was approved.</p> <p>14. The Proposal on the Benefit of the Spin-off Listing of the Subsidiary Suzhou Parsun Power Machine Co., Ltd. on the ChiNext Board in Protecting the Legitimate Interests of Shareholders and Creditors was approved.</p> <p>15. The Proposal on the Company Maintaining Independence and Going Concern Capability was approved.</p> <p>16. The Proposal on Suzhou Parsun Power Machine Co., Ltd. Possessing Due Capability of Operation Compliance was approved.</p> <p>17. The Proposal on the Statement Regarding the Completeness and Compliance of the Statutory Procedures in the Spin-off and the Validity of the Legal Documents Filed was approved.</p> <p>18. The Proposal on the Purpose, Commercial Rationality, Necessity and Feasibility Analysis of the Spin-off was approved.</p> <p>19. The Proposal on the Request for the General Meeting to Authorize the Board of Directors and Its Authorized Personnel to Handle Matters in Relation to the Spin-off Listing was approved.</p>
The Second Extraordinary General Meeting of 2022	Extraordinary General Meeting	32.57%	6 May 2022	7 May 2022	<p>1. The Proposal on the Conducting of Financial Derivatives Trading was approved.</p> <p>2. The Proposal on the Revision of the Articles of Association was approved.</p> <p>3. The Proposal on the Revision of the Rules of Procedure for General Meeting was approved.</p> <p>4. The Proposal on the Revision of the Rules of Procedure for the Board of Directors was approved.</p> <p>5. The Proposal on the Revision of the Rules of Procedure for the Supervisory Committee was approved.</p> <p>6. The Proposal on the Revision of the Management Rules for Securities Investment was approved.</p> <p>7. The Proposal on the Formulation of the Management Rules for Financial Derivatives Trading was approved.</p>

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

Name	Office title	Type of change	Date	Reason
Feng Jia	Board Secretary	Appointed	14 March 2022	Internal reassignment
Zhou Wenhui	Board Secretary	Removed	14 March 2022	Internal reassignment

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

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 plan was approved at the First Extraordinary General Meeting of 2020 on 27 March 2020. For details, see the Summary of the 2020 Restricted Share Incentive Plan disclosed by the Company on www.cninfo.com.cn dated 12 March 2020.

To further build and improve its long-term incentive mechanism, attract, and retain talent, fully motivate its key managerial, technological, and business personnel, effectively align the Company’s and shareholders’ interests with the personal interests of the core team, and make all the parties concerned to focus on the long-term development of the Company, the Company launched the 2022 Restricted Share Incentive Plan in the first quarter of 2022. The plan was approved at the First Extraordinary General Meeting of 2022 on 14 March 2022. For details, see the 2022 Restricted Share Incentive Plan disclosed by the Company on www.cninfo.com.cn dated 15 March 2022.

1. On 25 February 2022, the Proposal on the Satisfaction of the Unlocking Conditions for the First Unlocking Period for the Reserved Restricted Shares under the 2020 Restricted Share Incentive Plan was approved at the 13th (Extraordinary) Meeting of the 4th Board of Directors and the 10th (Extraordinary) Meeting of the 4th Supervisory Committee. On 9 March 2022, 848,000 shares held by 18 awardees were unlocked for public trading in the first unlocking period for the reserved restricted shares under the 2020 Restricted Share Incentive Plan.

2. On 21 March 2022, the Proposal on the First Grant of Restricted Shares to Awardees under the 2022 Restricted Share Incentive Plan was approved at the 15th (Extraordinary) Meeting of the 4th Board of Directors. The date for the first grant was 21 March 2022. In April 2022, the Company completed the ownership transfer of the 2.65 million restricted shares to 7 awardees at RMB1.00/share, the listing date of which is 28 April 2022. For details, see the Announcement on the Completion of the Ownership Transfer of the First Grant under the 2022 Restricted Share Incentive Plan disclosed by the Company on www.cninfo.com.cn dated 29 April 2022.

3. On 17 June 2022, the Proposal on the Satisfaction of the Unlocking Conditions for the Second Unlocking Period for the First Grant under the 2020 Restricted Share Incentive Plan was approved at the 17th (Extraordinary) Meeting of the 4th Board of Directors and the 14th (Extraordinary) Meeting of the 4th Supervisory Committee. On 24 June 2022, 8,620,000 shares held by 37 awardees were unlocked for public trading in the second unlocking period for the first grant under the 2020 Restricted Share Incentive Plan.

2. Implementation of Employee Stock Ownership Plans

Applicable Not applicable

3. Other Incentive Measures for Employees

Applicable Not applicable

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

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 the Reporting Period. For other environmental information, please refer to “II Social Responsibilities” below.

Measures taken to reduce carbon emissions in the Reporting Period and the impact:

Applicable Not applicable

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 was granted the National Pollutant Discharge Permit and met post-licensing regulatory requirements as required. Second, Dongfang Precision commissioned the qualified third-party environmental protection agencies to compile the Contingency Plans for Environmental Emergencies, and commission a third-party testing agency to take samples every quarter to monitor and issue third-party test reports, and transfer hazardous waste in strict accordance with national requirements.

Third, the Company's environmental protection facilities passed the qualification re-examination on OHSAS18001:2007 Occupational Health and Safety Management Systems and ISO14001:2005 Environmental Management System. Parsun Power which is a subsidiary of the Company is not in the heavy pollution industry, its production process has less impact on the environment, and it has purchased complete environmental protection equipment, which are in normal operation and can meet the daily pollutant treatment requirements, that leads no violation of environmental protection related laws and administrative regulations and receive administrative penalties.

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. 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". Parsun Power is a national "small giant" enterprise, a national high-tech enterprise, an engineering technology research center for outboard engines in Jiangsu Province, an enterprise technology centre recognized by Jiangsu Province, a leading enterprise in China's internal combustion engine industry and a director unit of the Small Gasoline Engine Branch of China Internal Combustion Engine Industry Association. The outboard engine of BPS has also won many honors such as the certificate of industrialization demonstration project of national torch plan, innovative product of China machinery industry, famous brand product of Jiangsu province and famous brand product of Suzhou city.

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

Applicable Not applicable

No such cases in the Reporting Period.

6. Transactions between the finance company controlled by the company and related parties

Applicable Not applicable

No such cases in the Reporting Period.

7. 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'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 guaranteed 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
Guarantees provided by the Company as the parent for its subsidiaries										
Dongfang Precision (Netherlands)	30 December 2020	17,240.66	4 February 2021	17,240.66	Joint liability. Pledge	Deposits	-	From the date when the guarantee took effect to 21 April 2022	Yes	Not
Dongfang Precision (Netherlands)	5 June 2020	24,529.40	30 June 2020	23,478.14	Joint liability. Pledge	Deposits	N/A	From the date when the guarantee took effect to 29 June 2023	Not	Not
Total approved line for such guarantees in the Reporting Period (B1)				0	Total actual amount of such guarantees in the Reporting Period (B2)		0			
Total approved line for such guarantees at the end of the Reporting Period (B3)				41,770.06	Total actual balance of such guarantees at the end of the Reporting Period (B4)		23,478.14			
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guaranteed 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

QCorr	15 May 2020	2,102.52	30 April 2020	2,102.52	Joint liability	N/A	N/A	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)		2,102.52		Total actual balance of such guarantees at the end of the Reporting Period (C4)		2,102.52				
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)		0		Total actual guarantee amounts in the Reporting Period (A2+B2+C2)		0				
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		43,872.58		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)		25,580.66				
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets						7.02%				
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)				2,102.52						
Amount by which the total guaranteed amount exceeds 50% of the Company's net assets (F)				0						
Total of the three amounts above (D+E+F)				2,102.52						
Joint liability possibly borne or already borne in the Reporting Period for outstanding guarantees (if any)				N/A						
Guarantees provided in breach of prescribed procedures (if any)				N/A						

3. Cash Entrusted for Wealth Management

Applicable Not applicable

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount	Impairment provision for unrecovered overdue amount
Bank's wealth management product	Self-funded	90,300	7,400	0	0
Securities firm's wealth management product	Self-funded	61,000	46,000	0	0
Trust product	Self-funded	662.07	358.62	0	0
Total		151,962.07	53,758.62	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. Other Significant Contracts

Applicable Not applicable

No such cases in the Reporting Period.

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	241,176,130	18.10%	0	0	0	-8,293,597	-8,293,597	232,882,533	17.48%
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	239,736,130	17.99%	0	0	0	-7,693,597	-7,693,597	232,042,533	17.42%
Including: Shares held by domestic corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic individuals	239,736,130	17.99%	0	0	0	-7,693,597	-7,693,597	232,042,533	17.42%

1.4 Shares held by overseas investors	1,440,000	0.11%	0	0	0	-600,000	-600,000	840,000	0.06%
Including: Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas individuals	1,440,000	0.11%	0	0	0	-600,000	-600,000	840,000	0.06%
2. Unrestricted shares	1,090,762,037	81.89%	0	0	0	8,293,597	8,293,597	1,099,055,634	82.52%
2.1 RMB-denominated ordinary shares	1,090,762,037	81.89%	0	0	0	8,293,597	8,293,597	1,099,055,634	82.52%
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	1,331,938,167	100.00%	0	0	0	0	0	1,331,938,167	100.00%

Reasons for share changes:

Applicable Not applicable

1. Part of the shares held by Ms. Qiu Yezhi, the director, and CEO of the Company, was unlocked as allowed by the applicable laws and regulations

In December 2021, Ms. Qiu Yezhi, the director, and CEO of the Company, completed a shareholding reduction. Upon the reduction, she held 23,382,388 shares in the Company. In January 2022, 5,845,597 shares of hers were unlocked according to the statutory quota of 25% transferable shares in the year.

2. Unlocking for public trading of shares in the first unlocking period for the reserved restricted shares under the Restricted Share Incentive Plan

In March 2022, the shares were unlocked for public trading in the first unlocking period for the reserved restricted shares under the 2020 Restricted Share Incentive Plan, which involved 848,000 shares held by 18 awardees.

3. Completion of the ownership transfer of the first grant under the 2022 Restricted Share Incentive Plan

In April 2022, the Company completed the ownership transfer of the 2.65 million restricted shares in the first grant under the 2022 Restricted Share Incentive Plan to 7 awardees.

4. Unlocking for public trading of shares in the second unlocking period for the first grant under the Restricted Share Incentive Plan

In June 2022, the shares were unlocked for public trading in the second unlocking period for the first grant under the 2020 Restricted Share Incentive Plan, which involved 8,620,000 shares held by 37 awardees.

Approval of share changes:

Applicable Not applicable

In the Reporting Period, with respect to share changes involved in the “unlocking for public trading of shares in the first unlocking period for the reserved restricted shares under the 2020 Restricted Share Incentive Plan”, the “ownership transfer of the first grant under the 2022 Restricted Share Incentive Plan” and the “unlocking for public trading of shares in the second unlocking period for the first grant under the 2020 Restricted Share Incentive Plan”, 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 in the “ownership transfer of the first grant under the 2022 Restricted Share Incentive Plan”, 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

During the period from October 2021 to 30 June 2022, the Company repurchased a total of approximately 106.6521 million shares (or around 8.01% of the Company’s total share capital) through centralized bidding. With the highest trading price being RMB6.30/share and the lowest being RMB3.59/share, the total amount paid was approximately RMB551 million (exclusive of transaction costs).

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

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	23,382,388	9,445,597	3,600,000	17,536,791	Participated in the Restricted Share Incentive Plan of the Company/restricted shares of senior management	2022-1-4
Xie Weiwei	800,000	400,000	350,000	750,000	Participated in the Restricted Share Incentive Plan of the Company/restricted shares of senior management	2022-6-24
Zhou Wenhui	960,000	480,000	420,000	900,000	Participated in the Restricted Share Incentive Plan of the Company/restricted shares of senior management	2022-6-24
The other 34 awardees of the first grant of the 2020 Restricted Share Incentive Plan	8,280,000	4,140,000	0	4,140,000	Participated in the Restricted Share Incentive Plan of the Company	2022-6-24
Feng Jia	0	0	700,000	700,000	Participated in the Restricted Share Incentive	2023-4-28

Shareholder	Opening restricted shares	Increase in restricted shares in the period	Unlocked in the period	Closing restricted shares	Reason for restriction	Date of unlocking
					Plan of the Company	
The other 6 awardees of the first grant of the 2022 Restricted Share Incentive Plan	0	0	1,950,000	1,950,000	Participated in the Restricted Share Incentive Plan of the Company	2023-4-28
Shao Yongfeng	800,000	160,000	0	640,000	Participated in the Restricted Share Incentive Plan of the Company	2022-3-9
The other 17 awardees of the reserved grant of the 2020 Restricted Share Incentive Plan	3,440,000	688,000	0	2,752,000	Participated in the Restricted Share Incentive Plan of the Company	2022-3-9
Total	37,662,388	15,313,597	7,020,000	29,368,791	--	--

II Issuance and Listing of Securities

Applicable Not applicable

III Shareholders and Their Shareholdings

Unit: share

Number of ordinary shareholders at the period-end		60,127		Number of preference shareholders with resumed voting rights at the period-end (if any) (see note 8)			0	
5% or greater ordinary shareholders or top 10 ordinary shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total ordinary shares held at the period-end	Increase/decrease in the Reporting Period	Restricted ordinary shares held	Unrestricted ordinary shares held	Shares in pledge, marked or frozen	
							Status	Shares
Tang Zhuolin	Domestic individual	20.33%	270,737,568	0	203,053,176	67,684,392	In pledge	135,360,000
Tang Zhuomian	Domestic individual	7.27%	96,885,134	0	0	96,885,134	In pledge	10,000,000
Pulead Technology Industry Co., Ltd.	State-owned corporation	3.62%	48,149,787	-4,599,771	0	48,149,787		
Luzhou Industrial Development Investment Group Co., Ltd.	State-owned corporation	2.39%	31,770,010	0	0	31,770,010		
Qinghai Puren Intelligent Technology R & D Center (Limited Partnership)	Domestic non-state-owned corporation	2.00%	26,628,340	0	0	26,628,340		
Qiu Yezhi	Domestic individual	1.76%	23,382,388	0	17,536,791	5,845,597		
Huarong	Other	1.73%	23,043,424	-8,329,125	0	23,043,424		

Securities— China Merchants Securities— Huarong Youzhi Collective Asset Management Plan No. 1								
Hong Kong Securities Clearing Company Limited	Overseas corporation	1.63%	21,716,035	-6,650,501	0	21,716,035		
Shengji Equity Investment Fund (Shanghai) Co., Ltd.	State-owned corporation	1.47%	19,607,843	0	0	19,607,843	In pledge	19,607,843
JIC Investment Co., Ltd.	State-owned corporation	0.97%	12,984,216	0	0	12,984,216		
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. Pulead Technology Industry Co., Ltd. (Chinese name has changed from “北大先行科技产业有限公司” to “东圣先行科技产业有限公司” during the reporting period.) 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.							
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	None							
Top 10 shareholders including the special	As of 30 June 2022, there were 112,162,199 shares in the Company’s special account for repurchase, accounting for 8.42% of its total share							

account for repurchase (if any) (see note 11)	capital.		
Top 10 unrestricted ordinary shareholders			
Name of shareholder	Unrestricted ordinary shares held at the period-end	Shares by type	
		Type	Shares
Tang Zhuomian	96,885,134	RMB-denominated ordinary stock	96,885,134
Tang Zhuolin	67,684,392	RMB-denominated ordinary stock	67,684,392
Pulead Technology Industry Co., Ltd.	48,149,787	RMB-denominated ordinary stock	48,149,787
Luzhou Industrial Development Investment Group Co., Ltd.	31,770,010	RMB-denominated ordinary stock	31,770,010
Qinghai Puren Intelligent Technology R & D Center (Limited Partnership)	26,628,340	RMB-denominated ordinary stock	26,628,340
Huarong Securities—China Merchants Securities—Huarong Youzhi Collective Asset Management Plan No. 1	23,043,424	RMB-denominated ordinary stock	23,043,424
Hong Kong Securities Clearing Company Limited	21,716,035	RMB-denominated ordinary stock	21,716,035
Shengji Equity Investment Fund (Shanghai) Co., Ltd.	19,607,843	RMB-denominated ordinary stock	19,607,843
JIC Investment Co., Ltd.	12,984,216	RMB-denominated ordinary stock	12,984,216
Beixin Ruifeng Fund—SPD Bank—Beijing International Trust—Beijing Trust·Qingyan Fengshou Wealth Management Collective Capital Trust Plan No. 2015015	10,818,183	RMB-denominated ordinary stock	10,818,183
Related or acting-in-concert parties among top 10 unrestricted ordinary 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. (Chinese name changed from “北大先行科技产业有限公司” to “东圣先行科技产业有限公司”, and English		

as well as between top 10 unrestricted ordinary shareholders and top 10 ordinary shareholders	name unchanged) 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.
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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

Applicable Not applicable

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)
Feng Jia	Board Secretary	Incumbent	0	700,000	0	700,000	0	700,000	700,000
Total	--	--	0	700,000	0	700,000	0	700,000	700,000

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 2022

Unit: RMB yuan

Item	30 June 2022	31 December 2021
Current assets:		
Cash and bank balances	1,242,403,906.96	1,664,336,339.35
Settlement provisions		
Dismantling funds		
Financial assets held for trading	830,381,698.55	788,185,521.57
Derivative financial assets		
Notes receivable	23,793,263.47	13,272,025.04
Accounts receivable	753,538,571.88	741,135,648.09
Receivable financing	32,869,739.53	30,692,449.25
Prepayments	42,821,570.23	34,177,802.36
Premium receivable		
Receivable reinsurance account		
Provision for reinsurance contract		

receivable		
Other receivables	82,380,620.44	71,363,166.84
Including: Interest receivable		
Dividend receivable		
Buy back resale financial assets		
Inventories	1,180,552,585.86	867,280,013.47
Contract assets	6,212,959.35	24,414,117.64
Assets held for sale		
Current portion of non-current assets	307,103,250.00	108,385,000.00
Other current assets	41,556,112.47	32,124,006.99
Total current assets	4,543,614,278.74	4,375,366,090.60
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		143,750.00
Long-term equity investment	86,076,091.60	84,777,596.67
Investment in other equity instruments		
Other non-current financial assets	269,800,550.62	162,523,519.41
Real estate investment		
Fixed assets	540,843,950.15	544,180,159.09
Construction in progress	36,036,409.77	12,298,259.58
Productive biological assets		
Oil and gas asset		
Right-of-use assets	78,147,661.94	80,386,832.91
Intangible assets	301,891,110.43	293,718,987.62
Development expenditure		

Goodwill	447,185,386.62	306,969,147.76
Long-term prepaid expenses	14,207,865.54	11,962,127.07
Deferred tax assets	172,174,858.73	180,245,522.94
Other non-current assets	8,268,653.60	304,596,841.54
Total non-current assets	1,954,632,539.00	1,981,802,744.59
Total assets	6,498,246,817.74	6,357,168,835.19
Current liabilities:		
Short-term borrowings	67,132,224.05	228,312,880.73
Borrowing from the Central Bank		
Borrowed funds		
Financial liabilities held for trading	115,096,944.17	110,746,939.04
Derivative financial liabilities		
Notes payable	133,601,311.71	149,191,690.00
Accounts payable	639,755,248.52	619,265,856.18
Advance receivables		
Contract liabilities	719,487,278.58	405,842,932.51
Selling back financial assets		
Deposits and Interbank deposit		
Agent trading securities		
Agent underwriting securities		
Employee benefits payable	104,806,517.35	103,809,783.58
Tax payable	29,308,458.31	60,701,346.24
Other payables	125,906,503.26	100,018,273.09
Including: Interest payable		
Dividend payable	2,160,000.00	
Fees and commissions		
Reinsurance accounts payable		
Liabilities held for sale		
Current portion of non-current	286,705,390.02	38,495,724.83

liabilities		
Other current liabilities	9,928,971.98	12,836,473.00
Total current liabilities	2,231,728,847.95	1,829,221,899.20
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	72,183,710.90	325,026,188.49
Bonds payable		
Including: Preference Shares		
Perpetual bonds		
Lease liabilities	56,626,311.25	65,213,555.87
Long-term payables		
Long-term employee benefits payable	13,022,074.87	16,083,170.32
Provisions	100,367,571.87	117,932,721.59
Deferred income	11,631,981.66	12,190,311.66
Deferred tax liabilities	2,610,713.55	1,747,137.95
Other non-current liabilities	135,327,385.06	136,178,304.44
Total non-current liabilities	391,769,749.16	674,371,390.32
Total Liabilities	2,623,498,597.11	2,503,593,289.52
Equity:		
Share capital	1,331,938,167.00	1,331,938,167.00
Other equity instruments		
Including: Preference Shares		
Perpetual bonds		
Capital surplus	3,277,610,812.67	3,238,765,859.94
Less: Treasury stock	709,899,049.72	494,335,503.94
Other comprehensive income	-44,876,067.29	-33,322,662.98
Special reserve	12,543,018.76	11,252,639.19
Surplus reserves	51,830,974.45	51,830,974.45

General risk preparation		
Retained earnings	-275,959,257.44	-424,159,175.27
Total equity attributable to owners of the parent	3,643,188,598.43	3,681,970,298.39
Non-controlling interests	231,559,622.20	171,605,247.28
Total equity	3,874,748,220.63	3,853,575,545.67
Total liabilities and equity	6,498,246,817.74	6,357,168,835.19

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

2. Parent Company Balance Sheet

Unit: RMB yuan

Item	30 June 2022	31 December 2021
Current assets:		
Cash and bank balances	319,748,113.04	526,602,901.98
Financial assets held for trading	495,871,537.20	652,931,497.75
Derivative financial assets		
Notes receivable		
Accounts receivable	200,801,646.23	154,703,065.67
Receivable financing	20,806,060.03	14,939,923.99
Prepayments	9,009,996.21	8,893,984.77
Other receivables	529,593,075.51	444,140,266.79
Including: Interest receivable		
Dividend receivable	17,840,000.00	
Inventories	177,014,585.00	145,283,359.74
Contract assets		17,681,315.64
Assets held for sale		
Current portion of non-current assets	307,103,250.00	108,385,000.00

Other current assets		713,296.22
Total current assets	2,059,948,263.22	2,074,274,612.55
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		143,750.00
Long-term equity investment	744,360,303.01	566,779,845.04
Investment in other equity instruments		
Other non-current financial assets	95,068,654.33	110,672,495.38
Real estate investment		
Fixed assets	310,028,966.89	316,780,357.65
Construction in progress	4,924,121.65	2,040,059.06
Productive biological assets		
Oil and gas asset		
Right-of-use assets	14,575,949.72	17,226,122.41
Intangible assets	57,501,886.01	58,297,372.40
Development expenditure		
Goodwill		
Long-term prepaid expenses	6,439,442.81	4,449,274.82
Deferred tax assets	111,405,401.06	109,447,418.03
Other non-current assets		300,150,000.00
Total non-current assets	1,344,304,725.48	1,485,986,694.79
Total assets	3,404,252,988.70	3,560,261,307.34
Current liabilities:		
Short-term loan		
Financial liabilities held for trading	5,861,200.00	5,861,200.00
Derivative financial liabilities		
Notes payable	42,343,994.77	45,445,513.50

Accounts payable	65,639,210.59	61,109,554.88
Advance receivables		
Contract liabilities	37,531,398.37	21,697,782.14
Employee benefits payable	8,359,987.18	13,205,296.64
Tax payable	1,798,267.61	2,850,207.94
Other payables	151,736,026.05	195,636,226.94
Including: Interest payable		
Dividend payable		
Liabilities held for sale		
Current portion of non-current liabilities	5,475,702.03	4,875,266.03
Other current liabilities	2,171,045.38	1,275,327.99
Total current liabilities	320,916,831.98	351,956,376.06
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preference Shares		
Perpetual bonds		
Lease liabilities	10,369,048.27	13,331,936.29
Long-term payables		
Long-term employee benefits payable		
Provisions	4,467,008.95	1,635,363.75
Deferred income	11,631,981.66	12,190,311.66
Deferred tax liabilities		
Other non-current liabilities	12,262,010.40	12,262,010.40
Total non-current liabilities	38,730,049.28	39,419,622.10
Total Liabilities	359,646,881.26	391,375,998.16
Equity:		

Share capital	1,331,938,167.00	1,331,938,167.00
Other equity instruments		
Including: Preference Shares		
Perpetual bonds		
Capital surplus	3,175,373,724.11	3,162,960,902.13
Less: Treasury stock	709,899,049.72	494,335,503.94
Other comprehensive income		
Special reserve	5,944,597.49	5,067,104.62
Surplus reserves	51,830,974.45	51,830,974.45
Retained earnings	-810,582,305.89	-888,576,335.08
Total equity	3,044,606,107.44	3,168,885,309.18
Total liabilities and equity	3,404,252,988.70	3,560,261,307.34

3. Consolidated Income Statement

Unit: RMB yuan

Item	H1 2022	H1 2021
1 Total operating revenue	1,535,615,634.26	1,400,558,964.18
Including: Operating revenue	1,535,615,634.26	1,400,558,964.18
Interest income		
Premiums earned		
Fee and commission income		
2 Total operating cost	1,371,662,485.67	1,242,685,402.46
Including: Cost of sales	1,134,044,266.22	991,455,474.86
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	6,956,423.47	6,319,014.40
Selling expenses	62,093,800.66	68,550,561.32
Administrative expenses	133,292,392.91	129,761,353.56

R&D expenses	44,132,225.30	48,225,572.88
Finance costs	-8,856,622.89	-1,626,574.56
Including: Interest expenses	5,668,853.58	4,899,967.92
Interest income	8,770,967.42	11,985,482.68
Add: Other income	6,210,725.52	6,853,659.68
Investment income (loss with "-" sign)	-222,580.97	52,969,194.45
Including: Share of profit or loss of joint ventures and associates	1,279,980.62	1,249,209.43
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)	24,927,586.43	21,393,373.17
Credit impairment loss (loss is listed with "-" sign)	1,790,013.02	487,181.58
Asset impairment loss (loss with "-" sign)	-6,154,706.43	583,807.10
Gain/loss on disposal of assets (loss with "-" sign)	-233,705.60	276,635.45
3 Operating profit (losses are listed with "-" sign)	190,270,480.56	240,437,413.15
Add: Non-operating income	1,033,996.47	364,145.89
Less: Non-operating expenses	714,629.11	420,240.48
5 Gross profit (the gross loss shall be filled in with the sign "-")	190,589,847.92	240,381,318.56
Less: Income tax expenses	31,123,723.82	38,037,005.48
Net profit (net loss is listed with "-" sign)	159,466,124.10	202,344,313.08
(1) Net profit from continuing operations		
i. Net profit from continuing operations (net loss with "-" sign)	159,466,124.10	202,344,313.08
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	148,199,917.83	191,117,520.46
ii. Net profit attributable to non-controlling interests	11,266,206.27	11,226,792.62
6 Other comprehensive income/(loss), net of tax	-12,838,602.70	-22,999,041.42

Other comprehensive income/(loss) attributable to owners of the parent, net of tax	-11,553,404.31	-20,068,085.91
(1) Other comprehensive loss that will not be reclassified to profit or loss	440,788.86	-95,990.87
i. Changes caused by remeasurements on defined benefit schemes	440,788.86	-95,990.87
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	-11,994,193.17	-19,972,095.04
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	-11,994,193.17	-19,972,095.04
vii. Other		
Other comprehensive income attributable to non-controlling interests, net of tax	-1,285,198.39	-2,930,955.51
Total comprehensive income	146,627,521.40	179,345,271.66
Total comprehensive income attributable to owners of the parent	136,646,513.52	171,049,434.55
Total comprehensive income attributable to non-controlling interests	9,981,007.88	8,295,837.11
Earnings per share:		
(1) Basic earnings per share	0.12	0.14
(2) Diluted earnings per share	0.12	0.14

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

4. Parent Company Income Statement

Unit: RMB yuan

Item	H1 2022	H1 2021
1 Operating Revenue	214,661,874.19	240,083,153.60
Less: Cost of sales	117,832,956.03	122,283,078.03
Taxes and surcharges	3,855,068.95	3,594,496.78
Selling expenses	9,405,763.83	9,976,195.72
Administrative expenses	41,497,863.33	41,466,916.46
R&D expenses	9,213,094.41	17,269,979.76
Finance costs	-20,244,231.98	-4,029,733.48
Including: Interest expense	1,004,912.07	1,004,261.21
Interest income	6,309,101.69	6,838,464.74
Add: other income	1,681,381.91	2,778,877.55
Investment income (loss with "-" sign)	20,596,618.64	66,091,613.74
Including: Share of profit or loss of joint ventures and associates	1,279,980.62	1,249,209.43
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)	188,520.19	21,218,838.14
Credit impairment loss (loss is listed with "-" sign)		771,446.93
Asset impairment loss (loss with "-" sign)		1,232,165.37
Gain/loss on disposal of assets (loss with "-" sign)	15,331.98	275,491.34
2 Operating profit (loss shall be listed with "-" sign)	75,583,212.34	141,890,653.40
Add: Non-operating income	599,580.06	61,631.09
Less: Non-operating expenses	146,746.24	60,264.49
3 Gross profit (gross loss shall be filled in with the sign "-")	76,036,046.16	141,892,020.00
Less: Income tax expenses	-1,957,983.03	2,407,968.99
4 Net profit (net loss is listed with "-" sign)	77,994,029.19	139,484,051.01
(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	77,994,029.19	139,484,051.01
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 2022	H1 2021
1 Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	1,802,969,150.43	1,550,756,827.80
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	34,829,359.93	23,924,614.10
Cash generated from other operating activities	35,764,026.73	29,594,701.84
Subtotal of cash generated from operating activities	1,873,562,537.09	1,604,276,143.74
Payments for goods and services	1,185,626,748.22	927,944,794.17
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	338,168,044.20	292,416,955.30
Payments of all types of taxes and surcharges	71,822,125.03	44,806,542.67
Cash used in other operating	125,694,912.91	133,084,023.35

activities		
Subtotal of cash used in operating activities	1,721,311,830.36	1,398,252,315.49
Net cash generated from/used in operating activities	152,250,706.73	206,023,828.25
2 Cash flows from investing activities:		
Proceeds from disinvestment	2,960,986,699.67	2,880,334,839.28
Investment income	26,404,419.77	62,687,677.73
Net proceeds from the disposal of fixed assets, intangible assets, and other long-lived assets	580,757.16	247,765.69
Disposal of net cash received by subsidiaries and other business units		
Cash generated from other investing activities	742,251.94	2,453,179.98
Subtotal of cash generated from investing activities	2,988,714,128.54	2,945,723,462.68
Payments for the acquisition of fixed assets, intangible assets, and other long-lived assets	58,758,055.34	28,354,847.23
Payments for investments	2,962,010,158.14	1,717,105,189.38
Net increase in pledged loans		
Obtain net cash paid by subsidiaries and other business units	139,172,016.05	
Cash used in other investing activities		
Subtotal of cash used in investing activities	3,159,940,229.53	1,745,460,036.61
Net cash generated from/used in investing activities	-171,226,100.99	1,200,263,426.07
3 Cash flows from financing activities:		
Absorb the cash received by the investment		
Including: the subsidiary absorbs the cash received from the investment of minority shareholders		
Borrowings raised	236,920,326.91	237,730,647.37
Cash generated from other	657,362,397.48	74,850,615.97

financing activities		
Subtotal of cash generated from financing activities	894,282,724.39	312,581,263.34
Repayment of borrowings	406,841,266.43	238,444,707.11
Interest and dividends paid	3,152,285.82	3,829,257.01
Including: Interest and dividends paid to minority shareholders		
Cash used in other financing activities	493,565,716.00	770,560,071.80
Subtotal of cash used in financing activities	903,559,268.25	1,012,834,035.92
Net cash generated from/used in financing activities	-9,276,543.86	-700,252,772.58
4 Effect of foreign exchange rates changes on cash and cash equivalents	-3,328,916.09	-23,436,767.27
5 Net (decrease)/increase in cash and cash equivalents	-31,580,854.21	682,597,714.47
Add: Cash and cash equivalents, beginning of the period	1,259,303,775.74	860,601,236.78
6 Cash and cash equivalents, end of the period	1,227,722,921.53	1,543,198,951.25

6. Parent Company Statement of Cash Flow

Unit: RMB yuan

Item	H1 2022	H1 2021
1 Cash flow generated by business activities:		
Cash received from the sale of goods and the provision of services	175,645,201.33	186,517,079.77
Receipts of taxes and surcharges refunds	10,824,585.72	4,894,157.17
Cash generated from other operating activities	41,727,032.51	101,581,249.76
Subtotal of cash generated from operating activities	228,196,819.56	292,992,486.70
Payments for goods and services	133,586,738.91	128,218,993.82
Cash payments to and on behalf of	47,338,808.49	42,396,474.57

employees		
Payments of all types of taxes and surcharges	4,698,999.52	5,067,017.44
Cash used in other operating activities	23,214,510.22	43,563,680.54
Subtotal of cash used in operating activities	208,839,057.14	219,246,166.37
Net cash generated from/used in operating activities	19,357,762.42	73,746,320.33
2 Cash flows from investing activities:		
Proceeds from disinvestment	1,622,634,482.77	2,038,801,239.59
Investment income	25,484,477.04	79,267,508.64
Net proceeds from the disposal of fixed assets, intangible assets, and other long-lived assets	23,000.00	443,000.00
Disposal of net cash received by subsidiaries and other business units		
Cash generated from other investing activities	903,000.00	11,701,200.00
Subtotal of cash generated from investing activities	1,649,044,959.81	2,130,212,948.23
Payments for the acquisition of fixed assets, intangible assets, and other long-lived assets	9,616,254.16	5,065,813.67
Payments for investments	1,404,898,673.23	890,133,072.92
Obtain net cash paid by subsidiaries and other business units	149,040,000.00	100,000,000.00
Cash used in other investing activities		295,510,000.00
Subtotal of cash used in investing activities	1,563,554,927.39	1,290,708,886.59
Net cash generated from/used in investing activities	85,490,032.42	839,504,061.64
3 Cash flows from financing activities:		
Absorb the cash received by the investment		
Cash received for obtaining loans		
Cash generated from other	581,434,806.25	14,343,880.06

financing activities		
Subtotal of cash generated from financing activities	581,434,806.25	14,343,880.06
Repayment of borrowings		
Interest and dividends paid	603,835.52	500,429.47
Cash used in other financing activities	527,514,138.31	708,837,544.69
Subtotal of cash used in financing activities	528,117,973.83	709,337,974.16
Net cash generated from/used in financing activities	53,316,832.42	-694,994,094.10
4 Effect of foreign exchange rates changes on cash and cash equivalents		
5 Net (decrease)/increase in cash and cash equivalents	158,164,627.26	218,256,287.87
Add: Cash and cash equivalents, beginning of the period	156,610,136.21	126,339,870.71
6 Cash and cash equivalents, end of the period	314,774,763.47	344,596,158.58

7. Consolidated Statements of Changes in Equity

Amount of current period

Unit: RMB yuan

Item	H1 2022														Non-controlling interests	Total equity
	Equity attributable to owners of the parent												Subtotal			
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General reserve	Retained earnings	Others				
	Preference shares	Perpetual bonds	Others													
I. On 31 December 2021	1,331,938,167.00				3,238,765,859.94	494,335,503.94	-33,322,662.98	11,252,639.19	51,830,974.45		-424,159,175.27		3,681,970,298.39	171,605,247.28	3,853,575,545.67	
Add: Adjustments for changes in accounting policies																
Adjustments for correction of previous errors																
Adjustments for business combinations involving entities under common control																
Other adjustments																
II. On 1 January 2022	1,331,938,167.00				3,238,765,859.94	494,335,503.94	-33,322,662.98	11,252,639.19	51,830,974.45		-424,159,175.27		3,681,970,298.39	171,605,247.28	3,853,575,545.67	
III. Changes for the period (“-” for decrease)					38,844,952.73	215,563,545.78	-11,553,404.31	1,290,379.57			148,199,917.83		-38,781,699.96	59,954,374.92	21,172,674.96	
(I) Total comprehensive income							-11,553,404.31				148,199,917.83		136,646,513.52	9,981,007.88	146,627,521.40	
(II) Owner’s contributions and reduction in capital					13,344,952.73	215,563,545.78							-202,218,593.05		-202,218,593.05	
1. Ordinary shares increased by																

Item	H1 2022														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													
owners																
2. Capital increased by holders of other equity instruments																
3. Share-based payments included in equity					13,388,065.57								13,388,065.57			13,388,065.57
4. Others					-43,112.84	215,563,545.78							-215,606,658.62			-215,606,658.62
(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																

Item	H1 2022														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													
loss																
4. Changes in defined benefit schemes transferred to retained earnings																
5. Other comprehensive income transferred to retained earnings																
6. Others																
(V) Special reserve								1,290,379.57					1,290,379.57			1,290,379.57
1. Provision in the period								2,655,989.89					2,655,989.89			2,655,989.89
2. Utilisation in the period								-1,365,610.32					-1,365,610.32			-1,365,610.32
(VI) Others					25,500,000.00								25,500,000.00	49,973,367.04		75,473,367.04
IV. On 30 June 2022	1,331,938,167.00				3,277,610,812.67	709,899,049.72	-44,876,067.29	12,543,018.76	51,830,974.45		-275,959,257.44		3,643,188,598.43	231,559,622.20		3,874,748,220.63

Amount of previous period

Unit: RMB yuan

Item	H1 2021														
	Equity attributable to owners of the parent													Non-controlling interests	Total equity
	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. On 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															
Adjustments for correction of previous errors															
Adjustments for business combinations involving entities under common control															
Other adjustments															
II. On 1 January 2021	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	
III. Changes for the period (“-” for decrease)	-213,038,790.00				-751,884,748.81	-520,343,059.52	-20,068,085.91	973,774.84			191,117,520.46	-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				-775,796,249.51	-520,343,059.52						-468,491,979.99		-468,491,979.99	
1. Ordinary shares increased by owners															
2. Capital increased by holders of other equity instruments															
3. Share-based payments included	-900,000.00				2,249,341.80	-20,346,800.00						21,696,141.80		21,696,141.80	

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													
in equity																
4. Others	-212,138,790.00				-778,045,591.31	-499,996,259.52							-490,188,121.79	-490,188,121.79		
(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 loss																
4. Changes in defined benefit schemes transferred to retained earnings																
5. Other comprehensive income																

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														
transferred to retained earnings																	
6. Others																	
(V) Special reserve								973,774.84					973,774.84				973,774.84
1. Provision in the period								2,257,128.43					2,257,128.43				2,257,128.43
2. Utilisation in the period								-1,283,353.59					-1,283,353.59				-1,283,353.59
(VI) Others					23,911,500.70								23,911,500.70	77,499,699.30			101,411,200.00
IV. On 30 June 2021	1,332,088,167.00				3,250,508,313.00	59,060,125.60	-41,996.21	11,031,213.81	51,830,974.45		-700,375,316.60	3,885,981,229.85	158,785,514.96				4,044,766,744.81

8. Company Statement of Changes in Equity

Amount of current period

Unit: RMB yuan

Item	H1 2022												Total equity
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others		
		Preference shares	Perpetual bonds	Others									
I. On 31 December 2021	1,331,938,167.00				3,162,960,902.13	494,335,503.94		5,067,104.62	51,830,974.45	-888,576,335.08			3,168,885,309.18
Add: Adjustments for changes in accounting													

Item	H1 2022											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
policies												
Adjustments for correction of previous errors												
Other adjustments												
II. On 1 January 2022	1,331,938,167.00				3,162,960,902.13	494,335,503.94		5,067,104.62	51,830,974.45	-888,576,335.08		3,168,885,309.18
III. Changes for the period ("-" for decrease)					12,412,821.98	215,563,545.78		877,492.87		77,994,029.19		-124,279,201.74
(I) Total comprehensive income										77,994,029.19		77,994,029.19
(II) Owner's contributions and reduction in capital					12,412,821.98	215,563,545.78						-203,150,723.80
1. Ordinary shares increased by owners												
2. Capital increased by holders of other equity instruments												
3. Share-based payments included in equity					12,455,934.82							12,455,934.82
4. Others					-43,112.84	215,563,545.78						-215,606,658.62

Item	H1 2022											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
(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												

Item	H1 2022											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
retained earnings												
6. Others												
(V) Special reserve							877,492.87					877,492.87
1. Provision in the period							936,757.32					936,757.32
2. Utilisation in the period							-59,264.45					-59,264.45
(VI) Others												
IV. On 30 June 2022	1,331,938,167.00				3,175,373,724.11	709,899,049.72		5,944,597.49	51,830,974.45	-810,582,305.89		3,044,606,107.44

Amount of previous period

Unit: RMB yuan

Item	H1 2021											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
I. On 31 December 2020	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
Add: Adjustments for changes in accounting policies												

Adjustments for correction of previous errors												
Other adjustments												
II. On 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. On 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

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 2022.

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.

IV. Basis of Preparation of the Financial Statements

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").

The financial statements are prepared on a going concern basis.

In the preparation of the financial statements, all items are recorded by using historical cost as the basis of measurement except for some financial instruments. Impairment allowance is made according to relevant regulations if the assets are impaired.

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 of 30 June 2022, and the financial performance and the cash flows for the 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. 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.

4. 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 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 recognized 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

4. Business combination (cont'd)

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 recognized 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 recognized 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 recognized 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

5. 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 recognized 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.

For subsidiaries acquired through combination of entities under common control, the business results and cash flows of the combined entities are included in the consolidated financial statements from the beginning of the period in which the combination occurred. When preparing and comparing the consolidated financial statements, the Group makes adjustments to relevant items of the financial statements of the previous period, deeming the reporting entity formed through combination as existing since initial implementation of control by the ultimate controlling party.

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.

6. 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

7. 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 spot exchange rate of the dates on 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 recognized 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 recognized 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 recognized 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 recognized 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

8. 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 recognizes 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 derecognized 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 derecognized. 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 recognized in profit or loss.

Conventional dealings in financial assets are recognized or derecognized 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 amortized 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

8. Financial instruments (cont'd)

Classification and measurement of financial assets (cont'd)

For financial assets at fair value through profit or loss, the relevant transaction costs are directly recognized 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 amortized cost

Financial assets fulfilling all of the following conditions are classified as financial assets at amortized 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 recognized 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 recognized 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 amortized 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 recognized 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 recognized in profit or loss; for other financial liabilities, the relevant transaction costs are recognized in their initial recognition amount.

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

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

8. Financial instruments (cont'd)

Classification and measurement of financial liabilities (cont'd)

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 recognized in current profit or loss.

Other financial liabilities

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

Impairment of financial instruments

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

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 amortized 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.

For the Group's criteria for judging whether credit risks have significantly increased, the definition of assets subjected to credit impairment, and assumptions underlying the measurement of expected credit losses, please refer to Note VIII.3.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

8. Financial instruments (cont'd)

Impairment of financial instruments (cont'd)

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.

Derivative financial instruments

The Group uses derivative financial instruments. Derivative financial instruments are initially recognized 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 recognized 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 derecognized. If the Group retains substantially all the risks and rewards of ownership of a financial asset, the asset should not be derecognized.

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

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

9. 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 recognized 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 recognized 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 recognized 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

10. 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 investment 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 recognized 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 recognized 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 recognized 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 recognized 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 long term equity investments shall be adjusted. Cash dividend or profit distribution declared by the investee shall be recognized as investment income for the period.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

10. Long-term equity investments (cont'd)

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 recognized 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 recognized 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 recognized), 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 recognized 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 recognized 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 recognized 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

11. Fixed assets

A fixed asset is recognized 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 recognized in the carrying amount of the fixed asset if the above recognition criteria are met, and the carrying value of the replaced part is derecognized; otherwise, those expenditures are recognized in profit or loss as incurred.

Fixed assets are initially recognized 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:

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

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.

12. 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

13. 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.

14. Right-of-use assets

The right-of-use assets of the Group mainly include buildings and vehicles

At the commencement date of the lease, the Group recognizes a right-of-use asset. The cost of the right-of-use asset comprises: (1) the amount of the initial measurement of the lease liability; (2) any lease payments made at or before the commencement date less any lease incentives received; (3) any initial direct cost incurred; (4) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If ownership of the leased asset transfers to the Group at the end of the lease term, depreciation is calculated using the estimated useful life of the asset. Otherwise, the right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

When the Group remeasures the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right-of-use assets accordingly, if the carrying amount of the right-of-use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the Group recognize the remaining amount of the remeasurement in profit or loss.

15. Intangible assets

Intangible assets are recognized 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 recognized 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

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

15. Intangible assets (cont'd)

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.

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 capitalized 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

16. 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 recognized 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 recognized impairment losses are not reversed in subsequent periods.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

17. 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

18. Employee benefits

Employee benefits include all kinds of rewards or compensation incurred by the Group in exchange for service rendered by employees or in the termination of employment, other than share-based payment. Employee benefits include short-term benefits, retirement benefits, dismissal benefits and other long-term employees' benefits. Benefits provided by the Group to the spouses, children and dependents of employees and families of deceased employees are also a part of employee benefits.

Short-term benefits

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

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 recognized 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 recognized as current expenses when: the defined benefit scheme is revised, or relevant restructuring costs or dismissal benefits are recognized by the Group, whichever earlier.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

18. Employee benefits (cont'd)

Retirement benefits (defined benefit schemes) (cont'd)

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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 recognized 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.

19. Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognizes such interest expenses in profit or loss, except those that in the related asset costs as required. Variable lease payments that are not included in the measurement of the lease assets are recognized in profit or loss as incurred, except those that shall be included in the related asset costs as required.

After the commencement date, in the event of any change to the substantial constant payments, the estimated payables of guaranteed residual value, the index or ratio used to determine lease payments, the assessment results or actual vesting of the purchase option, the renewal option or the termination option, the Group remeasures the lease liability at the present value of the modified lease payments.

20. Provisions

Other than contingent consideration and assumed contingent liabilities in a business combination not involving entities under common control, the Group recognizes 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

21. 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 recognized 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.

22. Revenue generating from contracts with customers

The Group recognizes 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 recognizes 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 recognized on each balance sheet date according to the progress of installation.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

22. Revenue generating from contracts with customers (cont'd)

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 amortized 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.20. 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.

Principal/agent

When the Group obtains control of trade goods or services from a third party and then transfers it to a customer, or has the ability to direct the third party to provide the service to the customer on the Group's behalf, the Group is entitled to determine the transaction price of the goods or services by itself, i.e., the Group controls the trade goods or services before they are transferred to the customer. Thus, the Group is a principal and recognizes revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognizes revenue in the amount of any fee or commission to which it expects to be entitled from the customer. The amount is the net amount of the gross consideration received or receivable after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

23. Contract assets and contract liabilities

The Group presents contract assets or contract liabilities on the balance sheet according to the relationship between contractual performance obligations and customer payments.

Contract assets

Contract assets are the right to receive consideration following the transfer of products or services to customers which is dependent on factors other than the passage of time.

For details of the Group's determination and accounting treatment of expected credit losses from contract assets, please refer to Note III.8.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

23. Contract assets and contract liabilities (Cont'd)

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.

24. Assets relating to contract cost

The Group's assets relating to contract costs include the contract acquisition costs and contract performance costs. The costs are presented in inventory, other current assets or other non-current assets based on liquidity of the assets.

Where the Group expects the incremental costs for acquiring a contract to be recoverable, such contract acquisition costs are recognized as an asset (unless the amortisation period of the asset is not more than 1 year).

Costs incurred by the Group for the performance of a contract are recognized as an asset as contract performance costs if they do not fall under the scope of the relevant standards for inventories, fixed assets or intangible assets but meet all the following conditions:

- (1) they are directly related to a current or anticipated contract, including direct labour, direct materials, manufacturing expenses (or similar expenses), to be borne by customers as specifically stipulated, and otherwise incurred solely in connection with the contract;
- (2) they will increase the resources to be utilized in the Company's future performance of its contractual obligations;
- (3) they are expected to be recoverable.

25 Government grants

Government grants are recognized 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 recognized as income-related government grants.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

25. Government grants (cont'd)

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

Government grants relating to assets shall offset the carrying amount of related assets, or be recognized 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 recognized 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.

26. Income tax

Income taxes include current and deferred tax. Income taxes are recognized 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 recognizes 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 recognized as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

Deferred tax liabilities are recognized 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

26. Income tax (cont'd)

Deferred tax assets are recognized 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 utilized 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 recognized 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 realized 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 utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized 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 realize 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

27. Leases

Identification of leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

Identification of separate lease components

For a contract that contains multiple separate lease components, the Group separates the contract and accounts for each separate lease component. The right to use an underlying asset is a separate lease component if both:

- (1) The lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee;
- (2) The underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

Assessment of lease term

The lease term is the non-cancellable period for which the Group has the right to use an underlying asset. The Group has an option to extend the lease, that is, the Group has the right to extend the lease, and is reasonably certain to exercise that option, the lease term also includes periods covered by an option to extend the lease. The Group has an option to terminate the lease, that is, the Group has the right to terminate the lease, but is reasonably certain not to exercise that option, the lease term includes periods covered by an option to terminate the lease. The Group reassesses whether it is reasonably certain to exercise an extension option, purchase option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in the circumstances that is within the control of the Group and affect whether the Group is reasonably certain to exercise the corresponding option.

As lessee

For general accounting practice of the Group as a lessee, please see Items 14 and 19 of Note III.

Lease modifications

A change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term.

The Group accounts for a lease modification as a separate lease if both:

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

27. Leases (Cont'd)

(1) the modification increases the scope of the lease by adding the right to use one or more underlying assets;
(2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by:

(1) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.
(2) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Short-term leases and leases of low-value assets

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less, and does not contain any purchase option. The Group does not recognize the right-of-use assets and lease liabilities for buildings short-term leases. The Group recognizes lease payments on short-term leases and leases of low-value assets in the related asset costs or profit or loss on a straight-line basis over the lease term.

As a lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset on its commencement date is a finance lease. And all the other leases are operating leases.

As a lessor of operating leases

Rental income of operating leases is recognized in current profit or loss over the respective periods during the lease term on a straight-line basis, while variable lease payment not included in lease receipts is charged to profit or loss as and when incurred.

For any modification to an operating lease, the Group treats it as a new lease from the effective date of the modification, and the received or receivable lease payments related to the lease prior to the modification are treated as lease payments of the new lease.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

28. 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.

29. Profit distribution

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

30. 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.

31. Put option related to non-controlling interests

In the process of acquiring majority equity of subsidiaries, the Group grants to minority shareholders the option to sell the shares of subsidiaries held by them to the Group (put option). The Group recognizes the shares of subsidiaries held by minority shareholders as non-controlling interests in its consolidated financial statements; for the put option, the Group undertakes the obligation to redeem the shares of the subsidiaries held by minority shareholders in cash. The Group removes the present value of the amount payable to redeem the put option from its equity (excluding non-controlling interests) and classifies it as financial liability, which is remeasured in subsequent periods at the present value of the the amount payable to redeem the put option and recognized in profit or loss.

32. Fair value measurement

At each balance sheet date, the Group measures the fair value of derivative financial instruments and equity instrument investments. 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.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

32. Fair value measurement (cont'd)

The Group adopts valuation techniques that are appropriate in the current circumstances and supported by sufficient usable data and other information. Observable input will be used first and foremost. Unobservable input will only be used when it is not possible or practicable to obtain observable input.

The fair value hierarchy to which an asset or liability measured or disclosed in the financial statements at fair value will be determined on the basis of the lowest level of input which is significant for the fair value measurement as a whole. Input at the first level represents unadjusted quoted prices in an active market for the acquisition of the same asset or liability on the measurement date. Input at the second level represents directly or indirectly observable assets or liabilities apart from input at the first level. Input at the third level represents unobservable input for the asset or liability.

At each balance sheet date, the Group reassesses assets and liabilities measured at fair value on an ongoing basis recognized in the financial statements to determine whether the level of fair value measurement should be changed.

33. Significant accounting judgements and estimates

The preparation of financial statements requires judgement and estimation of the management. Such judgement and estimation will affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities as at the balance sheet date. However, the consequence arising from the uncertain nature of such estimation may result in significant adjustment to the carrying value of the asset or liability affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Determination of standalone contractual performance obligations

The intelligent packaging equipment (printers and corrugators) business of the Group includes four kinds of product or service commitments, i.e. the sale, installation, transportation and insurance services of machinery. As the customer can benefit from the individual use of the four kinds of products or services or their use together with other readily available resources and such product or service commitments are distinctly separable from other products or service commitments, the aforesaid product or service commitments constitute standalone contractual performance obligations respectively.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

33. Significant accounting judgements and estimates (cont'd)

Judgement (cont'd)

Business model

The classification of financial assets at initial recognition is dependent on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise valuation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contract cash flow, the Group is required to analyse and exercise judgment in respect of the reasons, timing, frequency, and values of any disposals prior to maturity.

Characteristics of contract cash flow

The classification of financial assets at initial recognition is dependent on the characteristics of the contract cash flow of such type of financial assets. Judgement is required to determine whether the contract cash flow represents interest payment in relation to principal amounts based on outstanding principal amounts only, including judgement of whether it is significantly different from the benchmark cash flow when assessing modifications to the time value of currencies, and judgement of whether the fair value of early repayment features is minimal where the financial assets include such early repayment features.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within subsequent financial years, are discussed below.

Impairment of financial instruments and contract assets

The Group has adopted the expected credit loss model to evaluate the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgement and estimates and the consideration of all reasonable and soundly based information, including forward-looking information. In making such judgement and estimates, the Group estimates the projected movements of the debtor's credit risk according to past repayment records, economic policies, macro-economic indicators, and industry risks. Different estimates may affect impairment allowances, and established impairment allowances may not equal the actual impairment loss amount in the future.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

33. Significant accounting judgements and estimates (cont'd)

Estimation uncertainty (cont'd)

Impairment of non-current assets other than financial assets (exclusive of goodwill)

The Group assesses at each balance sheet date whether there is an indication that a non-current asset other than financial assets may be impaired. For an intangible asset with an indefinite useful life, in addition to the annual impairment test, it is also tested when there is an indication that it may be impaired. Non-current assets other than financial assets are tested for impairment when there is an indication that the carrying amount is irrecoverable. Where the carrying amount of an asset or an asset group exceeds its recoverable amount—the higher of the asset or asset group's fair value less costs to sell and its present value of estimated future cash flows, it is considered impaired. The net amount of the fair value less costs to sell is determined based on the price of a similar asset's sales contract in a fair transaction or the observable market price less the incremental cost directly attributable to the disposal of the asset. When estimating the present value of future cash flows, the management must choose a proper discount rate.

Impairment of goodwill

Goodwill must be tested for impairment at least annually. It requires estimating the present value of future cash flows of an asset group or asset group portfolio allocated with goodwill. When estimating the present value of future cash flows, the Group needs to estimate future cash flows generating from the asset group or asset group portfolio, and at the same time choose a proper discount rate to determine the present value of future cash flows. For details, see Note V.19.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Group to make estimates about expected future cash flows, credit risk, volatility, and discount rates, and hence they are subject to uncertainty.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses, to the extent that it is likely that taxable profit will be available to utilize these unused tax losses. Significant judgments are needed from management to estimate the timing and amount of taxable profit in the future, with tax planning strategies, to determine the amount of the deferred tax assets that should be recognized.

Lessee's incremental borrowing rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The Group discounted the lease payments using the lessee's incremental borrowing rate. The Group determines the incremental borrowing rate based on the economic environment by reference to the observable interest rate. Then the Group adjusts the reference interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

33. Significant accounting judgements and estimates (cont'd)

Provisions

The Group estimates and makes corresponding provision for product quality guaranty according to contract terms, existing knowledge, and past experience. When such contingencies have formed a present obligation and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, the Group recognizes the contingencies as provisions based on the best estimate of the expenditure required to settle the related present obligation. The recognition and measurement of provisions largely depend on the judgment of management. In the process of making judgment, the Group is required to assess the risks, uncertainties, time value of money and other factors related to such contingencies.

Provisions (cont'd)

The Group will undertake the provisions for post-sale quality maintenance provided to customers for the sale, maintenance, and renovation of the sold goods. The provisions have been made taking into account the Group's recent data of maintenance experience, and taking into account the risks, uncertainties and other factors related to maintenance matters. Any increase or decrease in this provision may affect the profit and loss in future years.

VI. Taxation

1. Principal tax items and 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.

City maintenance and construction tax – Levied at 7% of the turnover tax actually paid

Education surcharge – Levied at 3% of the turnover tax actually paid

Local education Surcharge – Levied at 2% of the turnover tax actually paid

Corporate income tax – Corporate income tax of the Group's subsidiaries located in Mainland China shall be levied at 25% of the taxable income (except for the preferential taxation as described in Note IV 2). Subsidiaries located in Hong Kong shall calculate and pay the corporate income tax at 16.5% of the taxable income, and subsidiaries registered overseas shall apply the corporate income tax rate as required by the local tax law. The details are as follows:

Name of subsidiaries	Income tax rate
Dong Fang Precision (Netherland) Cooperatief U.A. (“Dongfang Precision (Netherland)”)	20%
Fosber S.p.A. (“Fosber Group”)	24%
Fosber America, Inc. (“Fosber America”)	21%
EDF Europe s.r.l. (“EDF”)	24%
Tirufia Group Industrial, S.L. (“Tirufia Group”)	28%

Tiruña America inc. ("Tiruña America")	21%
Quantum Corrugated S.r.l. (QCorr)	24%
Tiruña S.L.U.	28%
Tratamientos Industriales Tiruña S.A.U.	28%
Tiruña France SARL	15%
SCI Candan	15%

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.

2. Tax concessions

On 9 December 2020, 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.: GR202044007667) jointly issued by the above authorities, with a validity of three years, during which the Company paid the corporate income tax at a reduced rate of 15%.

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 20 December 2021 and obtained a High-tech Enterprise Certificate (certificate no.: GR202144003984) 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%.

Shenzhen Wonder Printing System Co., Ltd. ("Shenzhen Wonder") , a subsidiary of the Company, was approved and granted by the Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau, and Shenzhen Tax Service, State Taxation Administration the High-Tech Enterprise Certificate (certificate No.: GR201944204259) on 9 December 2019, which is valid for three years. During the period of validity, the enterprise income tax is calculated and paid at a reduced tax 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	439,819.27	233,281.32

Cash at banks	1,158,706,979.62	999,389,151.51
Other cash balances	83,257,108.07	664,713,906.52
Total	1,242,403,906.96	1,664,336,339.35
Of which: Total amount overseas	509,500,925.79	456,521,434.93
Total restricted amount as collateral, pledge or frozen	14,680,985.43	405,032,563.61

Other information:

The fund deposited abroad with restrictions on repatriation was equivalent to RMB6,690,290.20 (31 December 2021: RMB16,374,076.37).

Current bank deposits earn interest income based on interest rates for current deposits. The period for short-term time deposits is usually 7 days, based on the Group's cash requirement. The short-term time deposits earn interest income based on the corresponding interest rates for time deposits.

2. Financial assets held for trading

Unit: RMB yuan

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	830,381,698.55	788,185,521.57
Of which:		
Investments in trust products	3,586,206.91	6,631,573.01
Funds management plans	504,021,330.29	628,007,924.74
Derivative financial assets	12,470,814.57	12,936,500.63
Investments in bank's wealth management products	83,553,882.51	140,609,523.19
Stock investments	226,749,464.27	
Of which:		
Total	830,381,698.55	788,185,521.57

Other information:

3. Notes receivable

(1) Notes receivable by type

Unit: RMB yuan

Item	Closing balance	Opening balance
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Bank acceptance notes	23,793,263.47	13,272,025.04
Total	23,793,263.47	13,272,025.04

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		4,440,690.00
Total		4,440,690.00

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	2,488,100.00	0.32%	2,488,100.00	100.00%	0.00	7,038,180.40	0.92%	7,038,180.40	100.00%	0.00
Of which:										
Accounts receivable which are	2,488,100.00	0.32%	2,488,100.00	100.00%	0.00	7,038,180.40	0.92%	7,038,180.40	100.00%	0.00

substantially individually and for which the allowances are established individually										
Accounts receivable for which the allowances are established by group	776,889,711.30	99.68%	23,351,139.42	3.01%	753,538,571.88	760,325,577.49	99.08%	19,189,929.40	2.52%	741,135,648.09
Of which:										
Accounts receivable for which the allowances are established by group with similar credit risk characteristics	776,889,711.30	99.68%	23,351,139.42	3.01%	753,538,571.88	760,325,577.49	99.08%	19,189,929.40	2.52%	741,135,648.09
Total	779,377,811.30	100.00%	25,839,239.42		753,538,571.88	767,363,757.89	100.00%	26,228,109.80		741,135,648.09

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	641,600.00	641,600.00	100.00%	Customer's inability to settle the amount due
Customer 2	608,800.00	608,800.00	100.00%	Customer's inability to settle the amount due
Customer 3	15,700.00	15,700.00	100.00%	Customer's inability to settle the amount due
Customer 4	939,000.00	939,000.00	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	2,488,100.00	2,488,100.00		

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)	672,268,861.95	9,563,198.25	1.42%
1-2 years (including 2 years)	78,122,315.49	2,612,864.58	3.34%
2-3 years (including 3 years)	12,762,914.51	845,680.95	6.63%
3-4 years (including 4 years)	9,087,177.45	5,797,265.03	63.80%
4-5 years (including 5 years)	617,403.10	501,091.81	81.16%
Over 5 years	4,031,038.80	4,031,038.80	100.00%
Total	776,889,711.30	23,351,139.42	

Grouping basis:

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)	672,268,861.95
1-2 years	78,122,315.49
2-3 years	12,762,914.51
Over 3 years	16,223,719.35
3-4 years	9,087,177.45

4-5 years	1,556,403.10
Over 5 years	5,580,138.80
Total	779,377,811.30

(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	26,228,109.80	2,543,603.49	4,336,799.37	-642.75	1,403,682.75	25,839,239.42
Total	26,228,109.80	2,543,603.49	4,336,799.37	-642.75	1,403,682.75	25,839,239.42

Of which, substantial reversed amounts of allowances in the current period:

Unit: RMB yuan

Entity	Reversed amount	Way of recovery

(3) 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 6	55,517,964.76	7.12%	484,398.46
Customer 7	37,041,130.82	4.75%	245,793.50
Customer 8	30,111,463.29	3.86%	411,989.27
Customer 9	27,906,402.52	3.58%	189,899.35
Customer 10	20,244,849.70	2.60%	87,964.62
Total	170,821,811.09	21.91%	

5. Receivables financing

Unit: RMB yuan

Item	Closing balance	Opening balance
Bank acceptance notes	32,869,739.53	30,692,449.25
Total	32,869,739.53	30,692,449.25

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

Other information:

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

Item	Closing balance		Opening balance	
	Derecognized	Un-derecognized	Derecognized	Un-derecognized
Bank acceptance notes	4,706,573.99		24,598,786.91	

6. Prepayments

(1) Prepayments by aging

Unit: RMB yuan

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	41,597,831.49	97.14%	33,901,158.84	99.19%
1-2 years	961,965.43	2.25%	38,710.83	0.11%
2-3 years	162,708.25	0.38%	144,972.14	0.42%
Over 3 years	99,065.06	0.23%	92,960.55	0.27%
Total	42,821,570.23		34,177,802.36	

(2) Top five entities with respect to prepayments

The closing balance of total prepayments to the top five entities amounted to RMB16,641,062.27, accounting for 38.86% of the closing balance of the total prepayments.

Other information:

7. Other receivables

Unit: RMB yuan

Item	Closing balance	Opening balance
Other receivables	82,380,620.44	71,363,166.84
Total	82,380,620.44	71,363,166.84

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

Unit: RMB yuan

Nature	Closing gross amount	Opening gross amount
Amount for transfer of equity investments	36,794,100.00	37,903,425.00
Prepaid service charges	10,716,133.42	10,386,867.47
Security deposits	13,524,732.95	5,452,788.82
Export tax refunds	4,363,961.18	912,287.93
Employee loans and petty cash	3,966,542.94	4,537,207.00
Others	17,981,688.66	17,457,275.22
Total	87,347,159.15	76,649,851.44

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 2022	4,786,684.60	500,000.00		5,286,684.60
Balance as at 1 January 2022 in the current period				
Established in the current period	3,182.86			3,182.86
Written off in the current period	299,132.36			299,132.36
Other changes	-24,196.40			-24,196.40
Balance as at 30 June 2022	4,466,538.70	500,000.00		4,966,538.70

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)	43,744,018.73
1-2 years	3,416,388.16

2-3 years	2,086,469.79
Over 3 years	38,100,282.47
3-4 years	37,007,649.58
4-5 years	226,236.64
Over 5 years	866,396.25
Total	87,347,159.15

3) 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 other receivables	5,286,684.60	3,182.86		299,132.36	-24,196.39	4,966,538.71
Total	5,286,684.60	3,182.86		299,132.36	-24,196.39	4,966,538.71

Of which, substantial reversed amounts of allowances in the current period:

Unit: RMB yuan

Entity	Reversed amount	Way of recovery

4) 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	36,794,100.00	3-4 years	42.12%	1,843,534.11
Entity 2	Security deposits	5,256,300.00	Within 1 year	6.02%	
Entity 3	Export tax refunds	4,363,961.18	Within 1 year	5.00%	
Entity 4	Litigation funds receivable	2,953,327.50	Within 1 year	3.38%	
Entity 5	Security deposits	1,630,000.00	2-3 years	1.87%	

Total		50,997,688.68		58.39%	1,843,534.11
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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	501,146,269.47	16,891,701.43	484,254,568.04	365,907,967.74	9,445,201.52	356,462,766.22
Work-in-progress	551,830,402.55	16,439,086.11	535,391,316.44	332,359,371.92	16,467,899.02	315,891,472.90
Finished goods	86,332,716.64	3,817,670.00	82,515,046.64	80,356,852.12	7,117,802.59	73,239,049.53
Product deliveries	57,616,500.58		57,616,500.58	48,592,282.34		48,592,282.34
Semi-finished goods	18,670,977.32	838,463.25	17,832,514.07	72,050,412.10	1,004,893.76	71,045,518.34
Materials consigned for processing	2,942,640.09		2,942,640.09	2,048,924.14		2,048,924.14
Total	1,218,539,506.65	37,986,920.79	1,180,552,585.86	901,315,810.36	34,035,796.89	867,280,013.47

(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	9,445,201.52	6,557,698.75	2,057,250.22	1,168,449.06		16,891,701.43
Work-in-progress	16,467,899.02				28,812.91	16,439,086.11
Finished goods	7,117,802.59			3,300,132.59		3,817,670.00
Semi-finished goods	1,004,893.76			166,430.51		838,463.25

Total	34,035,796.89	6,557,698.75	2,057,250.22	4,635,012.16	28,812.91	37,986,920.79
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9. Contract assets

Unit: RMB yuan

Item	Closing balance			Opening balance		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Contract assets	6,212,959.35		6,212,959.35	25,144,462.49	730,344.85	24,414,117.64
Total	6,212,959.35		6,212,959.35	25,144,462.49	730,344.85	24,414,117.64

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			730,344.85	
Total			730,344.85	—

Other information:

10. Current portion of non-current assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Current portion of long-term receivables	1,878,250.00	4,595,000.00
Current portion of large-amount deposit certificates		103,790,000.00
Current portion of long-term security deposits	305,225,000.00	
Total	307,103,250.00	108,385,000.00

11. Other current assets

Unit: RMB yuan

Item	Closing balance	Opening balance
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Input value-added tax (VAT) to be deducted	565,505.37	3,358,040.70
Overpaid VAT	31,198,839.43	18,681,339.03
Tax repayments	8,012,965.14	8,202,256.30
Others	1,778,802.53	1,882,370.96
Total	41,556,112.47	32,124,006.99

Other information:

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				143,750.00		143,750.00	
Total				143,750.00		143,750.00	

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
		Additio nal investm ent	Reduce d investm ent	Return on investm ent under the equity method	Adjust ment to other compre hensive income	Other equity changes	Declare d cash dividen ds or profit	Impair ment allowan ce	Others		
1. Joint ventures											
2. Associates											

Jaten Robot	74,780,345.62			1,279,980.62						76,060,326.24	
Talleres Tapre	1,593,382.09								18,514.31	1,611,896.40	
Nanjing Profeta	8,403,868.96									8,403,868.96	
Subtotal 1	84,777,596.67			1,279,980.62					18,514.31	86,076,091.60	
Total	84,777,596.67			1,279,980.62					18,514.31	86,076,091.60	

Other information

14. Other non-current financial assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	269,800,550.62	162,523,519.41
Total	269,800,550.62	162,523,519.41

Other information:

15. Fixed assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Fixed assets	540,843,950.15	544,180,159.09
Total	540,843,950.15	544,180,159.09

(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	574,983,938.89	448,050,277.32	30,835,181.82	57,871,455.89	1,111,740,853.92
2. Increase in	549,168.29	11,576,446.35	5,110,267.10	3,557,374.35	20,793,256.09

the current period					
(1) Purchases	549,168.29	5,901,881.37	3,598,854.20	3,026,335.41	13,076,239.27
(2) Transfers from construction in progress		1,543,375.69			1,543,375.69
(3) Increase in business combination		4,131,189.29	1,307,079.90	66,669.99	5,504,939.18
(4) Effect of exchange rate movements			204,333.00	464,368.95	668,701.95
3. Decrease in the current period	957,973.31	8,844,864.39	1,206,753.93	2,402,380.83	13,411,972.46
(1) Disposal or retirement		1,602,661.81	1,206,753.93	2,402,380.83	5,211,796.57
(2) Transferred out in disposal of subsidiary					
(3) Effect of exchange rate movements	957,973.31	7,242,202.58			8,200,175.89
4. Closing balance	574,575,133.87	450,781,859.28	34,738,694.99	59,026,449.41	1,119,122,137.55
II. Accumulated depreciation					
1. Opening balance	179,915,645.47	336,782,386.13	19,027,736.61	31,834,926.62	567,560,694.83
2. Increase in the current period	8,032,984.11	9,365,846.49	1,606,912.19	3,856,498.25	22,862,241.04
(1) Provision	8,032,984.11	9,365,846.49	1,500,790.02	3,621,232.93	22,520,853.55
(2) Increase in business combination					
(3) Effect of exchange rate movements			106,122.17	235,265.32	341,387.49
3. Decrease in the current period	1,084,653.99	8,088,237.41	2,132,913.53	838,943.54	12,144,748.47
(1) Disposal		1,454,036.81	2,132,913.53	838,943.54	4,425,893.88

or retirement					
(2) Transferred out in disposal of subsidiary					
(3) Effect of exchange rate movements	1,084,653.99	6,634,200.60			7,718,854.59
4. Closing balance	186,863,975.59	338,059,995.21	18,501,735.27	34,852,481.33	578,278,187.40
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 or retirement					
(2) Effect of exchange rate movements					
4. Closing balance					
IV. Carrying amount					
1. Closing carrying amount	387,711,158.28	112,721,864.07	16,236,959.72	24,173,968.08	540,843,950.15
2. Opening carrying amount	395,068,293.42	111,267,891.19	11,807,445.21	26,036,529.27	544,180,159.09

16. Construction in progress

Unit: RMB yuan

Item	Closing balance	Opening balance
Construction in progress	36,036,409.77	12,298,259.58
Total	36,036,409.77	12,298,259.58

(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	34,132,661.09		34,132,661.09	11,582,347.78		11,582,347.78
Equipment installation	1,903,748.68		1,903,748.68	715,911.80		715,911.80
Total	36,036,409.77		36,036,409.77	12,298,259.58		12,298,259.58

(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 period	Interest capitalization rate for the current period	Funding source
Fosber-plant construction		204,646.15	5,015,646.12	108,994.75	4,874.96	5,106,422.56						Other
Dongfang Precision-plant construction	7,759,142.53	2,035,342.08	2,884,062.59			4,919,404.67						Other
Yingli an-plant construction	50,000,000.00	8,548,699.09	14,423,417.79			22,972,116.88						Other
Others		1,509,572.26	2,963,274.34	1,434,380.94		3,038,465.66						Other
Total	57,759,142.53	12,298,259.58	25,286,400.84	1,543,375.69	4,874.96	36,036,409.77						

17. Right-of-use assets

Unit: RMB yuan

Item	Buildings and constructions	Transportation equipment	Total
I. Gross amount			
1. Opening balance	86,255,355.01	10,568,691.42	96,824,046.43
2. Increase in the current period	7,740,282.89	285,155.72	8,025,438.61
(1) Increase in the current period	1,659,465.12		1,659,465.12
(2) Increase in business combination	6,080,817.77		6,080,817.77
(3) Effect of exchange rate movements		285,155.72	285,155.72
3. Decrease in the current period	1,733,404.64		1,733,404.64
Effect of exchange rate movements	1,733,404.64		1,733,404.64
4. Closing balance	92,262,233.26	10,853,847.14	103,116,080.40
II. Accumulated depreciation			
1. Opening balance	12,444,892.40	3,992,321.12	16,437,213.52
2. Increase in the current period	7,094,029.03	1,804,723.29	8,898,752.32
(1) Established	7,094,029.03	1,804,723.29	8,898,752.32
(2) Increase in business combination			
(3) Effect of exchange rate movements			
3. Decrease in the current period	232,250.55	135,296.83	367,547.38
(1) Disposal			
Effect of exchange rate movements	232,250.55	135,296.83	367,547.38
4. Closing balance	19,306,670.88	5,661,747.58	24,968,418.46
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	72,955,562.38	5,192,099.56	78,147,661.94
2. Opening carrying amount	73,810,462.61	6,576,370.30	80,386,832.91

Other information:

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	83,813,525.48		15,446,573.78	179,201,859.84	393,201,689.18
2. Increase in the current period		22,235,958.49			2,447,105.69	24,683,064.18
(1) Purchases		377,358.49			2,447,105.69	2,824,464.18
(2) Internal R&D						
(3) Increase in business combination		21,858,600.00				21,858,600.00
(4) Effect of exchange rate movements						
3. Decrease in the current period		2,470,651.83		452,077.10	4,297,922.79	7,220,651.72
(1) Disposal						

(2) Transferred out in disposal of subsidiary						
(3) Effect of exchange rate movements		2,470,651.83		452,077.10	4,297,922.79	7,220,651.72
4. Closing balance	114,739,730.08	103,578,832.14		14,994,496.68	177,351,042.74	410,664,101.64
II. Accumulated amortization						
1. Opening balance	22,218,954.91	52,413,720.96			24,850,025.69	99,482,701.56
2. Increase in the current period	1,223,121.60	5,554,027.41			4,450,805.61	11,227,954.62
(1) Provision	1,223,121.60	5,554,027.41			4,450,805.61	11,227,954.62
(2) Increase in business combination						
(3) Effect of exchange rate movements						
3. Decrease in the current period		1,576,845.96			360,819.01	1,937,664.97
(1) Disposal						
(2) Transferred out in disposal of subsidiary						
(3) Effect of exchange rate movements		1,576,845.96			360,819.01	1,937,664.97
4. Closing	23,442,076.51	56,390,902.41			28,940,012.29	108,772,991.21

balance						
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	91,297,653.57	47,187,929.73		14,994,496.68	148,411,030.45	301,891,110.43
2. Opening carrying amount	92,520,775.17	31,399,804.52		15,446,573.78	154,351,834.15	293,718,987.62

As at the period-end, intangible assets arising from internal R&D accounted for 3.58% of the carrying amount of total intangible assets.

19. Goodwill

(1) Gross amounts of goodwill

Unit: RMB yuan

Investee or item generating	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
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goodwill						
Investee or item generating goodwill	Opening balance	Generated due to business combination	Effect of exchange rate movements	Disposal	Effect of exchange rate movements	Closing balance
Parsun Power	208,031,946.10					208,031,946.10
EDF	63,383,214.71				1,855,045.67	61,528,169.04
Fosber Group	148,224,623.58				4,338,111.41	143,886,512.17
QCorr	12,567,632.43				367,818.72	12,199,813.71
Shenzhen Wonder		144,922,168.99				144,922,168.99
Total	432,207,416.82	144,922,168.99			6,560,975.80	570,568,610.01

(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
Investee or item generating goodwill	Opening balance	Established	Effect of exchange rate movements	Disposal	Effect of exchange rate movements	Closing balance
Parsun Power	61,855,054.35					61,855,054.35
EDF	63,383,214.71				1,855,045.67	61,528,169.04
Total	125,238,269.06				1,855,045.67	123,383,223.39

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	3,070,959.67	101,799.80	609,557.80		2,563,201.67
Expenditures on plant supporting engineering	1,094,117.37	118,569.49	176,741.81		1,035,945.05
Internet access for offices	968,696.77		87,517.52		881,179.25
Amortization of lease assets	57,918.55				57,918.55
Office decoration expenditures	2,463,148.78	3,339,373.12	502,582.62		5,299,939.28

Amortization of moulds	4,213,276.71	1,807,643.06	2,063,579.33		3,957,340.44
CE certification fee	94,009.22	352,235.95	33,903.87		412,341.30
Total	11,962,127.07	5,719,621.42	3,473,882.95		14,207,865.54

Other information

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	30,981,534.21	6,637,985.29	27,487,561.72	6,769,391.56
Internal unrealized profit			11,859,951.60	2,846,388.38
Deductible loss	470,147,709.27	112,839,618.41	487,263,663.55	110,651,029.11
Credit impairment allowances	28,845,310.63	6,654,695.57	29,574,977.76	7,004,793.92
Deferred income	48,714,911.85	10,644,700.49	50,391,274.95	10,996,777.94
Provisions—after-sales maintenance service charges	93,840,086.46	23,647,582.66	110,759,543.46	27,917,753.88
Accrued expenses	23,644,118.52	3,667,840.81	25,860,319.66	3,911,857.71
Equity incentives	53,801,978.97	7,515,238.72	40,413,913.40	5,628,337.80
Effect of the new lease accounting standard	1,090,988.10	206,825.57	1,957,313.78	438,435.98
Others	82,895,591.18	23,830,482.83	83,873,243.64	25,583,084.08
Total	833,962,229.19	195,644,970.35	869,441,763.52	201,747,850.36

(2) Deferred tax liabilities before offsetting

Unit: RMB yuan

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

Increase in value in asset valuation in business combination not involving entities under common control	51,936,212.18	9,262,976.54	31,042,086.34	6,347,331.46
Depreciation difference of fixed assets	14,910,299.58	4,009,760.04	14,439,128.26	3,888,612.02
Financial assets at fair value through profit or loss	35,519,608.26	5,212,438.60	35,395,813.71	5,204,143.87
Others	48,666,086.92	7,595,649.99	46,011,729.25	7,809,378.02
Total	151,032,206.94	26,080,825.17	126,888,757.56	23,249,465.37

(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	23,470,111.62	172,174,858.73	21,502,327.42	180,245,522.94
Deferred tax liabilities	23,470,111.62	2,610,713.55	21,502,327.42	1,747,137.95

(4) Breakdown of deferred tax assets unrecognized

Unit: RMB yuan

Item	Closing balance	Opening balance
Deductible temporary differences	9,166,596.72	8,615,142.53
Deductible losses	889,576,840.53	869,889,774.71
Total	898,743,437.25	878,504,917.24

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

Unit: RMB yuan

Year	Closing amount	Opening amount	Remark
2022	8,615,142.53	8,615,142.53	
2023	551,454.19		
2024	834,076,473.87	834,076,473.87	
2025	35,813,300.84	35,813,300.84	
2026	19,687,065.82		
2027			
Total	898,743,437.25	878,504,917.24	

Other information

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	2,133,425.60		2,133,425.60			
Principal and interest for security deposit for domestic bank to provide guarantee for loan from overseas bank				300,150,000.00		300,150,000.00
Others	6,135,228.00		6,135,228.00	4,446,841.54		4,446,841.54
Total	8,268,653.60		8,268,653.60	304,596,841.54		304,596,841.54

Other information:

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

Unit: RMB yuan

Item	Closing balance	Opening balance
Guaranteed loan		176,738,256.00
Credit loan	67,132,224.05	51,574,624.73
Total	67,132,224.05	228,312,880.73

Description of types of short-term borrowings:

24. Financial liabilities held for trading

Unit: RMB yuan

Item	Closing balance	Opening balance
Financial liabilities held for trading	115,096,944.17	110,746,939.04
Of which:		

Non-controlling interests put options	109,179,395.52	110,746,939.04
Derivative financial liabilities	5,917,548.65	
Of which:		
Total	115,096,944.17	110,746,939.04

Other information:

25. Notes payable

Unit: RMB yuan

Type	Closing balance	Opening balance
Bank acceptance notes	133,601,311.71	149,191,690.00
Total	133,601,311.71	149,191,690.00

As at the period-end, notes payable that were due but unpaid totaled RMB .

26. Accounts payable

(1) Breakdown of accounts payable

Unit: RMB yuan

Item	Closing balance	Opening balance
Purchases of inventories	635,824,636.01	618,943,392.87
Others	3,930,612.51	322,463.31
Total	639,755,248.52	619,265,856.18

27. Contract liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Contract liabilities	719,487,278.58	405,842,932.51
Total	719,487,278.58	405,842,932.51

Amounts of and reasons for significant changes in carrying amounts during the Reporting Period:

Unit: RMB yuan

Item	Amount of change	Reason for change

28. Employee benefits payable

(1) Breakdown of employee benefits payable

Unit: RMB yuan

Item	Opening balance	Increase in the current	Decrease in the current	Closing balance

		period	period	
I. Short-term benefits	96,387,794.91	300,152,461.45	295,929,935.04	100,610,321.32
II. Retirement benefits-defined contribution schemes	7,421,988.67	39,587,653.19	42,813,445.83	4,196,196.03
Total	103,809,783.58	339,740,114.64	338,743,380.87	104,806,517.35

(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	90,585,519.60	267,478,035.18	264,040,779.77	94,022,775.01
2. Employee welfare	4,599,852.75	13,549,548.50	12,692,015.36	5,457,385.89
3. Social security contributions	587,926.96	16,597,008.62	16,474,061.31	710,874.27
Including: medical insurance	576,923.13	11,043,369.13	11,037,200.66	583,091.60
Work injury insurance	10,914.73	5,240,292.67	5,124,168.73	127,038.67
Maternity insurance	89.10	313,346.82	312,691.92	744.00
4. Housing funds	15,749.64	2,071,399.03	2,085,998.67	1,150.00
5. Labour union funds and employee education funds	598,745.96	456,470.12	637,079.93	418,136.15
Total	96,387,794.91	300,152,461.45	295,929,935.04	100,610,321.32

(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	7,421,853.15	39,495,565.77	42,729,279.20	4,188,139.72
2. Unemployment insurance	135.52	92,087.42	84,166.63	8,056.31
Total	7,421,988.67	39,587,653.19	42,813,445.83	4,196,196.03

Other information

29. Tax payable

Unit: RMB yuan

Item	Closing balance	Opening balance
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Value-added tax	2,659,692.86	25,459,136.69
Corporate income tax	12,867,190.79	22,054,501.83
Individual income tax	10,271,211.82	11,666,453.95
City maintenance and construction tax	520,298.36	691,680.71
Education surcharge	371,641.72	494,057.61
Stamp duties	29,811.20	55,317.40
Property tax	1,449,256.30	239,225.19
Land use tax	222,249.90	34,530.60
Others	917,105.36	6,442.26
Total	29,308,458.31	60,701,346.24

Other information

30. Other payables

Unit: RMB yuan

Item	Closing balance	Opening balance
Dividends payable	2,160,000.00	
Other payables	123,746,503.26	100,018,273.09
Total	125,906,503.26	100,018,273.09

(1) Dividends payable

Unit: RMB yuan

Item	Closing balance	Opening balance
Dividends payable to ordinary shareholders	2,160,000.00	
Total	2,160,000.00	

Other information, including reasons for substantial dividends payable that are over one year:

(2) Other payables

1) Other payables by nature

Unit: RMB yuan

Item	Closing balance	Opening balance
Accrued expenses	42,096,551.87	47,435,654.91
Repurchase obligation of restricted shares	28,440,000.00	25,790,000.00
Payables for settled lawsuit	2,953,297.71	3,440,221.96
Security deposits	2,338,873.42	3,583,099.39
Acquisition of equity investments	24,760,000.00	

Others	23,157,780.26	19,769,296.83
Total	123,746,503.26	100,018,273.09

31. Current portion of non-current liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Current portion of long-term borrowings	262,525,708.99	21,342,646.25
Current portion of lease liabilities	24,179,681.03	17,153,078.58
Total	286,705,390.02	38,495,724.83

Other information:

32. Other current liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Output tax to be written off	5,049,848.81	3,429,923.76
Endorsed undue notes receivable	4,440,690.00	9,391,823.29
Others	438,433.17	14,725.95
Total	9,928,971.98	12,836,473.00

33. Long-term borrowings

(1) Long-term borrowings by type

Unit: RMB yuan

Item	Closing balance	Opening balance
Pledge loan	234,717,324.51	2,440,696.11
Guaranteed loan	59,747,008.37	298,477,313.32
Credit loan	40,245,087.01	45,450,825.31
Less: Current portion of long-term borrowings	-262,525,708.99	-21,342,646.25
Total	72,183,710.90	325,026,188.49

Description of types of long-term borrowings:

Other information, including interest rate ranges:

34. Lease liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Lease liabilities	80,805,992.28	82,366,634.45
Less: Current portion of non-current liabilities	-24,179,681.03	-17,153,078.58
Total	56,626,311.25	65,213,555.87

Other information:

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	13,022,074.87	16,083,170.32
Total	13,022,074.87	16,083,170.32

36. Provisions

Unit: RMB yuan

Item	Closing balance	Opening balance	Reason for provision
Product quality warranty	94,274,607.26	111,207,164.86	
Others	6,092,964.61	6,725,556.73	
Total	100,367,571.87	117,932,721.59	

Other information, including key assumptions and estimates in relation to substantial provisions:

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	12,190,311.66		558,330.00	11,631,981.66	
Total	12,190,311.66		558,330.00	11,631,981.66	

Deferred income associated with government grants:

Unit: RMB yuan

Liabilities	Opening balance	New government grants in the current	Amount recognized in non-operating	Amount recognized in other income in	Amount offsetting costs and expenses in	Other changes	Closing balance	Asset/income-related

		period	income in the current period	the current period	the current period			
Amortized deferred income (4 Mitsubishi machining centers and 3 vertical machining centers)	12,190,311. 66			558,330.00			11,631,981. 66	Asset- related

Other information:

38. Other non-current liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Non-controlling interests options	135,327,385.06	136,178,304.44
Total	135,327,385.06	136,178,304.44

Other information:

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	1,331,938,16 7.00						1,331,938,16 7.00

Other information:

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)	3,198,064,392.09	25,500,000.00	43,112.84	3,223,521,279.25
Other capital surplus	40,701,467.85	13,388,065.57		54,089,533.42
Total	3,238,765,859.94	38,888,065.57	43,112.84	3,277,610,812.67

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

(1) The share-based payments by the Group in the period were recorded in shareholders' equity, increasing capital surplus by RMB13,388,065.57.

(2) The Group acquired Shenzhen Wonder in the period, increasing capital surplus by RMB25,500,000.00.

(3) The share repurchase-related commissions and service charges incurred by the Company in the period reduced capital surplus by RMB43,112.84.

41. Treasury shares

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share repurchase	494,335,503.94	215,563,545.78		709,899,049.72
Total	494,335,503.94	215,563,545.78		709,899,049.72

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

The increase in treasury shares was driven by the share repurchases of the Company in the current period.

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	After-tax amount attributable to non-controlling interests	
I. Other comprehensive income that will not be reclassified to profit or loss	- 647,558.19	440,788.86				440,788.86		- 206,769.33
Of which: Changes due to remeasurement of	- 647,558.19	440,788.86				440,788.86		- 206,769.33

defined benefit schemes								
II. Other comprehensive income that will be reclassified to profit or loss	- 32,675,104.79	- 13,279,391.56				- 11,994,193.17	- 1,285,198.39	- 44,669,297.96
Differences arising from the translation of foreign currency-denominated financial statements	- 32,631,132.72	- 13,279,391.56				- 11,994,193.17	- 1,285,198.39	- 44,625,325.89
Others	-43,972.07							-43,972.07
Total other comprehensive income	- 33,322,662.98	- 12,838,602.70				- 11,553,404.31	- 1,285,198.39	- 44,876,067.29

Other information, including the reconciliation from the valid portion of gains and losses on cash flow hedges to initial recognition amounts of hedged items:

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	11,252,639.19	2,655,989.89	1,365,610.32	12,543,018.76
Total	11,252,639.19	2,655,989.89	1,365,610.32	12,543,018.76

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

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

Notes to surplus reserves, including movements in the current period and reasons for the movements:

45. Retained earnings

Unit: RMB yuan

Item	Current period	Last year
Retained earnings as at the end of the prior year before adjustment	-424,159,175.27	-891,492,837.06
Opening retained earnings after adjustment	-424,159,175.27	-891,492,837.06
Add: Net profit attributable to owners of the parent in the current period	148,199,917.83	467,333,661.79
Closing retained earnings	-275,959,257.44	-424,159,175.27

46. Operating revenue and costs

Unit: RMB yuan

Item	H1 2022		H1 2021	
	Revenue	Costs	Revenue	Costs
Principal operations	1,519,070,665.37	1,118,118,448.59	1,390,814,259.00	988,136,647.75
Other operations	16,544,968.89	15,925,817.63	9,744,705.18	3,318,827.11
Total	1,535,615,634.26	1,134,044,266.22	1,400,558,964.18	991,455,474.86

Information related to contract performance obligations:

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

At the end of the Reporting Period, the amount of revenue corresponding to performance obligations that had been contracted but not yet performed or fulfilled was RMB685,378,767.98, of which RMB685,378,767.98 is expected to be recognized during 2022-2023, RMB is expected to be recognized during , and RMB is expected to be recognized during .

Other information

47. Taxes and surcharges

Unit: RMB yuan

Item	H1 2022	H1 2021
City maintenance and construction tax	2,403,719.33	1,406,514.54
Education surcharge	1,406,640.94	1,908,759.68
Property tax	2,245,774.79	2,265,213.88
Land use tax	239,515.20	269,856.60
Vehicle and vessel use tax	7,330.53	15,452.53
Stamp duties	446,737.45	376,940.91
Others	206,705.23	76,276.26

Total	6,956,423.47	6,319,014.40
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Other information:

48. Selling expenses

Unit: RMB yuan

Item	H1 2022	H1 2021
Commissions and agency fees	15,772,413.20	21,675,931.57
Employee benefits	26,129,144.08	22,547,654.97
Product quality warranties	6,100,304.93	8,474,477.51
Advertising and exhibition expenses	2,671,213.87	2,527,612.71
Travel expenses	4,913,530.31	3,529,504.46
Transportation expenses and miscellaneous costs associated with imports and exports	156,392.08	5,247,059.73
Office expenditures	986,366.54	522,373.50
Depreciation and amortization expenses	497,868.97	555,637.82
Other expenses	4,866,566.68	3,470,309.05
Total	62,093,800.66	68,550,561.32

Other information:

49. Administrative expenses

Unit: RMB yuan

Item	H1 2022	H1 2021
Employee benefits	68,012,749.61	55,345,233.87
Depreciation and amortization expenses	16,883,464.07	17,355,893.58
Intermediary expenses	8,308,753.73	11,985,471.80
Equity incentives	13,388,065.57	17,386,141.80
Office expenditures	5,262,273.16	4,367,095.01
Travel and business entertainment expenses	4,778,309.22	4,633,656.20
Conference expenses	4,383,169.39	3,059,360.70
Property management expenses	1,244,898.31	1,720,497.48
Other expenses	11,030,709.85	13,908,003.12
Total	133,292,392.91	129,761,353.56

Other information

50. R&D expenses

Unit: RMB yuan

Item	H1 2022	H1 2021
Employee benefits	31,029,072.46	23,772,680.95
Depreciation and amortization expenses	5,794,158.26	8,386,778.88
Material expenses	2,142,276.51	9,415,709.52

Other expenses	5,166,718.07	6,650,403.53
Total	44,132,225.30	48,225,572.88

Other information

51. Finance costs

Unit: RMB yuan

Item	H1 2022	H1 2021
Interest expenses	5,668,853.58	4,899,967.92
Less: Interest income	8,770,967.42	11,985,482.68
Exchange gains and losses	-7,211,018.81	4,223,803.17
Others	1,456,509.76	1,235,137.03
Total	-8,856,622.89	-1,626,574.56

Other information

52. Other income

Unit: RMB yuan

Source of other income	H1 2022	H1 2021
Government grants	6,032,264.36	6,712,327.65
Handling charges for individual income tax withheld	178,461.16	141,332.03
Total	6,210,725.52	6,853,659.68

53. Investment income

Unit: RMB yuan

Item	H1 2022	H1 2021
Income from long-term equity investments measured at equity method	1,279,980.62	1,249,209.43
Income from financial assets held for trading	-1,502,561.59	51,719,985.02
Total	-222,580.97	52,969,194.45

Other information

54. Gains and losses on changes in fair value

Unit: RMB yuan

Source of gains and losses on changes in fair value	H1 2022	H1 2021
Financial assets held for trading	24,927,586.43	21,393,373.17
Total	24,927,586.43	21,393,373.17

Other information:

55. Credit impairment loss

Unit: RMB yuan

Item	H1 2022	H1 2021
Loss on doubtful receivables	-3,182.86	
Impairment loss of contract assets		257,325.86
Loss on doubtful accounts receivable	1,793,195.88	229,855.72
Total	1,790,013.02	487,181.58

Other information

56. Asset impairment loss

Unit: RMB yuan

Item	H1 2022	H1 2021
II. Inventory valuation loss and loss on impairments of contract performance costs	-6,154,706.43	583,807.10
Total	-6,154,706.43	583,807.10

Other information:

57. Gains on disposal of assets

Unit: RMB yuan

Source of gains on disposal of assets	H1 2022	H1 2021
Gain/loss on disposal of non-current assets	-233,705.60	276,635.45
Total	-233,705.60	276,635.45

58. Non-operating income

Unit: RMB yuan

Item	H1 2022	H1 2021	Amount recognized in exceptional gains and losses
Others	1,033,996.47	364,145.89	1,033,996.47
Total	1,033,996.47	364,145.89	1,033,996.47

Government grants recognized in profit or loss:

Unit: RMB yuan

Title	Grantor	Reason	Nature/type	Profit-to-loss/loss-to-profit	Special grant or not	H1 2022	H1 2021	Asset-related/income-related
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				impact in the period				
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Other information:

59. Non-operating expenses

Unit: RMB yuan

Item	H1 2022	H1 2021	Amount recognized in exceptional gains and losses
Donations	185,431.30	62,122.44	185,431.30
Sponsorship expenditures	17,600.00	2,000.00	17,600.00
Loss on disposal of non-current assets	133,876.71	32,016.28	133,876.71
Others	377,721.10	324,101.76	377,721.10
Total	714,629.11	420,240.48	714,629.11

Other information:

60. Income tax expenses

(1) Income tax expenses

Unit: RMB yuan

Item	H1 2022	H1 2021
Current income tax expenses	35,242,804.62	36,572,973.93
Deferred income tax expenses	-4,119,080.80	1,464,031.55
Total	31,123,723.82	38,037,005.48

(2) Reconciliation between accounting profit and income tax expenses

Unit: RMB yuan

Item	H1 2022
Gross profit	190,589,847.92
Income tax calculated at statutory/applicable tax rates	28,588,477.16
Different tax rates for specific provinces or enacted by local authority	10,334,136.62
Adjustment to income tax in previous periods	-1,130,641.81
Income not subject to tax	-4,550,351.09
Costs, expenses, and losses not deductible for tax	-647,625.03
Utilization of deductible losses on previously unrecognized deferred tax assets	-1,947,982.56
Effect of deductible temporary differences or deductible losses on current unrecognized deferred tax assets	2,792,899.15
Over-deduction of the taxable profit amount for R&D	-2,281,002.84

Others	-34,185.78
Income tax expenses	31,123,723.82

Other information:

61. Other comprehensive income

See Note 42.

62. Line items of the cash flow statement

(1) Cash generated from other operating activities

Unit: RMB yuan

Item	H1 2022	H1 2021
Current accounts and others	10,938,730.56	10,559,708.11
Interest income	2,763,833.20	7,150,338.75
Government grants	5,652,395.52	6,146,499.37
Letter of guarantee received	16,409,067.45	5,738,155.61
Total	35,764,026.73	29,594,701.84

Notes to cash generated from other operating activities:

(2) Cash used in other operating activities

Unit: RMB yuan

Item	H1 2022	H1 2021
Selling expenses in cash	48,115,660.15	38,137,786.88
Administrative expenses in cash	38,227,480.77	53,535,286.25
R&D expenses in cash	4,950,622.76	12,975,177.50
Letter of guarantee paid	15,780,974.76	1,500,000.00
Current accounts and others	17,375,948.50	26,935,772.72
Security deposits	1,244,225.97	
Total	125,694,912.91	133,084,023.35

Notes to cash used in other operating activities:

(3) Cash generated from other investing activities

Unit: RMB yuan

Item	H1 2022	H1 2021
Performance compensation	742,251.94	2,453,179.98
Total	742,251.94	2,453,179.98

Notes to cash generated from other investing activities:

(4) Cash used in other investing activities

Unit: RMB yuan

Item	H1 2022	H1 2021
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Notes to cash used in other investing activities:

(5) Cash generated from other financing activities

Unit: RMB yuan

Item	H1 2022	H1 2021
Security deposits received for internal guarantees for external loans	420,000,000.00	
Security deposits for bank acceptance notes	94,712,397.48	69,199,415.97
Share subscription	2,650,000.00	5,651,200.00
Deposits for loans	140,000,000.00	
Total	657,362,397.48	74,850,615.97

Notes to cash generated from other financing activities:

(6) Cash used in other financing activities

Unit: RMB yuan

Item	H1 2022	H1 2021
Security deposits paid for internal guarantees for external loans	210,000,000.00	210,000,000.00
Share repurchase	215,606,658.62	491,088,121.79
Security deposits for bank acceptance notes	59,353,845.18	58,766,410.12
Repayment of lease liabilities	8,605,212.20	10,705,539.89
Total	493,565,716.00	770,560,071.80

Notes to cash used in other financing activities:

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

Unit: RMB yuan

Supplementary information	H1 2022	H1 2021
1. Reconciliation of net profit to net cash generated from/used in investing activities:		
Net profit	159,466,124.10	202,344,313.08
Add: Asset impairment allowances	4,364,693.41	-1,070,988.68

Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive living assets	22,520,853.53	25,543,700.78
Depreciation of right-of-use assets	8,898,752.32	9,380,832.96
Amortization of intangible assets	11,227,954.62	13,924,270.85
Amortization of long-term prepaid expenses	3,473,882.95	2,191,994.62
Loss on the disposal of fixed assets, intangible assets, and other long-lived assets (“-” for gain)	233,705.60	-276,635.45
Loss on the retirement of fixed assets (“-” for gain)	133,876.71	32,016.28
Loss on changes in fair value (“-” for gain)	-24,927,586.43	-21,393,373.17
Finance costs (“-” for income)	593,853.58	4,899,967.92
Loss on investment (“-” for income)	222,580.97	-52,969,194.45
Decrease in deferred tax assets (“-” for increase)	4,377,469.88	295,818.56
Increase in deferred tax liabilities (“-” for decrease)	-7,231,414.10	193,925.50
Decrease in inventories (“-” for increase)	-295,593,753.30	-268,008,107.81
Decrease in operating receivables (“-” for increase)	-176,463,861.35	-175,004,370.95
Increase in operating payables (“-” for decrease)	426,275,129.13	448,553,516.41
Others	14,678,445.11	17,386,141.80
Net cash generated from/used in operating activities	152,250,706.73	206,023,828.25
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	1,227,722,921.53	1,543,198,951.25
Less: Opening balance of cash	1,259,303,775.74	860,601,236.78
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		

Net increase in cash and cash equivalents	-31,580,854.21	682,597,714.47
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(2) Net cash payments for the acquisition of subsidiaries in the current period

Unit: RMB yuan

	Amount
Payments of cash or cash equivalents in the current period for business combinations in the current period	162,040,000.00
Of which:	
Less: Cash and cash equivalents held by subsidiary on date of acquisition	22,867,983.95
Of which:	
Of which:	
Net cash payments for the acquisition of subsidiaries	139,172,016.05

(3) Breakdown of cash and cash equivalents

Unit: RMB yuan

Item	Closing balance	Opening balance
I. Cash	1,227,722,921.53	1,259,303,775.74
Including: cash on hand	439,819.27	233,281.32
Bank deposits readily available	1,158,706,979.62	999,389,151.51
Other cash and bank balances readily available	68,576,122.64	259,681,342.91
III. Closing balance of cash and cash equivalents	1,227,722,921.53	1,259,303,775.74

64. Assets with restricted ownership or right of use

Unit: RMB yuan

Item	Closing carrying amount	Reason for restriction
Cash and bank balances	14,680,985.43	Payments of security deposits for bank acceptance notes and performance bonds
Fixed assets	4,308,785.21	Collaterals for bank loans of subsidiaries
Current portion of other non-current assets	305,225,000.00	Security deposits for loans of subsidiaries
Total	324,214,770.64	

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

Unit: RMB yuan

Item	Closing balance in foreign	Exchange rate	Closing balance in RMB
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	currency		
Cash and bank balances			
Including: USD	56,795,220.10	6.7114	381,175,440.18
EUR	48,679,697.49	7.0084	341,166,791.89
HKD	71,445.16	0.8552	61,099.90
AUD	196.00	4.6145	904.44
Accounts receivable			
Including: USD	3,108,925.01	6.7114	20,865,239.31
EUR	86,716,489.64	7.0084	607,743,845.99
HKD		0.8552	
Long-term borrowings			
Including: USD		6.7114	
EUR	9,412,568.38	7.0084	65,967,044.23
HKD		0.8552	
Accounts payable			
Including: USD		6.7114	
EUR	60,558,444.62	7.0084	424,417,803.27
Other receivables			
Including: USD	245,375.00	6.7114	1,646,809.78
EUR	9,401,906.09	7.0084	65,892,318.64
Short-term borrowings			
Including: USD		6.7114	
EUR	8,979,542.27	7.0084	62,932,224.05
Current portion of non-current liabilities			
Including: USD		6.7114	
EUR	38,802,979.16	7.0084	271,946,799.14
Other payables			
Including: USD	568,598.02	6.7114	3,816,088.75
EUR	3,026,047.57	7.0084	21,207,751.79

Other information:

(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

Principal place of business, functional currency, and basis for the choice of substantial overseas business entities included in the consolidated financial statements are as follows:

Substantial overseas business entity	Principal place of business	Functional currency	Basis for the choice
Fosber Group	Italy	EUR	Settlement currency for local business operations
Fosber America	America	USD	Settlement currency for local business operations
EDF	Italy	EUR	Settlement currency for local business operations
Tiru řa Group	Spain	EUR	Settlement currency for local business operations

66. Government grants

(1) Basic information of government grants

Unit: RMB yuan

Type	Amount	Recognized in	Amount recognized in profit or loss
4 Mitsubishi double-column milling machines and 3 fixed double-column milling machines	11,631,981.66	Deferred income	558,330.00
Policy support funds for Solo Champion Manufacturing Enterprise of 2020	120,000.33	Other income	120,000.33
Subsidy associated with over-deductible of the taxable profit amount for R&D for Solo Champion Manufacturing Enterprise of 2020	500,000.00	Other income	500,000.00
2021 steady employment allowance	48,215.23	Other income	48,215.23
Receipt of immediate VAT refund for embedded software (202111)	111,950.52	Other income	111,950.52
Receipt of immediate VAT refund for embedded software (202111)	73,755.60	Other income	73,755.60
Receipt of immediate VAT refund for embedded software (202111)	52,451.33	Other income	52,451.33
Receipt of immediate VAT refund for embedded software (202111)	32,769.56	Other income	32,769.56

One-off job retention subsidy	21,125.00	Other income	21,125.00
Employment security allowance	4,233.24	Other income	4,233.24
Receipt of immediate VAT refund for embedded software (202110-11)	1,441,156.81	Other income	1,441,156.81
Receipt of immediate VAT refund for embedded software (202110-11)	747,279.87	Other income	747,279.87
Receipt of government subsidy (2020 policy support funds for Gazelle Enterprise-exclusive of R&D-related funds)	81,148.49	Other income	81,148.49
Receipt of government subsidy (2021 Qiye First Identification for Solo Champion Manufacturing Enterprise)	300,000.00	Other income	300,000.00
Actually immediate VAT refund for embedded software (202109) (rectification of Certificate 100000983#)	32,100.35	Other income	32,100.35
Receipt of government subsidy (2020 R&D expenses-related subsidy for Gazelle Enterprise)	600,000.00	Other income	600,000.00
2021 R&D expenses-related reward from the Scientific and Technological Innovation Bureau	23,600.00	Other income	23,600.00
Special funds for business development of Suzhou High-tech Zone Bureau of Commerce	20,300.00	Other income	20,300.00
Funds from the Administration for Market Regulation of the high-tech zone	120,000.00	Other income	120,000.00
Special fund for technological development from the Scientific and Technological Innovation Bureau of Xushuguan Town, Suzhou	700,000.00	Other income	700,000.00
Funds from the Economic Development Committee of Suzhou High-tech Zone	200,000.00	Other income	200,000.00
Refund of social security contributions for steady employment	136,370.00	Other income	136,370.00
Steady employment subsidy for enterprises	1,096.90	Other income	1,096.90
Steady employment subsidy for enterprises	18,250.00	Other income	18,250.00
One-off job retention and training subsidy from the Social Security Bureau	42,250.00	Other income	42,250.00

Second steady employment subsidy	12,183.60	Other income	12,183.60
Foreign government subsidies	33,697.53	Other income	33,697.53

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

Unit: RMB yuan

Acquiree	Date of ownership of equity interests	Cost of ownership of equity interests	Ownership percentage	How equity interests is acquired	Date of acquisition	Basis for determination of the date of acquisition	Revenue of acquiree from the date of acquisition to the period-end	Net profit of acquiree from the date of acquisition to the period-end
Shenzhen Wonder	8 June 2022	173,800,000.00	51.00%	By cash and capital increase	8 June 2022	Completion of transfer of equity ownership	5,612,027.39	789,556.27

(2) Cost of acquisition and goodwill

Unit: RMB yuan

Cost of acquisition	Shenzhen Wonder
--Cash	173,800,000.00
--Fair value of non-cash assets	
--Fair value of debt issued or borne	
--Fair value of equity securities issued	
--Fair value of contingent considerations	
--Fair value on the date of acquisition of equity interests held before that date	
--Others	
Total cost of acquisition	173,800,000.00
Less: Share of fair value of identifiable equities obtained	28,877,831.01
Amount by which the cost of goodwill/acquisition is lower than the share of fair value of identifiable equities obtained	144,922,168.99

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

Unit: RMB yuan

	Shenzhen Wonder	
	Fair value on the date of acquisition	Carrying value on the date of acquisition

Assets:	118,600,318.94	93,981,057.45
Cash and bank balances	22,867,983.95	22,867,983.95
Accounts receivable	12,147,478.25	12,147,478.25
Inventories	44,297,259.74	42,548,955.95
Fixed assets	5,504,939.18	4,492,581.48
Intangible assets	21,858,600.00	
Notes receivable	740,481.63	740,481.63
Prepayments	2,411,228.55	2,411,228.55
Other receivables	2,072,193.35	2,072,193.35
Other current assets	37,841.92	37,841.92
Right-of-use assets	6,080,817.77	6,080,817.77
Deferred tax assets	581,494.60	581,494.60
Liabilities:	61,977,120.89	58,284,231.66
Borrowings	10,800,000.00	10,800,000.00
Accounts payable	10,200,334.69	10,200,334.69
Deferred tax liabilities	3,701,257.61	8,368.38
Contract liabilities	6,448,103.80	6,448,103.80
Employee benefits payable	2,729,488.28	2,729,488.28
Tax payable	4,962,681.84	4,962,681.84
Other payables	15,034,104.80	15,034,104.80
Current portion of non-current liabilities	4,204,477.63	4,204,477.63
Other current liabilities	709,454.49	709,454.49
Lease liabilities	3,187,217.75	3,187,217.75
Equity	56,623,198.05	35,696,825.79
Less: Non-controlling interests	27,745,367.04	17,491,444.64
Equity obtained	28,877,831.01	18,205,381.15

2. Changes to the scope of consolidation for other reasons

Changes to the scope of consolidation due to other reasons (incorporation, liquidation, etc.):

In March 2022, the Company's wholly-owned subsidiary Hainan Yineng Investment Co., Ltd. (Yineng Investment) signed the Partnership Agreement on Changzhou Xincheng Venture Capital Partnership (Limited Partnership) with Shenzhen Qifu Antai Investment Management Co., Ltd. and Liu Haitao, among others to make a joint investment in Changzhou Xincheng Venture Capital Partnership (Limited Partnership) (hereinafter, the "partnership"). All the parties to the Agreement subscribed for a combined capital of RMB50.6 million, of which Yineng Investment, as one of the limited partners of the partnership, subscribed for RMB48 million.

As one of the limited partners of the partnership, Yineng Investment accounts for 94.86% of the total capital contributions. Considering the partnership's agreements on investment orientation, investment decisions, operation and management, income apportionment, and loss bearing, and the fact that Yineng Investment accounts for the majority of the capital contributions to the partnership, the partnership is included in the consolidated statements of Dongfang Precision as a "structured body controlled by the Company" from the perspective of commercial substance and after complying with the Accounting Standard for Business Enterprises and referring to the professional opinions of the independent auditor.

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		1.23%	Incorporated
Parsun Power	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Manufacturing	7.83%	62.95%	Acquired in business combination not under common control
Parsun Power Technology	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Manufacturing		70.78%	Incorporated
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%		Acquired in business combination not under common control
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 America	America	America	Manufacturing		85.00%	Acquired in business combination not under common control
Qcorr	Italy	Italy	Manufacturing		60.00%	Incorporated
Dongfang Digicom	Haikou, Hainan, China	Haikou, Hainan, China	Industrial Internet	100.00%		Incorporated
Digicom Guangdong	Foshan, Guangdong,	Foshan, Guangdong,	Industrial Internet	100.00%		Incorporated

	China	China				
Yineng Investment	Haikou, Hainan, China	Haikou, Hainan, China	Investment	100.00%		Incorporated
Tianjin Hangchuang	Tianjin, China	Tianjin, China	Investment	95.24%		Incorporated
Changzhou Xincheng*	Changzhou, Jiangsu, China	Changzhou, Jiangsu, China	Investment		94.86%	Incorporated
Shenzhen Wonder	Shenzhen, Guangdong, China	Shenzhen, Guangdong, China	Manufacturing	51.00%		Acquired in business combination not under common control
Shenzhen Wonder Tejing	Shenzhen, Guangdong, China	Shenzhen, Guangdong, China	Manufacturing		51.00%	Acquired in business combination not under common control

Reason for holding different equity percentage and voting right percentage in a subsidiary:

As of the issue date of the 2022 Semi-Annual Report of Dongfang Precision, Dongfang Precision directly holds a 7.83% interest in subsidiary Suzhou Parsun Power Machine Co., Ltd. (Parsun Power).

Suzhou Shunyi Investment Co., Ltd. (Shunyi Investment), a wholly-owned subsidiary of Dongfang Precision, holds a 61.72% interest in Parsun Power. Meanwhile, Shunyi Investment, as a general partner and executive partner of Parsun Power's shareholder Suzhou High-Tech Zone Jinquan Business Management Partnership (Limited Partnership) (Suzhou Jinquan), holds a 1.23% interest and controls a 5.45% interest in Parsun Power via Suzhou Jinquan. Therefore, Dongfang Precision holds a combined interest of 70.78% and controls a combined interest of 75.00% in Parsun Power both directly and indirectly.

Basis for control over substantial structured entities included in the consolidated financial statements:

In March 2022, the Company's wholly-owned subsidiary Hainan Yineng Investment Co., Ltd. (Yineng Investment) signed the Partnership Agreement on Changzhou Xincheng Venture Capital Partnership (Limited Partnership) with Shenzhen Qifu Antai Investment Management Co., Ltd. and Liu Haitao, among others to make a joint investment in Changzhou Xincheng Venture Capital Partnership (Limited Partnership) (hereinafter, the "partnership"). All the parties to the Agreement subscribed for a combined capital of RMB50.6 million, of which Yineng Investment, as one of the limited partners of the partnership, subscribed for RMB48 million.

As one of the limited partners of the partnership, Yineng Investment accounts for 94.86% of the total capital contributions. Considering the partnership's agreements on investment orientation, investment decisions, operation and management, income apportionment, and loss bearing, and the fact that Yineng Investment accounts for the majority of the capital contributions to the partnership, the partnership is included in the consolidated statements of Dongfang Precision as a "structured body controlled by the Company" from the perspective of commercial substance and after complying with the Accounting Standard for Business Enterprises and referring to the professional opinions of the independent auditor.

2. 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
				Direct	Indirect	

						associate
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:

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:

(2) Key financial information of principal joint ventures

Unit: RMB yuan

	Closing balance/H1 2022	Opening balance/H1 2021
	Jaten Robot	Jaten Robot
Current assets	425,134,446.21	330,487,248.69
Non-current assets	115,340,074.66	112,183,506.48
Total assets	540,474,520.87	442,670,755.17
Current liabilities	310,415,625.50	231,913,001.95
Non-current liabilities	21,156,000.00	16,210,604.84
Total liabilities	331,571,625.50	248,123,606.79
Non-controlling interests		
Equity attributable to owners of the parent	208,902,895.37	194,547,148.38
Share of net assets based on the Company's interest	43,869,608.03	40,854,901.16
Adjustments		
--Goodwill		
--Unrealized profit of internal transactions		
--Others		
Carrying amount of equity investments in associates	76,060,326.24	74,780,345.62
Fair value of equity investments in associates with quotations on an open market		
Operating revenue	112,574,301.37	70,380,196.61
Net profit	6,095,145.83	5,948,616.35
Net profit of discontinued operations		
Other comprehensive income		

Total comprehensive income	6,095,145.83	5,948,616.35
Dividends received from associates in the period		

Other information

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 mainly has the following instruments: cash and bank balances, equity investment, borrowings, notes receivable, accounts receivable, notes payable and accounts payable. The risk management strategies adopted by the Group to lower risks associated with these financial instruments are described below.

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 Group 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 Group 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 Group, 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 Group 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 Group 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 of 30 June 2022, 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
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Stronger RMB against EUR	2.00	-2,558,636.28	-2,558,636.28
Weaker RMB against EUR	(2.00)	2,558,636.28	2,558,636.28
Stronger RMB against USD	2.00	-6,677,852.39	-6,677,852.39
Weaker RMB against USD	(2.00)	6,677,852.39	6,677,852.39

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 2022.

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	830,381,698.55			830,381,698.55
Receivables financing		32,869,739.53		32,869,739.53
Other non-current financial assets	4,717,295.10		265,083,255.52	269,800,550.62
Total assets continuously measured at fair value	835,098,993.65	32,869,739.53	265,083,255.52	1,133,051,988.70
(VI) Financial liabilities held for trading	5,917,548.65		109,179,395.52	115,096,944.17
Other non-current liabilities			135,327,385.06	135,327,385.06
Total liabilities	5,917,548.65		244,506,780.58	250,424,329.23

continuously measured at fair value				
II. Non-continuous measurement of fair value	--	--	--	--

XII. Related Parties and Related-party Transactions

1. Parent

Name	Relationship with the Company	Interest in the Company (%)
Tang Zhuolin (individual)	The Company's controlling shareholder and one of the actual controllers	20.33
Tang Zhuomian (individual)	The Company's controlling shareholder and one of the actual controllers	7.27

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

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.

4. Other related parties

Other related parties	Relationship with the Company
Qiu Yezhi	Director and General Manager
Zhou Wenhui	Director
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	Employee Supervisor
He Baohua	Supervisor
Shao Yongfeng	Chief Financial Officer
Feng Jia	Board Secretary

5. Related-party transactions**(7) Remuneration of key management**

Unit: RMB yuan

Item	H1 2022	H1 2021
Remuneration of key management	7,801,939.42	7,727,395.52

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	2,650,000.00
Total amount of various equity instruments exercised by the Company during the current period	0.00
Total amount of various equity instruments invalidated during the current period of the Company	0.00

Other information

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	2020/2022 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	53,801,978.97
Total costs of equity-settled share-based payments in the current period	13,388,065.57

XIV. Other Significant Matters

1. Segment reporting

(1) Basis for the determination of reporting segments and accounting policies

The Company divides reporting segments based on business/product segment. Assets and liabilities shared by different segments are allocated to these segments according to their scales.

(2) Financial information of reporting segments

Unit: RMB yuan

Item	Domestic entities	Overseas entities	Offset	Total
Operating revenue	623,947,200.75	1,106,235,884.31	-194,567,450.80	1,535,615,634.26
Cost of sales	432,301,993.12	868,697,745.71	-166,955,472.61	1,134,044,266.22
Total assets	4,941,457,064.15	2,834,538,054.18	-1,277,748,300.59	6,498,246,817.74
Total liabilities	1,327,346,707.72	2,067,764,279.76	-771,612,390.37	2,623,498,597.11

XV. 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	2,488,100.00	1.21%	2,488,100.00	100.00%	0.00	3,011,094.20	1.89%	3,011,094.20	100.00%	0.00

Of which:										
Accounts receivable for which the allowances are established individually	2,488,100.00	1.21%	2,488,100.00	100.00%	0.00	3,011,094.20	1.89%	3,011,094.20	100.00%	0.00
Accounts receivable for which the allowances are established by group	202,985,125.41	98.79%	2,183,479.18	1.08%	200,801,646.23	156,362,907.90	98.11%	1,659,842.23	1.06%	154,703,065.67
Of which:										
Accounts receivable for which the allowances are established by group with similar credit risk	202,985,125.41	98.79%	2,183,479.18	1.08%	200,801,646.23	156,362,907.90	98.11%	1,659,842.23	1.06%	154,703,065.67

characteristics										
Total	205,473,225.41	100.00%	4,671,579.18	2.27%	200,801,646.23	159,374,002.10	100%	4,670,936.43	2.93%	154,703,065.67

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	641,600.00	641,600.00	100.00%	Customer's inability to settle the amount due
Customer 2	608,800.00	608,800.00	100.00%	Customer's inability to settle the amount due
Customer 3	15,700.00	15,700.00	100.00%	Customer's inability to settle the amount due
Customer 4	939,000.00	939,000.00	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	2,488,100.00	2,488,100.00		

Accounts receivable for which the allowances are established by group:

Unit: RMB yuan

Item	Closing balance		
	Gross amount	Allowance	Allowance percentage
Within 1 year (inclusive)	164,987,899.07	525,010.55	0.32%
1-2 years (including 2 years)	36,593,300.48	1,237,290.87	3.38%
2-3 years (including 3 years)	1,403,925.86	421,177.76	30.00%
3-4 years (including 4 years)			
4-5 years (including 5 years)			
Over 5 years			
Total	202,985,125.41	2,183,479.18	

Basis for grouping:

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)	164,987,899.07
1-2 years	36,593,300.48

2-3 years	1,403,925.86
Over 3 years	2,488,100.00
4-5 years	939,000.00
Over 5 years	1,549,100.00
Total	205,473,225.41

(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	4,670,936.43			-642.75		4,671,579.18
Total	4,670,936.43			-642.75		4,671,579.18

Significant allowances that were withdrawn or reversed in the current period:

Unit: RMB yuan

Entity	Reversed amount	Way of recovery

(3) 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
Dongfang Precision (HK)	110,619,057.68	53.84%	
Dongfang Precision (Netherland)	57,418,328.60	27.94%	
EDF	9,464,712.05	4.61%	
Customer 11	4,186,000.00	2.04%	141,536.83
Customer 12	2,730,000.00	1.33%	92,306.63
Total	184,418,098.33	89.76%	

2. Other receivables

Unit: RMB yuan

Item	Closing balance	Opening balance
Dividends receivable	17,840,000.00	
Other receivables	511,753,075.51	444,140,266.79

Total	529,593,075.51	444,140,266.79
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(1) Dividends receivable**1) Dividends receivable by type**

Unit: RMB yuan

Item (or investee)	Closing balance	Opening balance
Fosber Asia	17,840,000.00	
Total	17,840,000.00	

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

Unit: RMB yuan

Nature	Closing gross amount	Opening gross amount
Internal transactions with related parties	504,367,580.16	438,222,987.97
Prepaid service charges	1,088,133.50	3,277,042.22
Security deposits	1,707,512.88	1,427,885.96
Performance compensation	500,000.00	500,000.00
Employee loans and petty cash	462,946.22	1,722,721.94
Others	4,781,927.29	144,653.24
Total	512,908,100.05	445,295,291.33

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 2022	655,024.54	500,000.00		1,155,024.54
Balance as at 1 January 2022 in the current period				
Balance as at 30 June 2022	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)	173,410,526.22
1-2 years	338,221,337.63
2-3 years	146,735.12
Over 3 years	1,129,501.08
3-4 years	93,071.45
4-5 years	197,983.00
Over 5 years	838,446.63
Total	512,908,100.05

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

4) 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
Yineng Investment	Current account	439,789,674.47	Within 1 year /1-2 years	85.55%	
Yinglian Digital	Current account	34,277,531.87	Within 1 year /1-2 years	6.67%	
Dongfang Digicom (Guangdong)	Current account	15,020,102.96	Within 1 year /1-2 years	2.92%	
Dongfang Precision (Netherland)	Current account	6,594,298.45	Within 1 year /1-2 years	1.28%	
Dongfang Digicom	Current account	4,166,271.21	Within 1 year /1-2 years	0.81%	
Total		499,847,878.96		97.23%	

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 subsidiaries	713,603,462.76	45,303,485.99	668,299,976.77	537,302,985.41	45,303,485.99	491,999,499.42
Investments in joint ventures and associates	76,060,326.24		76,060,326.24	74,780,345.62		74,780,345.62
Total	789,663,789.00	45,303,485.99	744,360,303.01	612,083,331.03	45,303,485.99	566,779,845.04

(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	54,242,190.72				588,886.13	54,831,076.85	
Shunyi Investment	305,584,828.17					305,584,828.17	
Parsun Power	16,583,107.88				1,047,532.15	15,535,575.73	45,303,485.99
Yinglian Digital	21,903,462.34					21,903,462.34	
Dongfang Digicom	3,710,751.60				546,493.60	4,257,245.20	
Dongfang Digicom (Guangdong)	1.00				38,223.56	38,224.56	
Yineng Investment	100,000,000.00					100,000,000.00	
EDF	977,696.67				279,341.91	1,257,038.58	

Tianjin Hangchuang	20,000,000.00					20,000,000.00	
Shenzhen Wonder		173,800,000.00				173,800,000.00	
Total	491,999,499.42	173,800,000.00			2,500,477.35	668,299,976.77	45,303,485.99

(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	74,780,345.62			1,279,980.62						76,060,326.24	
Subtotal	74,780,345.62			1,279,980.62						76,060,326.24	
Total	74,780,345.62			1,279,980.62						76,060,326.24	

4. Operating revenue and costs

Unit: RMB yuan

Item	H1 2022		H1 2021	
	Revenue	Costs	Revenue	Costs
Principal operations	174,984,173.72	111,562,446.47	192,965,012.06	121,408,712.13
Other operations	39,677,700.47	6,270,509.56	47,118,141.54	874,365.90
Total	214,661,874.19	117,832,956.03	240,083,153.60	122,283,078.03

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

At the end of the Reporting Period, the amount of revenue corresponding to performance obligations that had been contracted but not yet performed or fulfilled was RMB34,288,503.53, of which RMB34,288,503.53 is expected to be recognized during 2022-2023, RMB is expected to be recognized during , and RMB is expected to be recognized during .

Other information:

5. Investment income

Unit: RMB yuan

Item	H1 2022	H1 2021
Income from long-term equity investments measured at cost method	17,840,000.00	18,992,000.00
Income from long-term equity investments measured at equity method	1,279,980.62	1,249,209.43
Income from the disposal of long-term equity investments		36,290,838.45
Income from financial assets held for trading	1,476,638.02	9,559,565.86
Total	20,596,618.64	66,091,613.74

XVI. 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	-367,582.31	
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)	6,032,264.36	
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	23,425,024.84	
Non-operating income and expenses other than the above	453,244.06	
Less: Income tax effects	997,616.29	
Non-controlling interests effects (net of tax)	241,442.12	
Total	28,303,892.54	--

Other items that meet the definition of exceptional gain/loss:

Applicable Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item 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 yuan/share)	Diluted EPS (RMB yuan/share)
Net profit attributable to ordinary shareholders of the Company	4.08%	0.12	0.12
Net profit attributable to ordinary shareholders of the Company before exceptional gains and losses	3.30%	0.10	0.10