



Guangdong Dongfang Precision Science & Technology Co., Ltd.

Semi-Annual Report 2023

【Date of Disclosure】 26 July 2023

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.

Table of Contents

Part I Important Notes, Table of Contents and Definitions	2
Part II Corporate Information and Key Financial Information	7
Part III Management Discussion and Analysis	10
Part IV Corporate Governance	67
Part V Environmental and Social Responsibilities	70
Part VI Significant Events	72
Part VII Share Changes and Shareholder Information	78
Part VIII Preference Shares.....	86
Part IX Corporate Bonds	87
Part X Corporate Financial Statements.....	88

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 2023 Semi-Annual Report carrying the signature of the legal representative.
4. The documents above are lodged in the Securities Department of the Company, 18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, 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 Italy	Fosber S.p.A.
Fosber Asia	Guangdong Fosber Intelligent Equipment Co., Ltd.
Fosber America	Fosber America, Inc.
Fosber Tianjin	Fosber Machinery (Tianjin) Co., Ltd.
Fosber Group	The business group including subsidiaries Fosber Italy, Fosber America, Qcorr, Tiriña Group, etc.
Tiriña Group	Tiriña Grupo Industrial S.L.
Tiriña America	Tiriña America Inc.
Tiriña Asia	Tiriña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd. (i.e. the former Foshan Yinglian Digital Printing Equipment Co., Ltd., which changed its name during the reporting period.)
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
Wonder Digital	Shenzhen Wonder Digital Technology Co., Ltd. (formerly known as “Shenzhen Wonder Printing System Co., Ltd.”)
Parsun Power	Suzhou Parsun Power Machine Co., Ltd.
Suzhou Jinqian	Suzhou High-Tech Zone Jinqian Business Management Partnership (Limited Partnership)
Shunyi Investment	Suzhou Shunyi Investment Co., Ltd.
Jaten Robot	Guangdong Jaten Robot & Automation Co., Ltd.
Yineng Investment	Hainan Yineng Investment Co., Ltd.
Yineng International	Dongfang Yineng International Holding Co., Ltd.
Dongfang Digicom	Dongfang Digicom Technology Co., Ltd.
Dongfang Digicom (Guangdong)	Dongfang Digicom Technology (Guangdong) Co., Ltd.
Corrugated cardboard	Corrugated cardboard 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 production line equipment	Corrugated box printing and packaging production line equipment 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.

Corrugated cardboard production lines	<p>Corrugated cardboard production 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 corrugated cardboard production 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>Corrugated cardboard production 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 2023 to 30 June 2023

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	18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China	18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, 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 2022 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 2022 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

	2023H1	2022H1	change (%)
Operating revenue (RMB yuan)	2,082,606,453.72	1,535,615,634.26	35.62%
Net profit attributable to the listed company's shareholders (RMB yuan)	206,149,605.30	148,199,917.83	39.10%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB yuan)	162,525,892.40	119,896,025.29	35.56%
Net cash generated from/used in operating activities (RMB yuan)	191,436,066.52	152,250,706.73	25.74%
Basic earnings per share (RMB yuan /share)	0.17	0.12	41.67%
Diluted earnings per share (RMB yuan /share)	0.17	0.12	41.67%
Weighted average return on equity (%)	4.95%	4.08%	0.87%
	30 June 2023	30 June 2022	Change (%)
Total assets (RMB yuan)	7,546,446,714.30	6,928,577,115.10	8.92%
Equity attributable to the listed company's shareholders (RMB yuan)	4,310,080,299.27	4,063,966,310.23	6.06%

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	2023H1	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-2,288,094.62	
Government grants through profit or loss (exclusive of government	4,339,827.39	

grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)		
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)	40,448,241.27	
Non-operating income and expenses other than the above	913,829.34	
Less: Income tax effects	-675,162.52	
Non-controlling interests effects (net of tax)	465,253.00	
Total	43,623,712.90	--

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 Operations of the Company in the Reporting Period

(I) Industries in which the Company principally operates

With “intelligent equipment manufacturing” as its primary strategic focus, Dongfang Precision concentrates on the manufacturing of high-end intelligent equipment. Its principal operations include “intelligent packaging equipment” and “water powersports equipment”. The “intelligent packaging equipment business” consists of smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions.

Since its IPO on the Shenzhen Stock Exchange in 2011, Dongfang Precision has grown into a global leader in smart corrugated packaging equipment, a leading domestic provider of digital printers, and a top-ranking domestic supplier of water powersports equipment. The Company is developing its industrial Internet industry solutions business to upgrade from an intelligent equipment manufacturer to a provider of overall solutions for intelligent plants.

According to the Classification of Strategic Emerging Industries (2018) and the Industrial Classification for National Economic Activities (GB/T 4754-2017), the industries in which the Company principally operates are shown below:

The Company’s Principal Business Divisions and Their Industries

Strategic emerging industry	Industry	Principal business division	Primary products and their applications
Intelligent manufacturing equipment	Specialised equipment manufacturing	Smart corrugated packaging equipment	<p>1. Corrugated cardboard production lines: The corrugated cardboard production lines are used for the production of corrugated cardboards of different specifications, are the core machinery for corrugated packaging production, and are widely used by medium and large enterprises (cardboard plants) that produce corrugated cardboards in the corrugated packaging industry.</p> <p>2. Corrugated box printing and packaging production line equipment: The corrugated box printing and packaging production line equipment is used to produce and process corrugated cardboards into corrugated boxes of different specifications and is the back-end machinery of the corrugated cardboard production lines. Of the machinery, the printing unit is the core machinery, of which the peripheral equipment units includes the paper feeder unit, slotting and die cutter unit, stripper transfer unit, FFG and stitching unit, and the counting and palletizer unit. The corrugated box printing and packaging production line equipment is widely used by various enterprises (box plants) that produce corrugated boxes in the corrugated packaging industry.</p>

Strategic emerging industry	Industry	Principal business division	Primary products and their applications
		Digital printers	<p>Digital printing is a printing method that generates sheet-by-sheet variable graphic images from digital information. With the help of printhead ink, digital printing enables the formation of the image directly on the printing stocks and can indirectly transmit the colour and auxiliary substances to the print stocks to form the presswork. Digital printing can meet the requirement for industrial production.</p> <p>Wonder Digital, one of the subsidiaries controlled by Dongfang Precision, is a leading supplier of digital printers in China. It is committed to providing digital printers for industries such as paper packaging (colour printing & pre-printing), advertising, home decoration, building materials, and label printing.</p>
Industrial Internet and supporting services	Software and information services	Industrial Internet industry solutions	<p>Build the Industrial Internet Platform for industry, provide end-to-end solutions and operational services that range from intelligent machinery, integrated management of production and operations of enterprises, intelligent business decision-making, to agile corporate reforms and innovation for corporate customers from more than the paper packaging industry, and promote the step-by-step digital transformation of the business with a focus on essentials such as “connecting + data processing and modeling + data intelligence applications”.</p>
Manufacturing of ship auxiliary equipment	Railway, shipping, aviation and other transport equipment manufacturing industries	Water powersports equipment	<p>Outboard motors are a kind of detachable power units that are mounted on the stern plate of a boat to drive the boat to sail 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.</p>

(II) Industry overview

1. Industry of the smart corrugated packaging equipment and digital printer business

(1) Demand side:

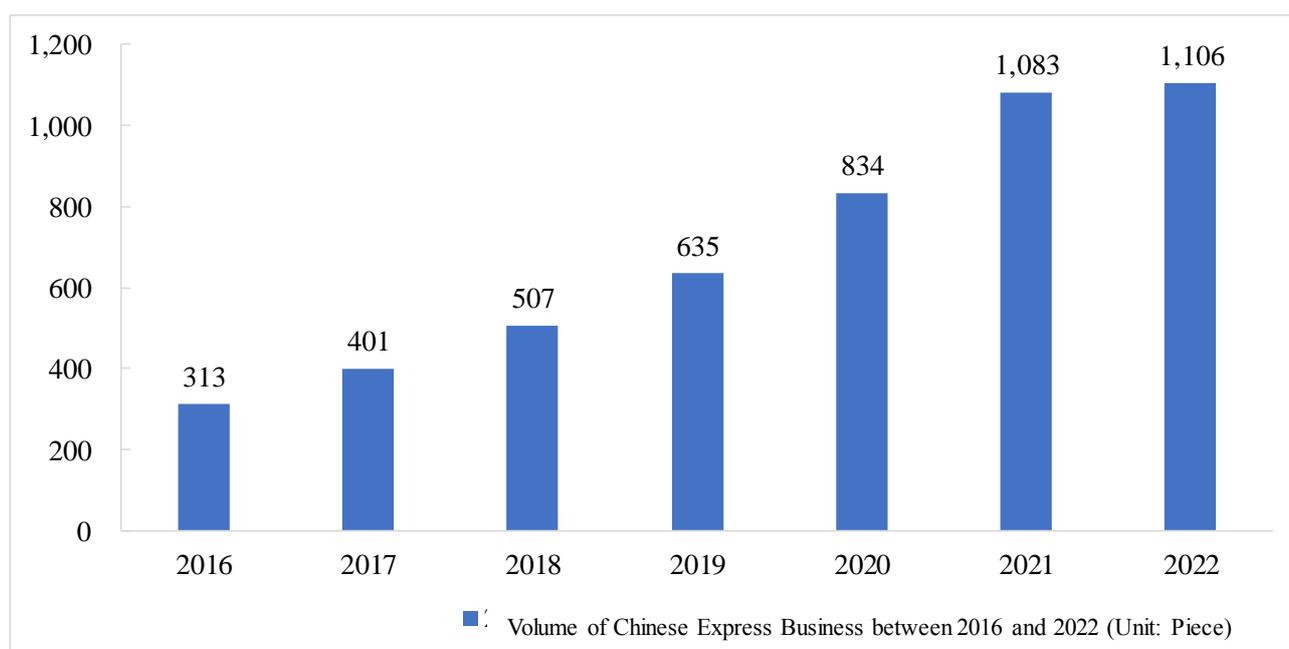
The downstream industry of the Company’s core business, “smart corrugated packaging equipment”, is the corrugated packaging industry, and the main customers include cardboard plants, box plants, and other business-end (B-end) customers. As a machinery supplier, the Company provides various single machine and complete production line products for cardboard and box production and manufacturing, which is relevant to the development of the downstream paper packaging industry.

The corrugated box field is one of the major fields of the paper packaging industry, of which the terminal demand is relevant to the prosperity of consumption and business activities. Corrugated packaging products are

used in a vast number of fields, including food and beverage, household chemicals, e-commerce, and express, and are inelastically demanded by consumers. Concerning the growth rate of demand in these fields for corrugated packaging, the express and logistics field has grown rapidly, with its share in the total downstream corrugated box share continuously increasing between 2017 and 2021.

Between 2017 and 2021, the domestic express business recorded rapid growth, with a compound annual growth rate (CAGR) of approximately 28%. Despite a slight drop in growth in 2022, the volume of express business across China still maintained growth. By estimation, with the recovery of GDP growth in 2023, the growth of the volume of express business is expected to get back onto the rapid growth track. This will boost the development of the corrugated packaging industry.

Movements in the Business Volume of Express Enterprises above the Designated Size in China between 2016 and 2022



According to the China Express Development Index Report for June 2023 released by the State Post Bureau in July 2023, the express delivery industry maintained a stable foundation and steady growth in the first half of 2023, demonstrating strong resilience and good potential. Express delivery volume exceeded 60 billion pieces in the first half, up over 17% YoY. Online promotions were frequent during multiple holidays in the first half, especially during the "618" online shopping festival, with daily collection volume exceeding 400 million pieces each day from 16-20 June. In the second half, the industry is still expected to grow as new infrastructure operates normally and the expansion of networks to rural areas accelerates. The steady growth of the express delivery industry continues to have a positive impact on the domestic corrugated packaging industry.

The terminal market demand is constantly unleashed, increasing the demand for the expansion of the industry's capacity: Over the past few years, the scale of China's express corrugated packaging market has been on the rise. According to the data released by the China Paper Association, the express corrugated packaging market is continuously scaled up in China. By the forecast of Qianzhan Industry Research Institute, the scale of China's express corrugated packaging market will continue to rise in the upcoming years and is estimated to reach RMB86.4

billion by 2025 (CAGR for 2019 to 2025: Approximately 15%). Terminal markets, including the express, electronics, and household chemicals terminal markets, show an increasing demand for corrugated box and board packaging, which will drive the expansion of the capacity of corrugated packaging enterprises and thus increase the demand for corrugated packaging machinery, benefiting the machinery manufacturers.

Robust overseas demand: In recent years, corrugated packaging markets in Europe and the US have operated at high levels due to factors like global supply chain restructuring, onshoring of manufacturing in Europe and the US, and increased overseas consumer online spending.

Based on financial analysis of major listed corrugated packaging companies in Europe and the US, Capex expenditures (including equipment, land, factories, etc.) of major corrugated packaging companies hit record highs in absolute terms in 2022. According to China Customs statistics, China's exports of printing equipment totalled USD3.109 billion in 2022, up 8% YoY, of which printer exports were USD1.873 billion, up 16% YoY. From January to March 2023, China's printing equipment exports were USD734 million, up 10% over the same period in 2022, of which printer exports were USD441 million, up 13% YoY.

In recent years when environmental pollution becomes more and more serious, growing environmental awareness has led to “plastic bans and restrictions” across the world, providing a major boost to paper as an alternative to plastic. England announced a ban on single-use plastics starting October 2023, covering items like disposable plastic plates, trays, bowls and utensils. France is phasing in bans on single-use plastic packaging for around 30 fruits and vegetables starting January 2022. The U.S. Department of the Interior announced that single-use plastics will be gradually phased out in national parks and other public lands by 2032. The global green packaging market is projected to grow from USD262.27 billion in 2023 to USD381.98 billion in 2028, with a compound annual growth rate of 7.81% during the forecast period (2023-2028).

Phase and clear out machinery with backward capacity and continue to upgrade machinery: China's paper packaging industry market shows a low concentration degree. In 2021, the CR5 of paper packaging enterprises above the designated size was only 14%. Additionally, the industry has a number of low-end small and medium box plants, presenting a highly decentralized competitive landscape. With the brand-based development and upgrading of the downstream terminal consumer industry, the requirements of corporate customers for corrugated boxes gradually increase. Concurrently, the supply-side upgrading of the industry is an inevitable trend, and the industry will boost its concentration through market competition, capacity upgrading, and M&A. This trend will boost the upgrading and iteration of technologies and machinery and accelerate industry integration. Additionally, it is estimated that the line machinery that is more intelligent and productive will replace the existing corrugated cardboard production lines and corrugated box printing and packaging production line equipment in the upcoming five to ten years.

By statistics, there are over 6,000 existing corrugated cardboard production lines in the domestic market, and more corrugated box printing and packaging machinery, which will be replaced by more intelligent ones with higher production efficiency in the next five to ten years. Data show that the domestic market share of the 15 listed corrugated packaging companies in China combined has risen from 5.7% in 2017 to 10.1% in 2022, indicating the continued concentration of the domestic corrugated packaging industry and the steadily increasing market share of major manufacturers. In 2022, the new additions to the domestic corrugated and liner board capacity were 5.24

million tonnes, and the phased-out capacity was 1.84 million tonnes, resulting in a net new capacity of 3.4 million tonnes.

Digital and intelligent upgrading of the paper packaging and printing industry bring new development opportunities: The traditional production mode has caused domestic paper packaging and printing enterprises to be overly dependent on skilled technicians at critical positions and slow to identify the outdated management mode. The “strategy of robot assembling line” and “smart factory” are increasingly recognized by the industry. Amid intelligent manufacturing, the paper packaging and printing industry will usher in industrial upgrading and transformation. Additionally, leading packaging enterprises, including Xiamen Hexing Packaging Printing Co., Ltd. (HXPP), MYS Group Co. Ltd. (MYS), Shenzhen YUTO Packaging Technology Co., Ltd., and Shenzhen Jinjia Group Co., Ltd., have pushed ahead with Internet-based development in recent years by entering into intelligent manufacturing, cloud printing, or other markets, expected to launch a revolution in the Internet-based development of the paper packaging and printing industry and injecting new impetus into industry integration. Concurrently, amid intelligent manufacturing and Internet-based packaging, leading enterprises engaged in corrugated packaging machinery are also expected to embrace new development opportunities.

By estimate, the scale of the global corrugated packaging machinery market is approximately RMB30 to 40 billion.

(2) Supply side:

A. World-leading comprehensive strength

Corrugated cardboard production lines: Major manufacturers of corrugated cardboard production lines around the world include Fosber Group, BHS (Germany), Marquip (a wholly-owned subsidiary of the American Barry-Wehmiller), and J.S. Machine. Among them, Fosber Group and its major rival from Germany, BHS, lead the others and are leaders in the global middle- and high-end corrugated cardboard production line field. Fosber Group holds approximately 30% of the global middle- and high-end corrugated cardboard production line market and more than 50% of the North American market.

Corrugated rollers, key components of corrugated cardboard production lines: The subsidiary Tiruña Group is a time-honoured and prestigious corrugated roller supplier, specializing in the production of corrugated rollers and pressure rollers for industrial corrugated cardboards. It leads the global market.

Corrugated box printing and packaging production line equipment: Major manufacturers in this field include Dongfang Precision, Bobst (Switzerland), Gopfert (Germany), Ward (a wholly-owned subsidiary of the American Barry-Wehmiller), Ding Long (Shanghai), and Guangzhou Keshenglong. Dongfang Precision is an industry leader in China and is competitive with the global industry leader, Bobst, from Switzerland. With an advantage in global resource coordination, leading design concept, excellent overall R&D strength, and a product system featuring complete categories and rich specifications, the Company can produce products that meet dozens of specifications and different market positioning, covering fixed/open-close type, top printing/bottom printing, and complete production line (inline) products/single machine, and has the completest product lines and richest product base of the corrugated box printing and packaging production line equipment worldwide.

Digital printing: Major manufacturers include Wonder Digital, Hanway (China), Atexco, HP (the US), and EFI

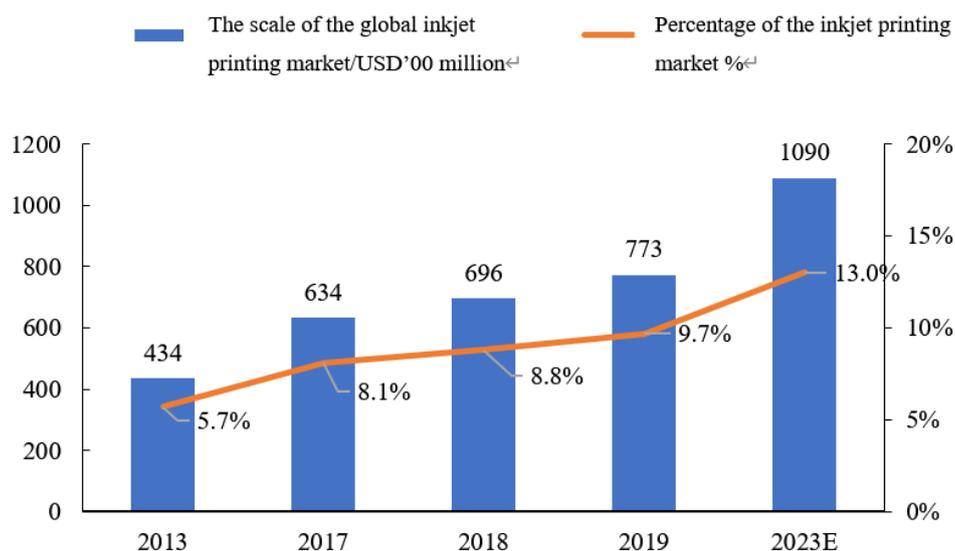
(the US). The subsidiary, Wonder Digital, takes the lead among global suppliers of digital printing solutions in applying high-speed inkjet printing technology to corrugated packaging and is committed to extending digital printing technology to such fields as home building materials, label printing, and advertising. Digital printers under the brand Wonder has been sold at home and abroad since Wonder Digital was established in 2011. Statistically, more than 1,400 pieces of machinery have been sold to over 80 countries around the world.

In conclusion, Dongfang Precision leads the world in terms of its comprehensive strength in smart corrugated packaging equipment business and can provide downstream customers such as cardboard plants and box plants with “one-stop” machinery and service support that covers each production process, including corrugated cardboard production, corrugated box production, and pre-printing and post-printing production processes, and different technology roadmaps, including flexographic printing and digital printing. In terms of the size of revenue, **Dongfang Precision’s corrugated packaging machinery business accounts for approximately 10% of the global industry market, ranking first among domestic enterprises of the same type and second in the global market.**

B. The rapid development of digital printing brings more development opportunities for the industry.

According to the report *The Future of Inkjet Printing to 2023* released by the research institution, Smithers Pira, in the global presswork and packaging field, the market scale of inkjet printing technology between 2013 and 2018 increased from USD43.4 billion to USD69.6 billion and is expected to reach USD109 billion in 2023, with a CAGR of nearly 10%. The percentage of inkjet printing in the entire printing market is expected to increase to 13.0% in 2023.

Scale of the Inkjet Printing Market in the Global Presswork and Packaging Field



According to the latest report *The Future of Inkjet Printing to 2027* by Smithers Pira, the market value of inkjet printing in graphic printing and package printing globally reached USD86.8 billion in 2022. The inkjet printing market has grown strongly over the past 5 years. Total inkjet printing output in 2022 was 46.2% higher compared to 2017, with printed volume growing by over two-thirds. The report forecasts that growth of inkjet printing in packaging will be most rapid from 2022 to 2027, with expected compound annual growth rates of 17.7% by

shipment quantity and 16.3% by value.

Digital inkjet printing without the need to produce costly and time-consuming printing plates or rollers, and has a more comprehensive data variability, higher packaging flexibility, lower operating costs, in the production of small orders, digital printing than the traditional analog printing technology (flatbed printing, letterpress, gravure, silkscreen, etc.), more cost-effective, more economical. Digital printing was initially used for short-run printing and then gradually expanded to long-run printing. Digital printing can be better for business users to provide flexible and rapid response capabilities, support and can be better on-demand printing business model.

In the field of label printing, digital printing has occupied a significant share of the market. Other application areas of digital printing technology include home decoration, textile printing, ceramics, electronics, glass, automotive, biomedical, 3D printing, and so on.

Wonder Digital's digital printing technology enables the documents on the computer/mobile phone to be directly printed on corrugated cardboards, offset cartons, and other packaging materials. The technology allows one-sheet printing and can present the effects of the finished products without platemaking, imposition, and colour calibration. Additionally, the technology enables immediate problem remediation, variable printing, and printing on demand. The major advantages of the technology are shown as follows:

(1) Convenient and fast

Digital printing enjoys an absolute advantage in small and medium batches of printing and urgent printing needs as it saves tedious processes, such as platemaking, imposition, and colour calibration. It enables electronic documents generated via typesetting software, design software, and office applications to be directly output to digital printers.

(2) Cost-saving

Digital printers require no platemaking, so no platemaking fees will be incurred. Additionally, there are multi-pass and single-pass digital printers, and the volume of waste ink every month is only 1 L to 20 L.

(3) More user-friendly and easier-to-operate with human-machine interaction

Wonder Digital's digital printers feature high levels of system integration and human-machine interaction in product design and technical implementation. Compared to traditional package printers, they are more user-friendly and easier-to-operate. Traditional package printers require highly skilled and experienced operators, who need long training periods to become proficient. Wonder Digital's digital printers can be operated after simple training, with just one person needed to operate a multi-pass digital printer and two to run a single-pass inline for mass production.

(4) One-sheet printing

Although it does not take long to complete small batches of printing orders, such orders still share the same complex and time-consuming printing commissioning process with large batches of printing orders. Therefore, box printing and colour printing usually have standards for the base number of sheets for printing. If the base number cannot be met, the printing cost of a single sheet will be increased. Digital printing enables one-sheet printing and immediate availability. Additionally, it can flexibly perform small and medium batches of production. Moreover, one piece of neutral machinery can be fully operated by one person and covers less production space.

(5) Product quality

Digital printing adopts inkjet printing technology. It can be divided into water-based ink printing and UV printing in terms of the ink type and printing effects. As digital printing technology constantly improves, Wonder Digital's WD200 series can rival traditional HD water-based ink printing in terms of printing effects, while Wonder Digital's WDUV series achieves the spot colour effects of traditional offset printing.

(6) Product quality

Digital printing adopts inkjet printing technology. It can be divided into UV printing (including colour printing & pre-printing, with printing effects close to colour offset printing) and water-based ink printing (including colour printing & pre-printing, with water-based dye/pigment inks, etc.) in terms of the ink type and printing effects. With continuous improvements in technology, the printing effects of Wonder Digital's WD200++ digital printer series approach those of traditional HD water-based ink printing, while the printing effects of Wonder Digital's WDUV200++ digital printer series rival those of traditional colour offset printing.

(7) Printing efficiency

The printing process of traditional printers is complex, with a long order-to-delivery time. From design - customer review - plate making - plate exposure - sampling - customer approval - printer imposition - plate exposure - plate adjustment - colour matching - completion, it takes at least three days. With digital inkjet printing technology, there are just three steps: design - customer review - completion, greatly improving printing efficiency.

2. Industry of the industrial Internet industry solutions business

According to the Classification of Strategic Emerging Industries (2018), Dongfang Precision's "industrial Internet industry solutions" business division falls under the "industrial Internet and supporting services" industry.

Policy side: The Guiding Opinions of the State Council on Deepening the "Internet plus Advanced Manufacturing" and Developing the Industrial Internet released by the State Council in 2017 marked China's official entry into digital development from information-based development in terms of industries. "Accelerate the development of the industrial Internet" was proposed for the first time in the report on government work in 2018 and became a frequent visitor in the reports on government work for the next five years. In 2020, the National Development and Reform Commission stated that, as one of the new network infrastructure types, the industrial Internet is a part of the new infrastructure. Under the guidance of a range of policies, the industrial Internet and smart factory have become the strategic development orientation of the transformation and upgrading of China's manufacturing.

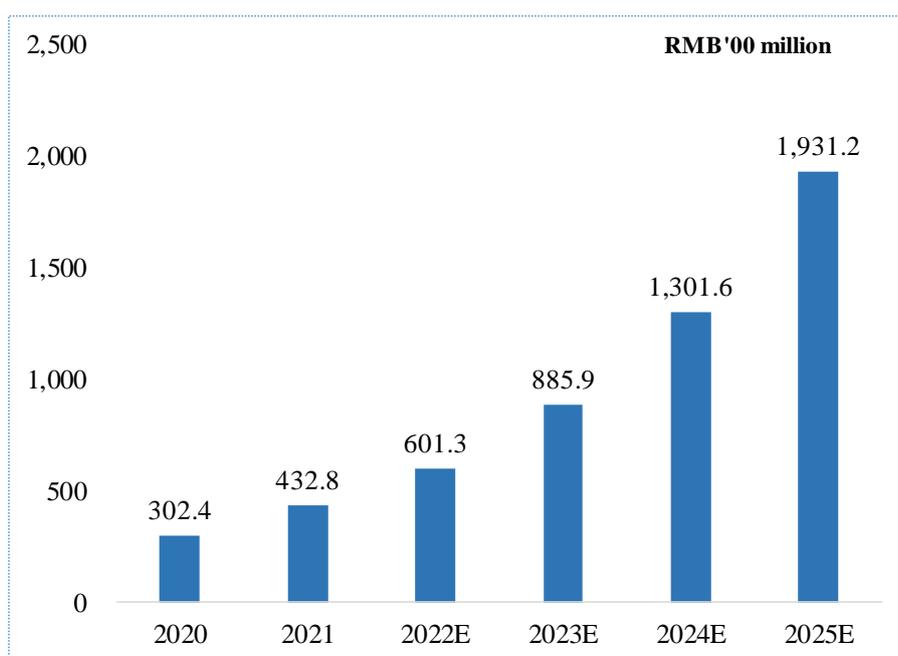
Market side: China is the only country in the world whose industries cover all industrial categories in the United Nations' industrial classification. Concurrently, it is expected to grow into the world's largest industrial digitalization market. For the current manufacturing industry of China, digital transformation is no longer an "option" but a "compulsory course" that is critical to its survival and long-term development.

As the manufacturing industry enters the "Industry 4.0" era, an increasing number of manufacturing enterprises have realized that buying production equipment, enterprise resource planning (ERP) systems, or manufacturing executive systems (MES) cannot meet the systematic requirements of intelligent manufacturing. By contrast, industrial Internet platforms can systematically resolve all critical issues that cannot be handled through traditional means. According to the Bluebook on the Digital Transformation of Enterprises--Empowering the Low-carbon and

Green Transformation of the Real Economy with New IT released by the China Academy of Information and Communications Technology, after relevant manufacturing enterprises complete digital transformation, on average, their production efficiency will be boosted by 37.6%, their operating expenses will be lowered by 21.2%, and their energy utilisation rate will be improved by 16.1%. Concurrently, with the rapid development and continuous iteration of the new-generation information technology, the cost of digital transformation of enterprises is gradually decreasing, and more and more industrial enterprises will implement industrial Internet-based digital transformation.

According to the data released by Frost & Sullivan, the scale of the market of industrial Internet platforms and relevant solutions in China by 2025 is estimated to reach RMB193.12 billion. Between 2021 and 2025, the CAGR of the market of industrial Internet platforms and relevant solutions in China is approximately 45.3%.

The Scale of the Market of Industrial Internet Platforms and Relevant Solutions and Forecast between 2020 and 2025



Supply side: According to the White Paper on the Economic Development of the Industrial Internet Industry in China (2022), participants in the construction of industrial Internet platforms in China are diversified. Leading manufacturing enterprises, information and communications enterprises, and Internet-based enterprises build industrial Internet platforms in different dimensions and from different perspectives based on their own comparative advantages, enabling China's industrial Internet industry to enjoy industrial enterprises, ICT enterprises, and Internet enterprises at the same time.

The key technologies and industries that the industrial Internet involves are extensive and complex and can hardly be fully covered by enterprises. Thus, developing the industrial Internet by relying on industrial manufacturing enterprises becomes a typical development path of industrial Internet enterprises, such as Root Cloud, Midea Cloud, and Baosight. In the packaging field, major manufacturers that provide industrial Internet-related products and solutions services include Yunyin, Dongfang Digicom, and wantit.

The subsidiary Dongfang Digicom, carrying Dongfang Precision's missions of expanding into the industrial Internet industry and implementing "digital and intelligent transformation strategies", was established in 2020. With

the vision “to become a world-leading provider of industrial Internet industry solutions”, Dongfang Digicom is engaged in building industrial Internet platforms for industries using new-generation information technologies, such as the IoT, cloud computing, big data, and artificial intelligence and becoming a leader in the domestic manufacturing industry in digital and intelligent upgrading.

3. Industry of the water powersports equipment business

According to the Classification of Strategic Emerging Industries (2018), the water powersports products of the subsidiary, Parsun Power, fall under the “manufacturing of marine equipment” industry. The outboard motors are Parsun Power’s main water powersports products. Outboard motors are the key auxiliary equipment for small- and medium-sized ships and are characterized by their compact structures, light weights, convenient installation and maintenance, easy operations, and low noise. They are widely used in water recreation and sports, fishing, water traffic, emergency rescue, shore landing, and maritime patrol.

Applications of Parsun Power’s Outboard Motors

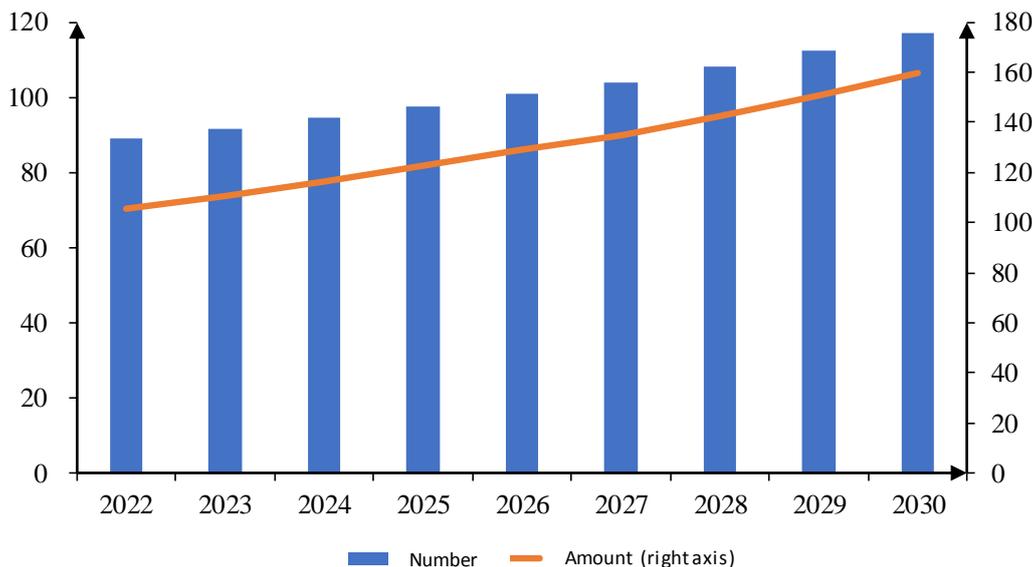
Field	Scenario	Example
Recreational	Recreational fishing, sailing and water sports	
Commercial	Fishing, water traffic and waterway maintenance	

<p>Official and military</p>	<p>Emergency rescue and maritime patrol Beach landing and water reconnaissance</p>	
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With global economic growth, personal income increase, and the change in personal consumption habits, the global outboard motor market trends toward stable growth. Considering the development of China’s water tourism and recreational industry and the emphasis of the government on maritime rights, the Chinese government agencies at all levels have granted vigorous policy support to ship-related industries. For example, the National Development and Reform Commission has included high-performance ships, such as superyachts, luxury cruise ships, marine surveillance vessels, and small-waterplane-area twin hulls, among items for encouragement. The Ministry of Industry and Information Technology has proposed developing brand products, such as luxury superyachts, sightseeing boats, and official boats. The State Council has also proposed vigorously developing marine tourism, manufacturing localised tourism equipment such as cruises and cruise yachts, and vigorously developing cruise yacht tourism. Under the guidance of policies, China’s yacht industry will usher in rapid development.

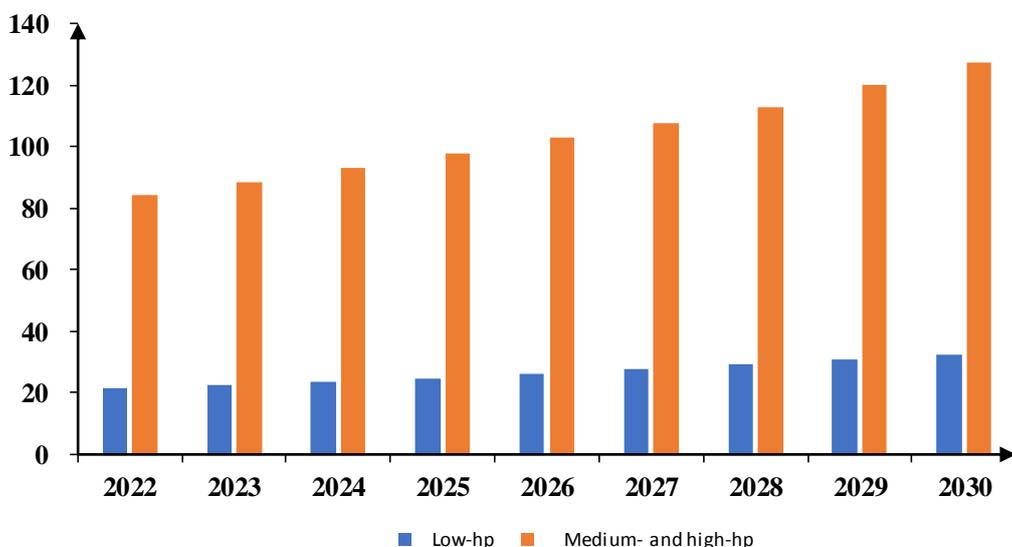
According to the report released by Global Market Insights Research Private Limited, an international market research institution, in terms of sale volume, the sale volume of the global outboard motors in 2022 reached 888,600 and is expected to reach 1.171 million by 2030, with a CAGR of 3.50% from 2022 to 2030. In terms of revenue, the size of the global outboard motor market in 2022 was USD10.572 billion and is expected to reach USD15.975 billion by 2030, with a CAGR of 5.30% from 2022 to 2030. With global economic growth, personal income increase, and the change in personal consumption habits, the global outboard motor market trends toward stable growth.

Global Sales and Market Size of Outboard Motors between 2022 and 2030 (Units: ' 0,000 Pieces; USD' 00 Million)



According to the GMI report, the sizes of the global low-horsepower and medium- and high-horsepower outboard motor markets in 2022 were USD2.145 billion and USD8.426 billion, representing 20.29% and 79.71% of the total, respectively. Among the two types of markets, the medium- and high-horsepower outboard motor market had a larger size. Between 2022 and 2030, the CAGRs of the global low-horsepower and medium- and high-horsepower outboard motor markets are 5.40% and 5.27%, respectively, indicating that the global outboard motor market is driving the development recreational and luxury yachts and obviously trending toward high-horsepower outboard motors.

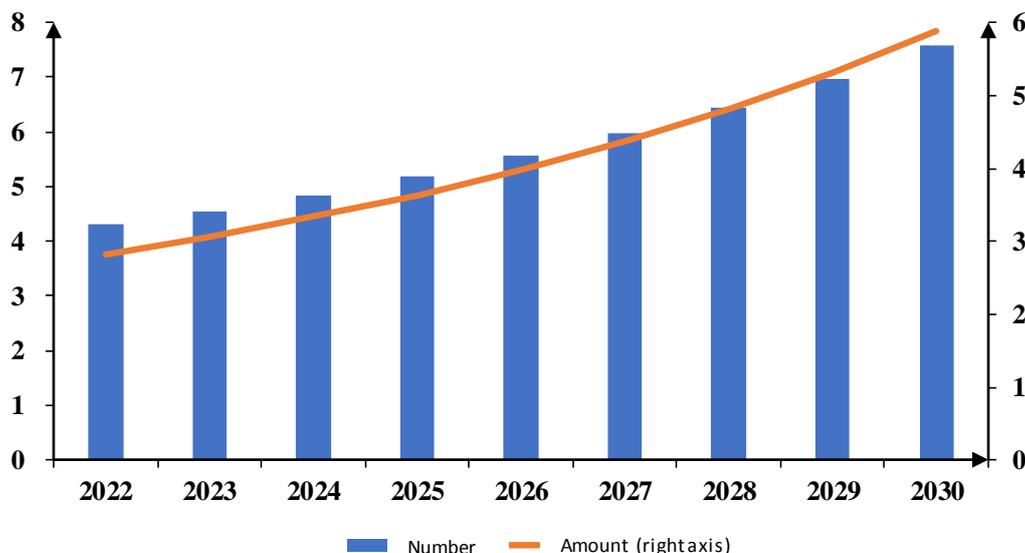
The Sizes of Markets of Outboard Motors with Different Horsepowers between 2022 and 2030 and Estimations(USD' 00 Million)



In terms of Chinese market, by the GMI report, the sale volume of outboard motors in the Chinese market in 2022 reached 43,000 and is expected to reach 75,800 by 2030, with a CAGR of 7.34% from 2022 to 2030, substantially larger than the 3.50% of the global market. In terms of sales, the size of the Chinese outboard motor

market in 2022 was USD282 million and is expected to reach USD588 million by 2030, with a CAGR of 9.62% from 2022 to 2030, also substantially larger than the 5.30% of the global market.

Size of the Chinese Outboard Motor Market and Estimation between 2022 and 2030 (Units: ' 0,000 Pieces; USD' 00 Million)

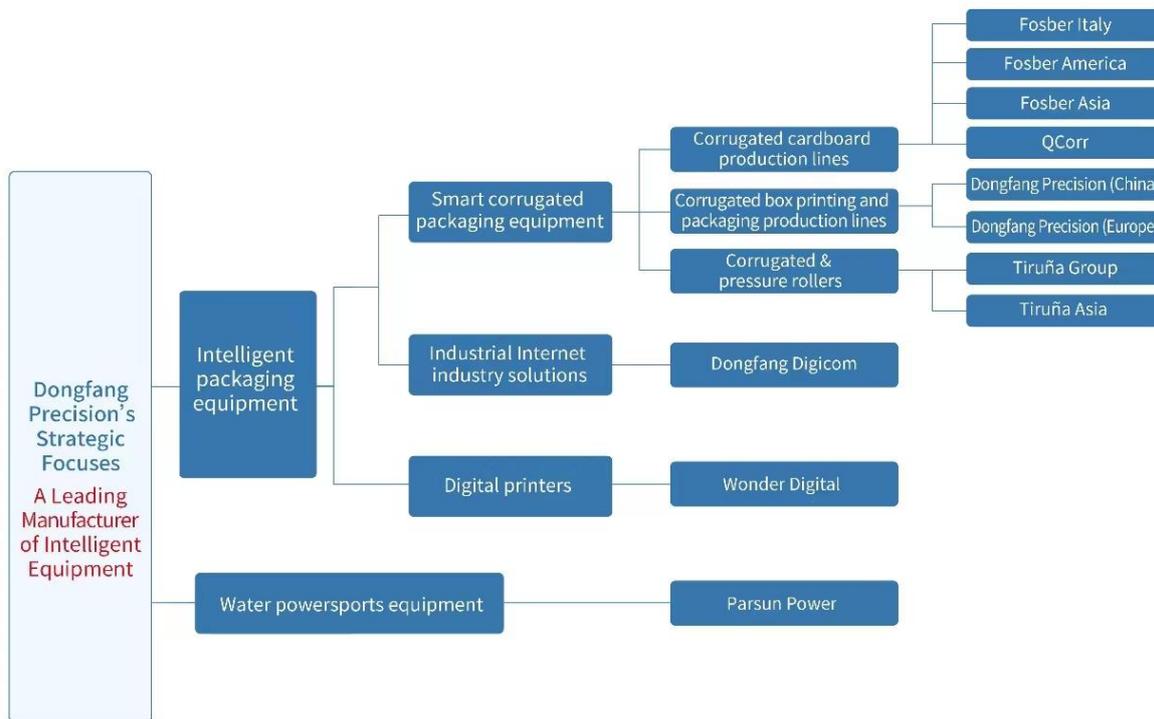


Worldwide, the outboard motor industry is dominated by Japanese and American brands, including Yamaha, Japan (an outboard motor brand under Yamaha Motor) and Mercury, USA (an outboard motor brand under Bentfield Group). China has become one of the world's fastest-growing outboard motor markets owing 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 the huge market potential for domestic substitution.

(III) Principal operations of the Company in the Reporting Period

With "intelligent equipment manufacturing" as its primary strategic focus, Dongfang Precision concentrates on the manufacturing of high-end intelligent equipment. Its principal operations include "intelligent packaging equipment" and "water powersports equipment". The "intelligent packaging equipment business" consists of smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions.

Business Divisions and Entities of Dongfang Precision

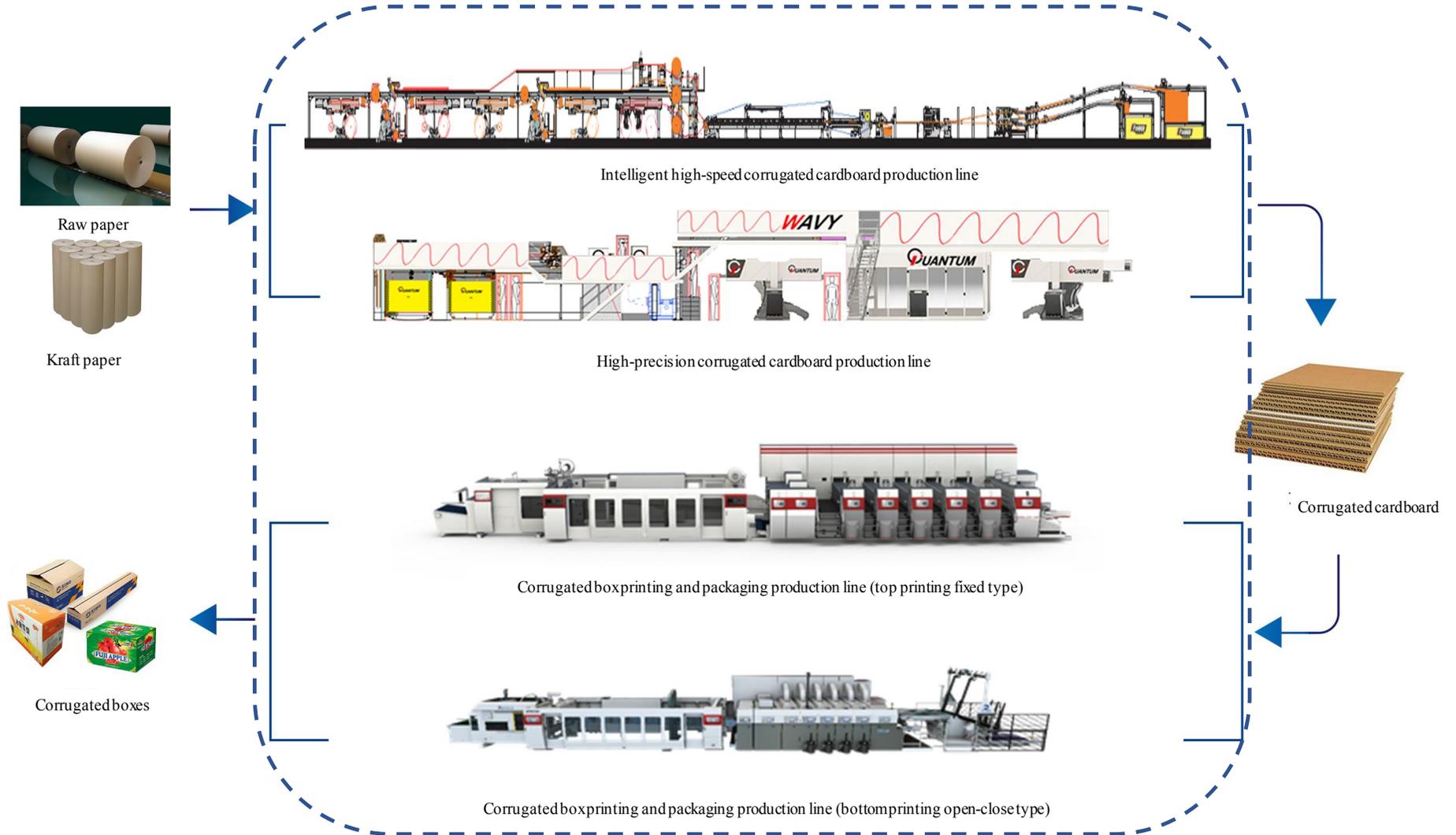


1. The intelligent packaging equipment business

A. Corrugated packaging equipment

The most vital component of Dongfang Precision’s intelligent packaging equipment business is the smart corrugated packaging equipment business, which includes corrugated cardboard production lines, corrugated box printing and packaging production lines, as well as corrugated & pressure rollers.

Relationship between Corrugated Packaging Manufacturing Value Chain and the Company's Smart Corrugated Packaging Equipment



a) Corrugated cardboard production lines

Dongfang Precision's corrugated cardboard production line business primarily consists of Fosber Group and the majority-owned subsidiary Fosber Asia. Fosber Group includes Fosber Italy, Fosber America, QCorr, Tiruña Group, etc.

(1) Fosber Italy

Fosber Italy, a subsidiary, specializes in manufacturing mid-to-high-end corrugated cardboard production lines under the Fosber brand. The product line includes two major series, namely S-Line and C-Line, which cater to widths ranging from 2.5 meters to 2.8 meters and speeds ranging from 250 meters/minute to 470 meters/minute. These corrugated lines are applicable for producing corrugated cardboard with a thickness of 2mm to 13mm, known for their high load-bearing capacity, excellent shock resistance, plasticity, and environmental performance. The resulting corrugated cardboard is extensively used in fields such as logistics and express delivery, furniture and household appliances, and electronic product packaging, serving as the outer packaging for various types of corrugated boxes.

The primary markets for Fosber Italy's mid-to-high-end corrugated cardboard production line products are Europe, North America, and Latin America. The company's primary research and production base is situated in Lucca, Italy.

(2) Fosber America

Fosber America, a subsidiary, is a top-notch provider of equipment and services for corrugated cardboard production lines in the North American market. The company is renowned for its world-class installation, training, service, spare parts, and upgrade support. Fosber America's production base is located in Green Bay, Wisconsin, and it has a market share of over 50% in the mid-to-high-end corrugated cardboard production line industry in the United States, making it the top-ranked company in the market.

(3) Fosber Asia

Fosber Asia, a subsidiary, specializes in homegrown S/Line and Pro/Line series corrugated cardboard production lines, which cover widths ranging from 2.2 meters to 2.8 meters and speeds ranging from 180 meters/minute to 370 meters/minute. It also provides single module products such as the Instant Set and PaperLink systems for corrugated cardboard production lines.

Fosber Asia mainly serves the Chinese market, as well as countries along the Belt and Road Initiative route such as Southeast Asia, South Asia, the Middle East and Africa, in addition to Eastern Europe and Latin America.

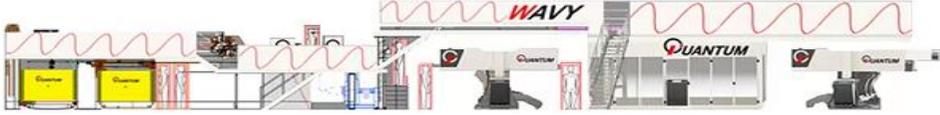
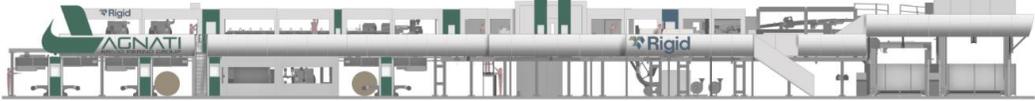
Fosber Asia's high-end corrugated cardboard production lines incorporate design concepts from the Italian brand of Fosber, and are customized and produced locally based on the needs of Chinese customers. Fosber Asia aims to provide corrugated cardboard production lines that are high-tech, high-performance and cost-efficient to satisfy needs of corrugated packaging industry customers. Supported by China's most complete supply chains across all industrial sectors globally, around 90% of the components of Fosber Asia's corrugated cardboard production lines are manufactured domestically.

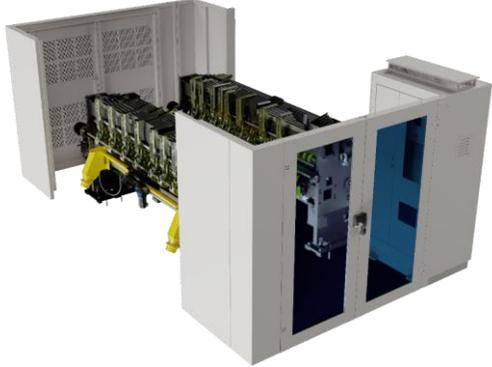
(4) QCorr

QCorr, a subsidiary, specializes in manufacturing Quantum Line, Wavy Line, and other related products. The

Quantum Line production line is primarily used for creating solid fiberboard below 2mm and micro flute corrugated board, covering widths ranging from 1.8 meters to 2.5 meters. With innovative designs and new production process concepts, the Quantum Line boasts unique technical features and compact dimensions. Solid fiberboard and micro flute corrugated board are known for being lightweight, strong, moisture-resistant, and environmentally friendly. As such, they are widely used in offset carton packaging, high-end products, electronic products, and cultural and artistic product packaging. QCorr and Fosber's corrugated cardboard production lines have excellent complementarity from the standpoint of the end-use application fields of the manufactured cardboard products. The diverse range of products offered by both brands covers the entire spectrum of end-use application requirements, ensuring comprehensive coverage.

Primary Product Portfolio of Dongfang Precision's intelligent packaging Equipment Business - Corrugated Cardboard Production Lines

Product type	Brand	Product image	Main characteristics
<p>Corrugated Cardboard Production Lines</p>			<p>Width: 2.5m~2.8m Design speed: 250~470 meters/minute; Designed for large corrugated board manufacturers "Extended engagement" beltless technology; Cadre without lubrication technology; No-speed drop cadre gapless sheet change Industry leading changeover times; Optimal board quality and low operating costs;</p>
			<p>Industry-leading Syncro4 system control Process Control Supervision (PCS) Data Tracking Supervision (DTS)</p>
			<p>Widths from 1.8 meters to 2.5 meters Innovative design</p>
			<p>Compact and flexible More suitable for lightweight corrugated board production</p>

	<p>Pro/Line</p> 	<p>Width: 2.2m~2.8m Design speed: 180~320 meters/minute Integrated machine unit with staggered stacking Single-watt, double-watt and triple-watt wet section Beltless technology for wet section; Lubrication-free technology in the dry section; High board quality and low operating costs; Industry-leading Syncro4 system control; Process Control Supervision (PCS); Data Tracking Supervision (DTS)</p>
	<p>秒机 (Instant Set)</p> 	<p>Dual-module slitter Gapless order change speed of 250 meters/minute Positioning accuracy of +/- 0.5mm, 3 seconds to change order and arrange knives</p>
<p><i>Corrugated & pressure rollers</i></p> 		<p>The world's leading supplier of corrugating rolls and pressure rolls with industry-leading machining and tungsten carbide treatment</p>

b) Corrugated box printing and packaging production lines

In this regard, the primary business entities are Dongfang Precision (China) and Dongfang Precision (Europe). Dongfang Precision (China) specializes in offering a diverse range of corrugated box printing and packaging complete lines, including fixed/open-close type, top printing/bottom printing corrugated converting lines. The “Dongfang Star” series consists of top printing fixed type and top printing open-close type FFG inlines, while the “Super Star” series comprises bottom printing die cutter stripper vacuum stacker converting lines, bottom printing open-close type FFG inlines, bottom printing open-close type/FFG & stitchers, and other products. Furthermore, Dongfang Precision (China) provides a wide range of market-oriented corrugated box printing and packaging production line equipment in different specifications to meet customer demands. The products are highly popular not only in the domestic market but also exported to over 30 countries and regions worldwide, including Europe, America, Asia, Africa, Latin America, and Oceania.

Dongfang Precision (Europe), a subsidiary, specializes in high-end corrugated converting line products. The company offers a range of products, including FD series quickset top printing FFG, HGL series quickset bottom printing FFG, and quickset bottom printing/die cutter stripper vacuum lines. These products are designed with non-crush feeder design, full servo control, and fully automatic control features, making them suitable for high-definition printing. Dongfang Precision (Europe) also provides various pre-printing and post-printing equipment compatible with the complete line products, such as feeder unit, stripper transfer, intelligent palletizer, and folder gluer, to enhance the efficiency and quality of the entire production process. Dongfang Precision (Europe) primarily targets the European and American markets.

c) Corrugated & pressure rollers

Tiruña Group, a subsidiary, is a specialist in the production of corrugated rollers and pressure rollers for the corrugated cardboard industry. Leveraging years of experience in the field, Tiruña is well-versed in all types of corrugated cardboard production lines and can manufacture a diverse range of corrugated rollers and pressure rollers. Additionally, the company can design and produce customized rollers to meet the specific needs of customers, taking into account their machine types, special coating requirements, and paper characteristics. Tiruña possesses state-of-the-art coating roll equipment and patented polishing equipment, and is highly specialized in re-cutting, re-casting, and coating techniques.

Dongfang Precision aims to further strengthen synergy across its various business divisions within the Group and capitalize on China’s competitive advantage in global manufacturing. To better support the domestic high-end corrugated cardboard production line business, the company plans to introduce Tiruña’s corrugated roller and pressure roller business to China in 2023. This will involve the establishment of the Tiruña Asia team and the creation of a new subsidiary, Tiruña Asia, located in the Nanhai District of Foshan City. This strategic move will enable the localization of corrugated roller and pressure roller business, catering to the needs of Dongfang Precision’s corrugated cardboard production line business. At the same time, it will expand the Tiruña brand’s corrugated roller and pressure roller into new markets in China and Asia.

Primary Product Portfolio of Dongfang Precision's Smart Corrugated Packaging Equipment Business - Corrugated Box Printing and Packaging Production Line Equipment

Product type	Brand	Product image	Main characteristics
<p>Integrated corrugated box printing and packaging lines</p>		<p>DONGFANG STAR I QUICKSET TOP PRINTING FFG</p> 	<p>Upper printing fixed type Full servo control No downtime for plate change 2 minutes quick order change Vacuum adsorption large belt, high precision cardboard transfer, long service life Energy saving up to 30 Only 2 people are needed to operate the whole line</p>
		<p>DONGFANG STAR II TOP PRINTING OPEN-CLOSE TYPE FFG</p> 	<p>Print-on/off type Vacuum adsorption roller transfer; Computerized adjustment, easy to operate; High speed and stable operation; Patented folding structure; Improve carton molding effect Only 2-3 persons are needed to operate the whole line</p>
		<p>Asia-Pacific STAR I BOTTOM PRINTING DIE CUTTER STRIPPER VACUUM STACKER CONVERTING LINE</p> 	<p>Suitable for shaped box, machine box and pre-printed box, etc., with one point and multiple die-cutting. Mature down-printing die-cutting technology; Clean chip removal and accurate counting Efficient production; Uninterrupted feeding; No-speed down output of bundles, flexible palletizing methods Configurable for double-sided printing; 2-3 person operation</p>

Product type	Brand	Product image	Main characteristics
<p><i>Integrated corrugated box printing and packaging lines</i></p>	 <p>东方精工 DONGFANG PRECISION</p>	<p>Asia-Pacific STAR II BOTTOM PRINTING OPEN-CLOSE TYPE FFG INLINE</p> 	<p>Vacuum adsorption roller transfer Computerized adjustment of the whole machine, easy to operate Good effect of clearing waste, can realize one opening and two die-cutting line gluing carton. Patented folding structure improves carton molding effect. The whole line is operated by 2-3 persons</p>
		<p>Asia-Pacific STAR III BOTTOM PRINTING OPEN-CLOSED TYPE/FFG & STITCHER</p> 	<p>Design concept of down-printing type gluing and nailing as a whole Multi-purpose machine, to meet the production needs of different orders Saving space, reducing process, greatly reducing labor cost. Multiple pre-pressure to enhance folding and molding effect, precise control of molding accuracy.</p>
	 <p>EDF EUROPE</p>		<p>High-end down-printing fixed in-line Spindle servo drive Quick order change Complete pre-press and post-press supporting units</p>

d) Business model of the smart corrugated packaging equipment business

R&D model: The Company has industry-leading independent design and R&D capabilities, continually establishing high-level R&D innovation management mechanisms. The R&D team, spearheaded by industry experts, employs a blend of long and short-term product R&D planning, supported by a market-oriented R&D mechanism. Additionally, a robust R&D talent incentive mechanism enhances the Company's overall technical proficiency, cementing its leadership position in the industry.

Procurement and production model: The Company procures raw materials, such as steel plates, metal components, and electrical parts (such as motors and PLCs), from external suppliers, while producing some core components and corrugated rollers in-house.

The majority of the Company's equipment products adhere to a "made-to-order production" model. Upon receiving orders and partial deposits from customers, the Company purchases raw materials from suppliers based on specific customer requirements and inventory levels, and develops production plans and schedules. The Company advocates a "lean production" model for production and operational management, ensuring precise control over BOM costs and manufacturing expenses, while continuously enhancing operational efficiency. Typically, the delivery time for corrugated cardboard production line orders ranges between 4 to 6 months, while the delivery time for corrugated box printing and packaging production line equipment orders is approximately 2 to 3 months.

Marketing Model: The Company employs a "direct selling + distribution" marketing model. It utilizes a direct sales approach for the domestic market and a combination of direct sales and agent distribution for overseas markets, tailoring the strategy to suit the unique needs of different countries and regions. This approach not only widens the scope of sales channels and increases sales volume but also reduces market expansion and sales costs.

The Company's complete production line and single machine products are typically one-time sales, with more significant transaction amounts. However, accessories, software, and services can be sold multiple times throughout the lifecycle of complete production line or single machine products. The growing number of existing equipment sold in the downstream industry market presents a steady stream of sales opportunities for accessories, software, and services. Additionally, providing high-quality technical support and services helps to promote the sales of complete production line products.

In terms of the settlement of orders, 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 corrugated cardboard production lines and corrugated box printing and packaging equipment. Generally, 80% to 90% of the sales payment can be collected upon the delivery of products.

B. Industrial Internet industry solutions

Dongfang Digicom, a subsidiary of Dongfang Precision, serves as the primary business entity for "industrial Internet industry solutions". The company's business comprises two main divisions: the "Industrial Internet Platform for Industry" and the "Factory-wide Intelligent Logistics System".

1. Industrial Internet Platform for Industry

Leveraging the extensive industry experience of Dongfang Precision spanning over three decades in the field

of corrugated packaging equipment, Dongfang Digicom employs cutting-edge technologies such as the Internet of Things (IoT), cloud computing, big data, 5G, and artificial intelligence (AI) to develop an advanced industrial Internet platform for the industry. This platform comprises three levels:

(1) Equipment digital acquisition (IoT platform): By leveraging IoT, 5G, and edge computing technologies, the focus is on the core hardware of equipment to establish connections between different equipment and integrate equipment data with enterprise-specific system data. This approach enables the equipment layer to become digitized and networked.

(2) Data processing and modeling (middle platform): By utilizing data modeling, data mining, algorithm analysis, cloud computing, and other cutting-edge technologies, the collected data is integrated and analyzed to build an enterprise data hub. Based on this foundation, a business integration hub is created to offer industrial models and algorithms, which aid enterprises in transforming their operational experience into data models. This approach assists enterprises in achieving comprehensive business trend analysis and prediction while providing visual BI tools that present key data and analysis results in an intuitive manner.

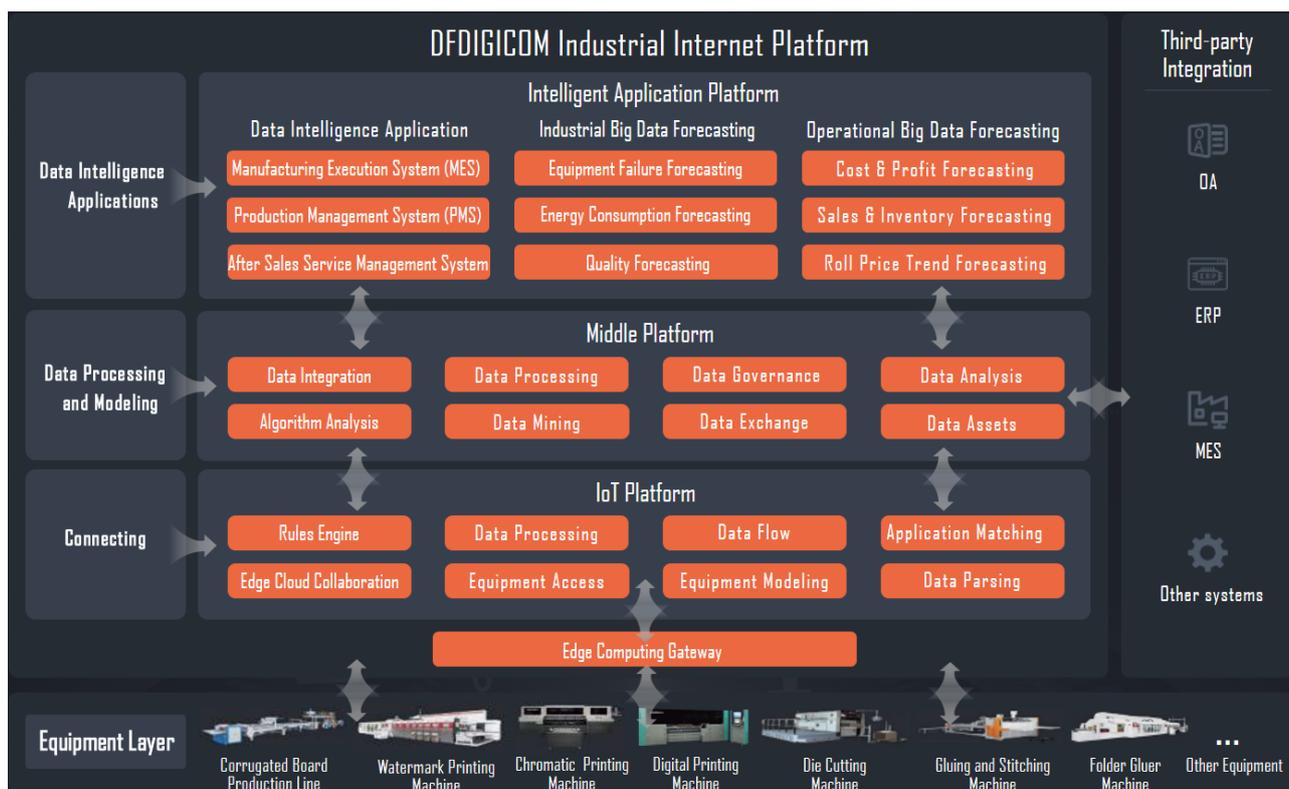
(3) Data intelligence application solutions (application platform): The use of big data, artificial intelligence, and other cutting-edge technologies can facilitate the development of intelligent applications. These applications, including equipment maps, fault prediction, remote operation and maintenance, digital twins, and full lifecycle management, can cover all value chain segments from procurement, production operations, sales, and after-sales services. By adopting these tools, enterprises can achieve data-based management and decision-making, ultimately promoting their digital transformation.

Dongfang Digicom released the Industrial Internet Platform v1.0 in 2022, which features independent intellectual property rights. The product is comprised of three key components: an IoT platform, a middle platform, and an intelligent application platform. It effectively facilitates data collection, processing, and analysis, providing intelligent applications based on data insights. The platform supports integrated applications across multiple terminals and can be deployed in various ways, including public cloud, private cloud, or hybrid cloud. Additionally, customers have the ability to independently develop secondary applications using the platform.

Dongfang Digicom distinguishes itself from other information service providers in the paper packaging industry by offering an Industrial Internet Platform specifically designed for this sector. As a result, Dongfang Digicom is currently the leading provider of Industrial Internet Platform solutions for the paper packaging industry.

DFDIGICOM Industrial Internet Platform offers end-to-end services, including equipment connectivity for data collection, data integration and analysis, and intelligent applications. By utilizing these services, customers can achieve intelligent manufacturing capabilities.

Architecture of DFDIGICOM Industrial Internet Platform



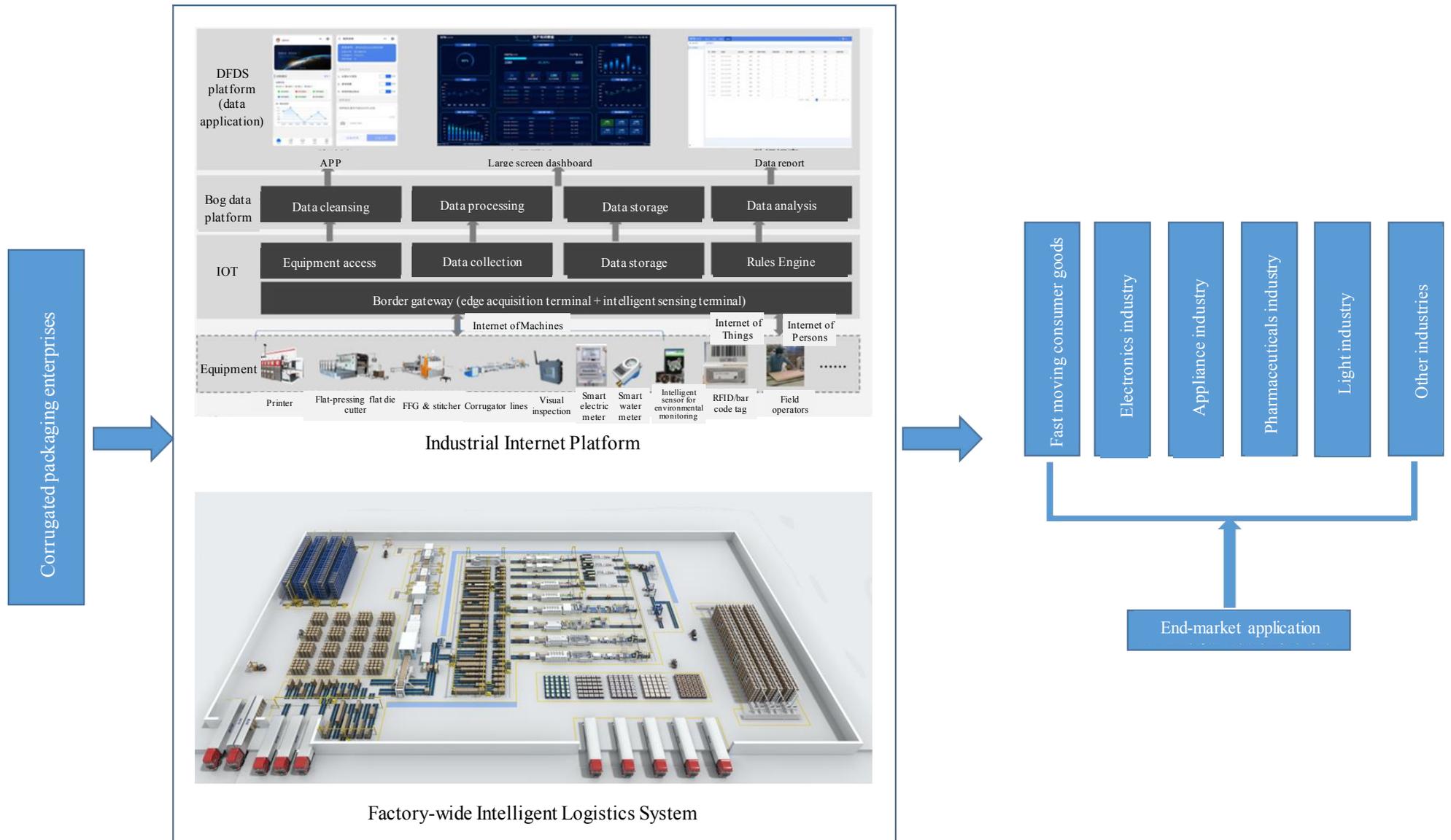
2. Intelligent Logistics

As the manufacturing industry undergoes an intelligent upgrade, the “factory-wide intelligent logistics system” has emerged as a crucial area of focus for packaging enterprises seeking to transition towards “intelligent manufacturing.” This system utilizes digital technology to transform production lines, warehouses, and logistics distribution within the factory into digitally intelligent entities. By doing so, it facilitates comprehensive automation control and management of production, warehousing, and distribution processes, reducing human intervention and management costs, improving production efficiency, and enhancing product and logistics service quality.

The “factory-wide intelligent logistics system” can be integrated with the industrial Internet platform to enable real-time monitoring and control of production and logistics data. Through the analysis and mining of logistics data, it can provide accurate decision-making support for enterprises, facilitating their digital transformation and intelligent upgrading.

To address the challenges faced by domestic corrugated packaging enterprises, such as poor production resource integration capabilities, labor recruitment/employment difficulties, unreasonable workshop layouts, and low production efficiency, Dongfang Digicom’s intelligent logistics business team is utilizing Dongfang Precision’s extensive industry experience, advanced international technical concepts, and unique understanding of the Chinese paper packaging market. They are customizing factory-wide intelligent logistics systems specifically for Chinese paper packaging enterprises.

Application Model of Industrial Internet Platform + Factory-wide Intelligent Logistics System



C. The digital printer business

The business is primarily led by the subsidiary Shenzhen Wonder Digital Technology Co., Ltd. Wonder Digital provides solutions for customers in the digital printing industry, including digital printers, ink, accessories, and professional services. Wonder Digital has introduced a variety of digital printers to meet the diverse needs of different market segments and customer levels, including:

- (1) Multi Pass digital printer series applicable for small-batch paper packaging printing
- (2) Single Pass digital printer series applicable for large/medium/small batch paper packaging printing
- (3) Single Pass digital series applicable for pre-printing on raw paper

(4) Hybrid printer series that combines Multi Pass high-precision printing and Single Pass high speed printing into one, supporting both scanning mode printing for large size, high precision, and full colour orders, and instantly switching to Single Pass mode for printing large volumes of small size orders

Wonder Digital's UV digital printers and single-pass digital printers feature printing accuracy as high as 1200dpi. Their colour printing effects rival those of traditional offset printers in clarity, fineness, colour brightness and saturation but with lower costs, helping customers effectively enhance competitiveness.

The Multi Pass series targets mainly small and medium-sized customers and provides package printing solutions that are cost-effective and high-performance, which can reduce overall packaging costs for e-commerce and export OEM models such as "one-piece drop shipping" and "transit warehouse" sales. The Single Pass series retains all the features of the Multi Pass series and is primarily designed for fast printing of medium-sized orders. The Single Pass digital series primarily caters to large-volume order printing, providing comprehensive costs similar to traditional printing and superior printing effects.

Wonder Digital offers a diverse range of products that cover various types and specifications, from post-printing to pre-printing, from water-based dye/pigment, water-based ink to spot colour UV ink, from boxes, offset cartons to sheet metal. The products also support a range of application modes and scenarios, from single-sheet printing to exchange orders seamlessly with variable data printing, and from single machine printing to integration with ERP systems. Wonder Digital's large format roll to roll high speed digital printer outperforms domestic competitors in terms of width and resolution and is competitive on the market in terms of size, energy consumption, and cost-performance.

With a comprehensive product matrix, Wonder Digital provides paper packaging digital printers that meet the diverse needs of industry customers with different market positions and levels. Since its establishment in 2011, Wonder Digital's digital printers have been exported to countries and regions such as Europe, America, the Middle East, Latin America, and Southeast Asia, with over 1,600 units of equipment installed in more than 80 countries worldwide.

Apart from digital printers, Wonder Digital also sells supporting units after printing section including slotting and varnish coating units, as well as special ink products that are compatible with its own-brand equipment. These special ink products, including water-based dye ink, water-based pigment ink, and UV ink. Wonder Digital's high cost-performance digital printing solution provides customers with cost-effective configuration plans for digital inkjet printing equipment and ink formulation plans. The cost-performance ratio of the ink is a crucial factor for

customers to consider when evaluating the overall solution.

Based on accumulated know-how and experience, Wonder Digital provides digital printers for advertising, home decoration, and other fields, including flatbed printing and roll to roll printing technologies. The flatbed models can be used for digital printing on materials such as aluminium panels, glass, ceramic tiles, metal plates, acrylic sheets, and alucobond panels, while the roll-to-roll models are applicable for digital printing on corrugated cardboard, vehicle paste paper, lamp box fabric, PVC film, decorated paper, and sheet metal like aluminium sheets, among others. Additionally, Wonder Digital also offers digital printers for the label printing industry.

Wonder Digital aims to offer its customers in the paper packaging industry more than just individual products or services. More importantly, it strives to provide complete digital printing solutions to help customers produce high-quality packaging materials in a convenient, efficient, and cost-effective way and make profit on fiercely competitive markets. To achieve this, tailored solutions are needed for different application areas and customer requirements. With years of accumulation in technology, manufacturing process and industry experience in the field of digital printing, Wonder Digital can provide different combinations of printheads, inks, inkjet control systems and other key components according to the needs of different customers. Meanwhile, it optimizes pre-printing, printing, and post-printing processes, matches equipment with corresponding production materials, and offers tailored digital printing solutions to help customers improve order delivery efficiency, increase turnover, reduce costs and ultimately strengthen competitiveness on the market.

Primary Product Portfolio of Dongfang Precision's Smart Corrugated Packaging Equipment Business——Digital Printers

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
<i>Digital Printers</i>		 <p>WD250++ Series Scanning Wide Format High Quality Carton Digital Printer</p>	<p>A cost-effective tool for bulk orders Adopts Epson's latest HD industrial printheads. Printing width up to 2500mm Speed up to 700 m²/h Printing thickness 1.5mm-35mm Full suction platform printing and feeding Coated paper and honeycomb board can also be easily printed. Base accuracy 1200dpi Water-based dye ink/water-based pigment waterproof ink is optional.</p>
		 <p>WD200++SINGLE-PASS industrial grade high speed cardboard digital printing machine</p>	<p>Reference accuracy 1200dpi Printing speed 150m/min Support 8 colors printing Wide format can be customized</p>

<p><i>Digital Printers</i></p>		 <p>Industrial SINGLE PASS roll-to-roll high-speed digital pre-printing machine</p>	<p>Reel-to-Reel Printing Suitable for corrugated paper, body stickers, light box fabric, PVC color film, decorative paper, thin aluminum sheet, etc. Decorative paper, thin aluminum plate, etc. Centralized printing and decentralized printing, cost saving</p>
		 <p>MULTI PASS-SINGLE PASS All-in-One Digital Printing Machine</p>	<p>Combines two different digital printing methods: Multi Pass high-precision scanning and Single Pass high-speed printing. Reduce the capital investment in equipment, save space, labor, maintenance and other costs, improve production efficiency</p>

2. The water powersports equipment business

The subsidiary, Parsun Power, is the main business entity for the Company's water powersports products (outboard motors) and is a leading enterprise in the domestic outboard motor industry. It ranked first in the industry's market share in China from 2018 to 2020. Parsun Power's main products are outboard motors of various specifications and different series, with horsepower ranging from 2 to 130. The outboard motor products are exported to hundreds of countries and regions, including Europe, Africa, Oceania, South America, North America, the Middle East, and Southeast Asia.

(1) Outboard motors

By the source of 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. It 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. In the first half of 2023, Parsun Power took it to the next level by successfully completing the mass production and sale of 130hp gasoline outboard motors.

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, including 1.2KW, 5.15KW and 7.3KW, are now in mass production and exported.

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 has achieved a complete product line layout of "gasoline-diesel-electric" outboard motors, and will rely on its years of technical expertise and leading market share in the gasoline outboard motor field to expand into high-horsepower diesel outboard motors and electric outboard motors.

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 medium- and 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.

(2) Sales Model

Parsun Power follows an industry-standard sales model that primarily relies on distribution, supplemented by direct selling. The demand for outboard motors, which are the company's main product, is mainly distributed overseas, with end customers scattered throughout the world. Adopting a distribution-centric sales model enables Parsun Power to reach end customers to the fullest extent possible.

(3) Production Model

Parsun Power produces outboard motor products independently, utilizing sales demand forecasts, customer orders, product inventory status, material delivery progress, and product production cycles to formulate production plans. The company then organizes the production of components in accordance with specialized processes and procedures.

(4) Procurement Model

Following the principle of "sales determine production, production determines procurement," Parsun Power determines the procurement requirements for its outboard motor business, while also taking into account reasonable safety stock.

II Core Competitiveness Analysis

The analysis of the Company's core competitiveness in the Reporting Period 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. Meanwhile, the Company has the most complete and richest corrugated packaging production line equipment in the industry, making it capable of meeting the demands for complete production line and single machine products of different market positioning, different customer types and dozens of specifications and models, second to none in China.

Corrugated cardboard production lines: Business entities, such as Fosber Italy, Fosber America, Fosber Asia, and QCorr, provide corrugated cardboard production lines of different specifications and types that meet varied market levels and positioning to multiple countries and regions worldwide. Fosber is one of the two companies with the strongest comprehensive technical strength in middle- and high-end corrugated cardboard production lines worldwide. The extensive application of software systems based on Industry 4.0 to its corrugated lines results in industry-leading digitalization. Featuring unique technological characteristics and compact size, the high-speed corrugated cardboard production line, Quantum Line, launched by the subsidiary QCorr can produce single-layer corrugated cardboards in line with any standards and allow the embedding and matching of digital printing technology. The corrugated cardboard production lines of Fosber and QCorr are highly complementary, and multiple product series of the two brands fully cover terminal application needs.

Corrugated rollers (key components in a corrugated cardboard production line): Tirusa Group, a subsidiary, is a time-honored, prestigious, and world-leading corrugated roller supplier in Europe, specializing in

the production of corrugated rollers and pressure rollers for corrugated cardboards.

Corrugated box printing and packaging production lines: Business units, such as Dongfang Precision (China) and Dongfang Precision (Europe), serve domestic and overseas markets by supplying high-quality corrugated converting line and single machine products covering multiple specifications. They can produce products that meet dozens of specifications and different market positioning, covering fixed type/open-close type, top printing/bottom printing, and converting line (inline)/single machine products, and has the most complete product lines and rich product portfolio of the corrugated box printing and packaging production line equipment worldwide.

Digital printers: In terms of digital printing, Wonder Digital is one of the earliest enterprises worldwide that have taken the lead in applying the high-speed inkjet printing technology to corrugated packaging and home building materials, and service provider that can provide customers with a full set of digital printing solutions.

Industrial Internet industry solutions: Dongfang Digicom, a subsidiary, is the only industrial Internet platform enterprise in the paper packaging industry. Based on its “Industrial Internet Platform for Industry” and “Factory-wide Intelligent Logistics System” with independent property rights, it is committed to becoming a service provider and ecosystem operator that provides customers with one-stop overall solutions for intelligent plants.

(II) Industry-leading technology level and strong capabilities of R&D and innovation

The Company is at the forefront industry-wide in China in terms of R&D and technology.

● The smart corrugated packaging equipment business:

The middle- and high-end corrugated cardboard production lines under the Fosber brand are industry-leading in speed, width, precision, stability, reliability, failure rate, and intelligence, characterized by high efficiency, energy saving, stability, reliability, intelligent control, and easy operation and maintenance. The corrugated cardboard production lines under the Fosber brand boast machinery with high technology, quality, and reliability, advanced intelligent software systems, and technical support services and have won the praise of customers worldwide.

Fosber Asia has launched the “Instant Set” unit and applied it to corrugated cardboard production lines. Each cutting blade and indenter are independently controlled by the servo motor, thus significantly improving the speed of the order change of the dry section of corrugated lines and shortening the average time of order change from 8-15 seconds to around 3 seconds. Moreover, it can better support the quick order switch of downstream customers and meet the characteristics of multiple types and small batches of paper packaging orders in China.

Fosber Group has control systems that are developed based on Industry 4.0 technologies for its own high-end corrugated cardboard production lines, including functional modules such as Syncro⁴, PCS (Process Control System), Pro/Care, and Pro/Quality. These systems can help achieve highly accurate, digital and intelligent management and control of the machine status, production process, routine maintenance, technical support, and quality inspection of corrugated cardboard production lines. Advanced technologies, such as sensors, Advanced Reality (AR), algorithm analysis, big data, and cloud computing, are adopted in these systems to realize the full automation and intelligence of the whole process of production and processing of corrugated cardboards, monitor the temperature, humidity, heat, folds, and other data of corrugated cardboard production lines in real time, and monitor 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 identifies solutions in an intelligent manner. 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.

How Fosber Group’s PRO Series Intelligent Production Management Information Technology System Works



● The industrial Internet industry solutions business:

The “DFDIGICOM Industrial Internet Platform”, independently developed by Dongfang Digicom, a subsidiary, enables digital, visual, and transparent equipment connection, and facilitates intelligent plants to become self-adaptive, systematic, and end-to-end. Big data, algorithm analysis, and artificial intelligence (AI) are employed to achieve low coupling, high availability, high performance, independence, safety, and controllability. Moreover, the platform can be used at multiple terminals, deployed on public, private, and hybrid cloud, and independently and secondarily developed by customers.

The architecture of the industrial Internet platform products independently developed by Dongfang Digicom consists of an Internet of Things (IoT) platform, a middle platform, and an intelligent application platform, covering multiple functional modules, such as EMS, MES, QMS, WMS, and PMS. The basic architecture of this industrial Internet platform includes the sensing layer (the IoT platform), the network layer (the IoT platform/the middle platform), the platform layer (middle platform), and the application layer (the intelligent application platform).

Dongfang Digicom is currently the only enterprise in the paper packaging industry that can provide all-round industrial Internet platform products and overall solutions. It can provide the industry with end-to-end solutions and operating services, such as intelligent equipment, integrated management of production and operations of enterprises, intelligent business decision-making, agile corporate reforms and innovation. Most core members of the Dongfang Digicom team come from famous manufacturers in the Internet, industrial Internet, and ERP industries

at home and abroad. Of IT manufacturers in the paper packaging industry, Dongfang Digicom boasts high professionalism and strong R&D strength. Dongfang Digicom, in the past two years since its establishment, has cumulatively submitted 37 software copyright applications and 49 patent applications. As of March 2023, it has been cumulatively granted 37 software copyrights and 21 patents, including 12 invention patents.

● The water powersports equipment business:

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 been cumulatively granted 57 patents (inclusive of 11 invention 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, breaking the long-standing monopoly of internationally well-known brands in the 115hp sector. In 2023, Parsun Power took it to the next level by successfully completing the mass production and sale of 130hp outboard motors.

(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 smart corrugated packaging equipment 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 talent" and "cultural guidance" 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 worldwide

Dongfang Precision-branded corrugated box printing and packaging production line equipment, Fosber-branded corrugated cardboard production lines, Wonder Digital-branded digital printers, Quantum-branded corrugated cardboard production lines, Tiru ña-branded corrugated rollers and Parsun-branded 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 division of "corrugated packaging equipment", 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 middle- and high-end production line equipment, digital printing solutions, and industrial Internet industry solutions. The Company has seized opportunities and formed a better competitive edge by virtue of its stable business partnership during the 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 increasingly competitive in the world when it is operated as a group.

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

**(VI) Strong capabilities of strategic control and integration**

Since listing, the Company has kept expanding its presence in the upstream and downstream of the industry chain of its core business. After years of practice, the Company has developed strong strategic control and deep integration of its business divisions and accumulated rich experience and practice, through the deep perception of the industry, forecast of industry trends, and a clear understanding of its own strategic development objectives.

Strategic control is the core capability that the Company relies on to manage its various business entities. In practice, the Company adjusted the strategic development plans, business models, product portfolios, market strategies, and core management teams of the 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 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 a set of effective controls for post-investment integration, including the corporate governance standardization policy, the “Board of Directors-Supervisory Committee-General Meeting” operation mechanism, the strategic and financial control system, decentralized authorization management, complete audits, and management incentives, forming a set of measures for effective controls for post-investment integration with the Company’s own characteristics to secure the effective implementation of the strategic plan.

● Corrugated cardboard production lines: Fosber Group recorded a compound annual growth rate (CAGR) of net profit of 25%

After acquiring the controlling stake of Fosber Italy in 2014, the Company and its management took several effective measures for integration, helped Fosber Group adjust its strategic planning and business strategies and standardize the authorization management system, implemented the performance incentive policy for the core management, and strengthened financial control. Such measures have successfully stimulated Fosber Group’s business vitality. From 2015 to 2022, the CAGR of the operating revenue of Fosber Group was approximately 16%,

and that of its net profit was 25%.

- Water powersports products: Parsun Power's CAGRs of operating revenue and net profit exceeded 20%

After acquiring the controlling stake of Parsun Power in 2015, the Company 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 talent for a more powerful core team. These measures enabled Parsun Power to realize continuous and stable growth. From 2017 to 2022, both CAGRs of the operating revenue and net profit of Parsun Power surpassed 20%.

- Tiruña Group and, the manufacturing pioneer, Agnati, were expanded to effectively stimulate new momentum of established enterprises

In 2019 and 2020, the Company acquired the relevant business assets of Tiruña Group, a nearly century-old corrugated roller manufacturer, and merged Agnati, an Italian corrugated cardboard production line manufacturer enjoying a high reputation for more than eight decades, into QCorr, a subsidiary of Dongfang Precision. The Company and its management fully streamlined and standardized the development strategies, R&D planning, product positioning, marketing, team building, and authorization management of these two established enterprises, based on which optimization and adjustment were performed. These measures effectively stimulated the vitality of the two old European companies and the enthusiasm of their manager teams. In 2022, the operating revenues of Tiruña Group and QCorr exceeded 10%. Particularly, Tiruña Group's orders of corrugated rollers hit a record high.

Relying on its strong strategic control and integration of business divisions, based on "mutual respect and mutual trust" and with an open mind seeking common grounds while putting aside differences, the Company effectively integrated all its business entities continuously released the synergy with the industry chain. Moreover, it conducted active practice and accumulated precious experience in helping domestic private enterprises go global and perform overseas industrial M&As and overseas companies carry out post-investment integration and management optimization. Concurrently, such practice and experience facilitated the Company to lay a solid foundation and provided strong support for the Company to promote the implementation of the five-year strategic planning and realize long-term, sustainable, and steady development.

III Analysis of Principal Operations

(I) Overview

In the first half of 2023, China's economy maintained a recovery trend. According to data from the National Bureau of Statistics, the PMI for the equipment manufacturing industry has remained above the expansion/contraction threshold since 2023, showing an overall expansionary trend. In June, the PMIs for equipment manufacturing and high-tech manufacturing were 50.9% and 51.2% respectively, up 0.5 and 0.7 percentage points from the previous month, rising for two consecutive months. According to the latest OECD Economic Outlook, the global economy is picking up, but the pace of recovery is expected to be slow with a downward risk due to multiple factors.

Under the strong leadership of the Board of Directors and the management team, all the people in the Company

actively seized opportunities, took pragmatic actions, and forged ahead together in the first half of 2023, helping the Company sustain the strong growth momentum since 2022.

For the six months ended 30 June 2023, the Company recorded operating revenue of approximately RMB2,083 million, up 35.62% YoY; a net profit attributable to its shareholders of approximately RMB206 million, up 39.10% YoY; a net profit attributable to its shareholders before exceptional gains and losses of approximately RMB163 million, up 35.56% YoY; and net cash generated from operating activities of approximately RMB191 million, up 25.74% YoY.

For Q2 2023 alone, operating revenue was approximately RMB1,176 million, up 31% YoY; and net profit attributable to the Company's shareholders before exceptional gains and losses was approximately RMB111 million, up 49% YoY. As of the end of June 2023, the Company had a total order backlog worth approximately RMB4,360 million.

(II) Performance of principal operations during the Reporting Period

1. The business division of intelligent packaging equipment

In the first half of 2023, the business division of intelligent packaging equipment recorded operating revenue of approximately RMB1,668 million, up 33.1% YoY; and an order intake worth approximately RMB2,480 million. As of the end of June 2023, the order backlog of this business division was worth approximately RMB4,170 million (including production line equipment, accessories and technical services).

A. The segment of corrugated cardboard production lines

All the business units and profit centres of the subsidiary Fosber Group have their business, assets and staff located in Europe and North America. They adopt a local management and operation model, and design, develop and manufacture their products locally. The customers they serve are mostly large and medium-sized manufacturers in Europe, North America, Latin America, Africa and other countries and regions. Fosber Group has established stable partnerships with major manufacturers in the corrugated packaging industry in Europe and the US, such as Smurfit Kappa, International Paper, DS Smith, SAICA and others.

The corrugated cardboard produced by Fosber-branded corrugated cardboard production lines is ultimately used to make various corrugated boxes, corrugated cartons and other corrugated packaging materials, which are rigid consumer products in European and American countries. According to Statista data, the US e-commerce market is expected to grow at a compound annual growth rate of 12.7% from 2017 to 2027. The trend of "sustainability" is gaining ground in Europe and the US, which continues to drive the trend of "replacing plastics with paper" in the packaging industry. Demand for corrugated packaging materials in the end-consumer market continues to grow, helping to drive demand for corrugated packaging production line equipment.

The subsidiary Fosber Group, which caters mainly to the European and American markets, has achieved rapid growth in 2022 and delivered record order intake and operating revenue in the year, benefiting from the rapid growth of the e-commerce market in the US and Europe in recent years, increased capital expenditure by medium and large manufacturers in the paper packaging industry, and a combination of factors such as sustainability and the green economy. In the first half of 2023, the good momentum in the overseas corrugated packaging equipment market

continued, and the subsidiary Fosber Group achieved strong growth in operating revenue and net profit with improved business operations and more comprehensive development.

During the first half of 2023, Fosber Group recorded operating revenue of approximately RMB1.2 billion on a consolidated basis, up 29.0% YoY; and a net profit of approximately RMB115 million on a consolidated basis, up 54.2% YoY. From the first half of 2018 to the first half of 2023, Fosber Group's operating revenue and net profit (both on a consolidated basis) grew at a compound annual growth rate of approximately 14% and 23%, respectively.

As of the end of June 2023, the equipment order backlog of Fosber Group (Fosber Italy + Fosber America + QCorr + Tiru ña Group) and Fosber Asia combined was worth RMB3.18 billion, representing the highest at the end of the first half of a year in the six years since 2018. In particular, the production for part of Fosber America's order backlog has been scheduled to 2025.

a) The business of corrugated cardboard production lines

(1) Fosber Italy

In the first half of 2023, Fosber Italy achieved operating revenue of approximately RMB712 million, up 34% YoY.

Market performance: In its most important market, Europe, Fosber Italy continued deepening cooperation with longstanding major corrugated packaging industry customers in Europe and the US in the first half of 2023, laying a solid foundation for steady business growth. In Latin America, Fosber Italy's efforts earned orders in the Mexican market. Orders were also won in regional markets like North Africa and South Africa. In the first half of 2023, Fosber Italy's order intake for equipment totalled approximately RMB630 million; and order intake for parts and services totalled approximately RMB220 million.

Revenue structure: During the Reporting Period, Fosber Italy not only successfully achieved sales targets for corrugated cardboard production lines; its after-sales service and technical support business also demonstrated strong growth momentum, especially in parts sales and machine upgrade services where revenues outperformed expectations.

Gross margin: As inflationary pressures eased in Europe, market prices for Fosber Italy's main raw materials (steel) and electricity were somewhat lower in the Reporting Period compared to 2022 levels. At the same time, supply of key electrical components improved significantly compared to 2022, helping increase Fosber Italy's gross margin during the Reporting Period.

R&D: Fosber Italy's new belt and single-facer products demonstrated excellent performance at customers' plants in Europe. The company is also committed to enhancing application of advanced technologies like augmented reality (AR), machine learning and digital twin in Fosber-branded high-end intelligent corrugated cardboard production line solutions.

In addition, based on its five-year development strategy and actual operational needs, Fosber Italy steadily advanced its new headquarters construction project during the Reporting Period.

(2) Fosber America

In the first half of 2023, Fosber America maintained its leading position in the North America market of corrugated packaging equipment, with Fosber-branded corrugated cardboard production lines continuing close

cooperation with major North American customers. During the Reporting Period, Fosber America achieved operating revenue of approximately RMB500 million, up 12% YoY. Its order intake for equipment totalled approximately RMB520 million; and order intake for parts and services totalled approximately RMB231 million.

(3) QCorr

QCorr achieved outstanding performance in market development in the first half of 2023, with Quantum Line seeing an order intake of more than RMB158 million, up 74% YoY, representing its best first half year performance since it joined Dongfang Precision in 2020.

(4) Fosber Asia

In the first half of 2023, Fosber Asia achieved operating revenue of approximately RMB160 million, with the YoY growth exceeding 30%. Its compound annual growth rate of operating revenue was about 37% for the period from the first half of 2018 to the first half of 2023. During the Reporting Period, its order intake for equipment was approximately RMB180 million, up 62% YoY; and order intake for parts and services was approximately RMB66 million.

In terms of market development in 2023, Fosber Asia made breakthroughs in sales of its homegrown high-end S/Line corrugated cardboard production lines, obtaining orders in both the domestic and overseas markets, some of which have been delivered. Additionally, it has successfully entered the Saudi Arabian market, filling a gap in overseas sales. More and more industry customers are partnering with Fosber Asia and becoming users of its homegrown high-end corrugated cardboard production lines.

In 2023, a groundbreaking ceremony was held for Fosber Asia's new corrugated cardboard production line intelligent plant construction project, which is located in Songxia Industrial Park, Foshan City, Guangdong Province, covering an area of approximately 80 mu. It is expected that upon completion of the new plant, Fosber Asia's production capacity will be significantly increased, allowing it to respond to customer demand and serve customers faster and better, and to drive the industry towards high-end, green and intelligent development. The project is currently progressing with the foundation construction of the plant and is expected to complete the roofing work of the main constructions by the end of 2023.

b) The business of corrugated & pressure rollers

In July 2022, Fosber Group completed the acquisition of a 30% interest in Tiru ña Group. Upon completion of the transaction, Fosber Group holds 100% of Tiru ña Group, and Tiru ña Group becomes a wholly-owned subsidiary of Dongfang Precision.

After the acquisition of the remaining equity interests was completed, cooperation between Tiru ña Group and Fosber Group has become even closer. With support from the shareholders and approval of the Board of Directors, Tiru ña Group launched a new business plan during the Reporting Period, which is summarized as follows:

① Production ramp-up: It plans to invest nearly EUR10 million in this respect. After completion, Tiru ña Group's existing production capacity of corrugated & pressure rollers is expected to increase by nearly 60%.

② Improving production efficiency: It will thoroughly implement the Toyota lean manufacturing model, add production shifts, as well as improve operational efficiency and capacity utilization.

As the business plan is gradually implemented, Tiru ña Group's vitality and development potential are expected

to be further stimulated, driving healthy growth. In the first half of 2023, Tiru ña Group achieved operating revenue of approximately RMB120 million, up 23% YoY.

On market development: Europe and the Americas are Tiru ña Group's main markets. In the North American market, Tiru ña-branded corrugated & pressure rollers are preferred for Fosber-branded corrugated lines with the highest market share. In Latin America, Tiru ña Group has served the market for over 30 years and enjoys a strong brand presence and a high market share among industry customers. Meanwhile, market development efforts in overseas markets like the Middle East, Africa and Australia also won orders.

As customer recognition of Tiru ña-branded corrugated & pressure rollers continues rising, Tiru ña Group is now capable of supplying corrugated & pressure rollers for corrugated cardboard production lines of both the Fosber brand and other major international brands.

In order to further strengthen synergies among the business divisions within the Dongfang Precision, leverage the competitive advantages of Chinese manufacturing on a global scale, and better support the development of the high-end domestic corrugated cardboard production line business, in 2023, the Company introduced the Tiru ña corrugated & pressure roller business to China, established a new subsidiary, Tiru ña Asia, in Nanhai District, Foshan City, and built up the Tiru ña Asia team for localisation of corrugated & pressure roller business and expansion of new markets of Tiru ña corrugated & pressure roller in China and entire Asia while satisfying the needs of the corrugated cardboard production line business of Dongfang Precision. During the Reporting Period, the infrastructure project of Tiru ña Asia progressed smoothly with the completion of the acceptance of the construction and the decoration of the staff dormitory buildings, and it is expected that the project will be gradually put into production by the end of this year.

B. The corrugated box printing and packaging segment

a) The corrugated box printing and packaging production line business

In the first half of 2023, Dongfang Precision (China) achieved sales revenue of approximately RMB204 million, up 10% YoY, with an order intake of RMB232 million.

The overseas market: In the first half of 2023, export revenue accounted for around 75% of Dongfang Precision (China)'s total revenues, which was slightly higher than that in the same period of 2022. Its overseas marketing team made visits to major direct sales markets covering multiple countries and regions including Southeast Asia, the Middle East, Central Asia and Africa, significantly improving interaction with overseas customers. In addition, Dongfang Precision (China) strengthened service team building for the international market to continuously enhance the quality of product installation and after-sales service in the overseas market.

The domestic market: As China's economy recovered, the domestic corrugated packaging market also picked up. In the first half of the year, Dongfang Precision (China)'s domestic sales grew approximately 54% YoY, and its domestic order intake for complete lines/machines went up over 60% YoY. In May and July 2023, Dongfang Precision (China) exhibited together with its business units Fosber Asia, Wonder Digital, and Dongfang Digicom at the 2023 China International Corrugated Festival, China (Tianjin) Printing and Packaging Industry Expo 2023, and SinoCorrugated 2023, receiving a lot of attention industry-wide and a multitude of pre-orders.

b) The industrial Internet industry solutions business

(1) Marketing and delivery

In 2023, Dongfang Digicom focuses on marketing. As a result, its order intake in the first half of the year totalled approximately RMB6.78 million, involving over 20 projects, with customers covering domestic areas like South China and East China as well as overseas regions like Southeast Asia and Africa. The proprietary industrial Internet platforms also achieved initial industry application from zero during the Reporting Period.

(2) R&D and technology

Dongfang Digicom continued iterating its proprietary industrial Internet platform products during the Reporting Period to resolve pain points based on industry customer feedback and continuously improve functionality. For the independently developed smart manufacturing execution systems, Dongfang Digicom not only continued iterative development of products applied in corrugated cardboard printing and packaging, but also successfully developed a smart manufacturing execution system for composite cardboard printing and packaging which has achieved sales.

On intellectual property rights, as of 30 June 2023, Dongfang Digicom had cumulatively been granted 27 patents and 41 software copyright certificates.

(3) Recognition in the industry

In the first half of 2023, Dongfang Digicom was selected for the “Top 100 Industrial Internet Companies” list organized by the Ministry of Industry and Information Technology, and jointly compiled the White Paper on Industrial Internet Facilitating the Packaging Industry’s Digital Transformation with the Ministry of Industry and Information Technology and the Alliance of Industrial Internet.

c) The digital printer business

Wonder Digital, a majority-owned subsidiary, has been included in the Group’s consolidated financial statements since June 2022 (contributing revenue of approximately RMB5.61 million to Dongfang Precision in the first half of 2022). After becoming a member of the Group, Wonder Digital achieved operating revenue of approximately RMB65.65 million in the first half of 2023, creating a new earnings growth curve for Dongfang Precision’s intelligent packaging equipment business.

Amid China’s economic recovery in 2023, the corrugated packaging industry, especially the numerous third-tier factories, showed significantly greater recognition of the characteristics offered by digital printers compared to traditional printing equipment, including lower one-time initial investment, greater variability in printing data, and better adaptability to end packaging flexibility and short, flat, quick marketing needs, enabling higher turnover, higher on-time delivery rates, and higher return on investment.

In addition, Wonder Digital launched competitive new products in the first half of 2023, with continuously improving comprehensive competitiveness in the market segment of China’s paper packaging digital printers. A good brand image and industry reputation, leading technology and reliability/stability, as well as competitive price-performance ratios are Wonder Digital’s major competitive edges.

In the first half of 2023, Wonder Digital achieved an order intake of approximately RMB79 million. From a geographic perspective, domestic orders surged in the first half of the year, with the domestic order intake for whole machines reaching approximately RMB48.3 million, about 3.2 times the same period in 2022. The proportion of

higher value products like high-definition single-pass digital printer inlines rose markedly in the order structure.

With respect to market development, Wonder Digital took proactive action to expand sales markets and seize market opportunities. In the first half of the year, it participated in a significant number of industry exhibitions at home and abroad, including CCE International in Germany, 2023 China International Corrugated Festival, China (Tianjin) Printing and Packaging Industry Expo 2023, 2023 IC Expo, and SinoCorrugated 2023. Wonder Digital reaped a large number of pre-orders during the exhibitions. At SinoCorrugated 2023 held in Shanghai in July 2023, it received pre-orders of approximately RMB50 million.

2. The business division of water powersports equipment

In the first half of 2023, the majority-owned subsidiary Parsun Power recorded a YoY growth of approximately 46.89% in operating revenue, with sales revenue of whole outboard motors up 54.57% YoY; and a YoY growth of approximately 66.99% in net profit.

Benefiting from the growing demand for outboard motors for water recreational activities in overseas markets and the trend of domestic substitution in the domestic market, Parsun Power maintained rapid growth in sales revenue of outboard motors in the first half of 2023. From 2020 to 2022, the sales revenue of models with medium and high horsepower as a percentage of the total sales revenue of outboard motors increased from 8.29% to 31.77%, with a compound annual growth rate of 171.33%. Thanks to the steady growth of downstream market demand, the need for domestic replacement of medium and high horsepower and the gradual maturity of the domestic industry chain, the company has gradually realized the transformation from medium and low horsepower to medium and high horsepower outboard motor products.

With respect to sales, Parsun Power actively participated in exhibitions targeting domestic and overseas watersports markets in the first half of 2023 to strengthen marketing efforts. It attended the China Shanghai International Boat Show in March and the China Import and Export Fair in May. During the Reporting Period, its order intake for outboard motors grew 70% YoY. And its domestic sales of whole outboard motors increased over 200% YoY.

In terms of production, Parsun Power continued to tap the existing capacity potential, and outboard motor output value continued to increase. In March 2023, the construction of a new green digital and intelligence factory with an annual production capacity of 76,400 units of high-end water powersports equipment and the construction of a new R&D centre was officially started, which will lay a solid foundation for the further development of Parsun Power.

In January 2023, the application for Parsun Power's IPO on the ChiNext board of the Shenzhen Stock Exchange was approved at the second meeting in 2023 of the ChiNext Board Listing Committee of the Shenzhen Stock Exchange. Currently, Parsun Power is applying to the China Securities Regulatory Commission (CSRC) for the relevant registration.

3. Analysis of key financial indicators

YoY changes in major financial data

Unit: RMB yuan

	2023H1	2022H1	Change (%)	Cause of change
Operating revenue	2,082,606,453.72	1,535,615,634.26	35.62%	Mainly due to the increase in sales for the period.
Operating cost	1,472,630,144.11	1,134,044,266.22	29.86%	Mainly due to the increase in sales for the period.
Selling expenses	119,248,680.76	62,093,800.66	92.05%	Mainly due to the increase in product quality guarantee deposits, commissions and agency service fees as a result of the sales growth during the period.
Administrative expenses	174,818,664.63	133,292,392.91	31.15%	Mainly due to the increase in compensation expenses, travel and related expenses.
Finance costs	-4,539,148.71	-8,856,622.89	48.75%	Mainly due to the change in foreign exchange gain for the period.
Income tax expenses	56,229,619.60	31,123,723.82	80.66%	Mainly due to the increase in income tax payable for the period.
R&D expenses	59,929,020.05	44,132,225.30	35.79%	Mainly due to the increased investment in research and development.
Net cash generated from/used in operating activities	191,436,066.52	152,250,706.73	25.74%	Mainly due to the increase in sales for the period.
Net cash generated from/used in investing activities	20,667,431.59	-171,226,100.99	112.07%	Mainly due to the payment for the acquisition of equity interest in Vantage Digital last year, but not in the current period.
Net cash generated from/used in financing activities	-135,534,045.74	-9,276,543.86	-1,361.04%	Mainly due to the payment of loan deposits during the period.
Net increase in cash and cash equivalents	129,900,525.40	-31,580,854.21	511.33%	Mainly due to the payment for the acquisition of equity interest in Vantec last year, but not in the current 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

	2023H1		2022H1		Change
	Operating revenue	As a % of total operating revenue (%)	Operating revenue	As a % of total operating revenue (%)	
Total	2,082,606,453.72	100%	1,535,615,634.26	100%	35.62%
By operating division					
Intelligent manufacturing	2,082,606,453.72	100%	1,535,615,634.26	100%	35.62%
By product category					

	2023H1		2022H1		Change
	Operating revenue	As a % of total operating revenue (%)	Operating revenue	As a % of total operating revenue (%)	
Corrugated cardboard production lines	1,324,169,018.63	63.58%	1,005,932,572.90	65.51%	31.64%
Corrugated box printing and packaging production line equipment	344,038,055.26	16.52%	247,566,396.26	16.12%	38.97%
Water powersports products and general machines	414,399,379.83	19.90%	282,116,665.10	18.37%	46.89%
By operating segment					
Mainland China	367,898,338.78	17.67%	140,124,894.68	9.12%	162.55%
Other countries and regions	1,714,708,114.94	82.33%	1,395,490,739.58	90.88%	22.87%

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	2,082,606,453.72	1,472,630,144.11	29.29%	35.62%	29.86%	3.14%
By product category						
Corrugated cardboard production lines	1,324,169,018.63	953,562,169.59	27.99%	31.64%	28.42%	1.80%
Corrugated box printing and packaging production line equipment	344,038,055.26	215,776,277.80	37.28%	38.97%	27.33%	5.73%
Water powersports products and general machines	414,399,379.83	303,291,696.72	26.81%	46.89%	36.58%	5.52%
By operating segment						
Mainland China	367,898,338.78	282,666,372.77	23.17%	162.55%	187.22%	-6.60%
Other countries and regions	1,714,708,114.94	1,189,963,771.34	30.60%	22.87%	14.90%	4.81%

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	36,109,196.08	12.65%	Mainly due to the increase in the change in investment income recognized from the implementation of investments in securities during the period.	Yes
Gain/loss on changes in fair value	2,006,095.39	0.70%	Mainly due to the increase in the change in fair value recognized from the implementation of investments in securities during the period.	Yes
Asset impairment loss	-5,612,938.09	-1.97%	Mainly due to the provision for decline in value of inventories during the period.	Not
Non-operating income	2,034,810.24	0.71%	No significant impact.	Not
Non-operating expenses	1,131,918.48	0.40%	No significant impact.	Not

V Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB yuan

	30 June 2023		31 December 2022		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		
Cash and bank balances	1,512,206,543.53	20.04%	1,274,447,199.74	18.39%	1.65%	No significant change.
Accounts receivable	855,062,593.38	11.33%	837,305,757.46	12.08%	-0.75%	No significant change.
Contract assets	49,965,091.73	0.66%	65,089,851.21	0.94%	-0.28%	No significant change.
Inventories	1,390,730,554.45	18.43%	1,092,981,884.51	15.77%	2.66%	Mainly due to the increase in sales orders, resulting in the increase in inventory reserve.
Investment property		0.00%		0.00%	0.00%	NA
Long-term equity investments	93,124,195.76	1.23%	95,352,681.52	1.38%	-0.15%	No significant change.
Fixed assets	567,038,393.94	7.51%	570,200,113.79	8.23%	-0.72%	No significant change.
Construction in progress	124,402,838.73	1.65%	38,904,537.85	0.56%	1.09%	No significant change.
Right-of-use assets	84,967,181.12	1.13%	86,448,978.02	1.25%	-0.12%	No significant change.
Short-term borrowings	358,142,248.87	4.75%	41,815,129.24	0.60%	4.15%	Mainly due to the short-term borrowings during the period.
Contract	830,600,374.59	11.01%	692,567,968.60	10.00%	1.01%	Mainly due to the increase in sales

	30 June 2023		31 December 2022		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		
liabilities						orders and advance receipts during the period.
Long-term borrowings	87,312,366.53	1.16%	57,884,494.89	0.84%	0.32%	No significant change.
Lease liabilities	69,495,680.09	0.92%	68,989,111.33	1.00%	-0.08%	No significant change.
Financial assets held for trading	754,101,755.27	9.99%	860,832,278.88	12.42%	-2.43%	No significant change.
Non-current liabilities due within one year	65,583,276.30	0.87%	315,767,431.26	4.56%	-3.69%	Mainly due to the repayment of borrowings during the period.

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	1,024,107,541.13	Italy	Producing and marketing by itself	Operation management	Good	22.60%	Not
100% interest of EDF S.R. L	M&A	33,463,404.69	Italy	Producing and marketing by itself	Operation management	Good	0.74%	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)	860,049,558.59	6,066,411.66			1,644,291,105.71	1,757,045,271.91		753,361,804.05
2. Derivative financial assets	782,720.29	-128,513.10			171,818.03	86,074.00		739,951.22
Subtotal of financial assets					10,000,000.00		82,273.97	10,082,273.97
Other non-current financial assets	334,449,603.33	-3,991,412.19			50,000,000.00		1,665,778.13	382,123,969.27
Total of the above	1,195,281,882.21	1,946,486.37			1,704,462,923.74	1,757,131,345.91	1,748,052.10	1,146,307,998.51
Financial liabilities	1,195,281,882.21	1,946,486.37			1,704,462,923.74	1,757,131,345.91	1,748,052.10	1,146,307,998.51
	193,418,848.13	-59,609.02			3,099,208.01	10,793,663.53	1,335,348.24	187,000,131.83

Particulars about other changes: Other changes are mainly due to changes in exchange rates and interest accruals.

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	148,585,320.86	Used as deposits to obtain bank acceptance bills and letters of guarantee.
Fixed assets	4,575,662.37	Used to obtain bank loans by subsidiaries.
Other non-current assets due within one year	315,375,000.00	Used as deposits for loans of subsidiaries.
Total	468,535,983.23	

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 (%)
957,152,298.32	1,227,440,484.73	-22.02%

2. Significant Equity Investments Acquired in the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

Unit: RMB yuan

Security type	Security code	Security name	Initial investment cost	Measurement method	Opening carrying amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Purchased in the period	Sold in the period	Gain/loss in the period	Closing carrying amount	Accounting title	Funding source
Domestically listed stocks	600416	Xiangtan Electric	36,882,169.60	Fair value		3,441,331.96		36,882,169.60		3,441,331.96	40,323,501.56	Financial assets held for trading	Self-funded
Domestically listed stocks	603566	Pleco	62,847,290.00	Fair value		-15,215,015.00		62,847,290.00		-15,215,015.00	47,632,275.00	Financial assets held	Self-funded

												for trading	
Domestically listed stocks	----	Others	165,553,521.28	Fair value	165,553,521.28	10,490,188.68		74,352,742.17	293,336,037.13	53,429,773.68		Financial assets held for trading	Self-funded
Trust products	----	----	717,241.38	Fair value	717,241.38						717,241.38	Financial assets held for trading	Self-funded
Funds	----	----	342,596,480.19	Fair value	342,596,480.19	4,054,835.83		270,000,000.00	340,135,287.31	-2,643,975.13	269,817,217.75	Financial assets held for trading	Self-funded
Others	----	----	351,182,315.74	Fair value	351,182,315.74	3,295,070.19		1,200,208,903.94	1,162,135,695.80	5,616,044.48	394,871,568.36	Financial assets held for trading	Self-funded
Total			959,779,018.19	--	860,049,558.59	6,066,411.66		1,644,291,105.71	1,795,607,020.24	44,628,159.99	753,361,804.05	--	--
Disclosure date of the board announcement approving the securities investments	On 24 March 2023, 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 28 March 2023.												
Disclosure date of the general meeting announcement approving the securities investments (if any)	On 17 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 18 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
Ningbo Bank	N/A	No	Forward forex settlement and sale	161.10	2023-01-01	2023-06-30	161.10	239.82	297.80	0.00	103.12	0.02%	-32.67

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
			contract										
Total				161.10	--	--	161.10	239.82	297.80	0.00	103.12	0.02%	-32.67
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)				28 March 2023									
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)				18 April 2023									
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

No such cases in the Reporting Period.

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

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 corrugated cardboard production lines and parts, as well as provision of after-sales services	EUR1.56 million	2,629,287,329.78	1,024,107,541.13	1,199,066,616.27	155,304,322.59	115,307,732.13
Shunyi Investment	Subsidiary	Shunyi Investment is principally engaged in business entity and project investments,	RMB10 million	696,877,795.78	376,950,083.03	414,399,379.83	57,652,717.67	51,230,231.10

		etc. It is the direct controlling shareholder of Parsun Power.						
--	--	--	--	--	--	--	--	--

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 much 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.

Since 2022, changes in global geopolitical landscape, climate risks, and macroeconomic cycles have resulted in developed economies operating under high inflation and high interest rates, leading to pronounced volatility in international currency markets. 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. In the first half of 2023, after three interest rate hikes and as inflation cooled, the US dollar entered a consolidation phase at high levels. The Euro rebounded somewhat against the US dollar, with volatility declining. Over the same period, RMB foreign exchange market saw markedly increased volatility amid China's economic recovery, US dollar index fluctuations, inverted China-US interest rate differences, and other factors. The RMB/USD spot exchange rate experienced large fluctuations, depreciating somewhat. Looking to the second half, the RMB/USD exchange rate may continue rebounding driven by accelerated Chinese economic recovery and declining US inflation.

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. 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. 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 2023	Extraordinary General Meeting	35.5383%	30 January 2023	31 January 2023	1. The Proposal on the Plan for the Repurchase of Some Public Shares was approved item by item. 2. The Proposal on the Request for the General Meeting to Authorize the Board of Directors to Handle Matters in Relation to the Share Repurchase was approved.
The Second Extraordinary General Meeting of 2023	Extraordinary General Meeting	33.4246%	6 March 2023	7 March 2023	1. The Proposal on the Repurchase and Retirement of Some Restricted Shares was approved. 2. The Proposal on the Change to the Registered Capital & Amendments to the Articles of Association was approved.
The 2022 Annual General Meeting	Annual General Meeting	36.1623%	17 April 2023	18 April 2023	1. The Proposal on the 2022 Work Report of the Board of Directors (including the 2022 Work Report of Independent Directors) was approved. 2. The Proposal on the 2022 Work Report of the Supervisory Committee was approved. 3. The Proposal on the 2022 Annual Report and Its Summary was approved. 4. The Proposal on the 2022 Final Financial Accounts was approved. 5. The Proposal on the 2023 Budget was approved. 6. The Proposal on the 2022 Final Dividend Plan was approved. 7. The Proposal on the 2022 Internal Control Assessment Report was approved. 8. The Proposal on the Appointment of the Independent Auditor for 2023 was approved. 9. The Proposal on the Use of Own Funds for Entrusted Wealth Management in 2023 was approved. 10. The Proposal on the Estimated Futures and Derivatives Trading Limit for 2023 was approved.
The Third Extraordinary General Meeting of 2023	Extraordinary General Meeting	33.9262%	30 June 2023	1 July 2023	1. The Proposal on the Repurchase and Retirement of Some Restricted Shares was approved. 2. The Proposal on the Change to the Registered Capital & Amendments to the Articles of Association was approved.

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

Applicable Not applicable

II Changes of Directors, Supervisors and Senior Management

Applicable Not applicable

The Company's directors, supervisors and senior management remained unchanged during the Reporting Period. For details, see the 2022 Annual Report.

III Dividend Plan for the Reporting Period

Applicable Not applicable

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

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

Applicable Not applicable

1. Equity Incentives

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. 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. For details, see the 2022 Restricted Share Incentive Plan disclosed by the Company on www.cninfo.com.cn dated 15 March 2022.

The implementations of the above-mentioned incentive plans during the Reporting Period are as follows:

1. On 17 February 2023, the Proposal on the Satisfaction of the Unlocking Conditions for the Second Unlocking Period for the Reserved Restricted Shares under the 2020 Restricted Share Incentive Plan was approved at the 23rd (Extraordinary) Meeting of the 4th Board of Directors and the 17th (Extraordinary) Meeting of the 4th Supervisory Committee. On 28 February 2023, 1,632,000 shares held by 17 awardees were unlocked for public trading in the second unlocking period for the reserved restricted shares under the 2020 Restricted Share Incentive Plan.

2. On 21 April 2023, the Proposal on the Satisfaction of the Unlocking Conditions for the First Unlocking Period for the First Grant under the 2022 Restricted Share Incentive Plan was approved at the 25th (Extraordinary) Meeting of the 4th Board of Directors and the 17th (Extraordinary) Meeting of the 4th Supervisory Committee. On 28 April 2023, 530,000 shares held by 7 awardees were unlocked for public trading in the first unlocking period for the first grant under the 2022 Restricted Share Incentive Plan.

3. On 13 June 2023, the Proposal on the Satisfaction of the Unlocking Conditions for the Third Unlocking Period for the First Grant under the 2020 Restricted Share Incentive Plan was approved at the 26th (Extraordinary) Meeting of the 4th Board of Directors and the 20th (Extraordinary) Meeting of the 4th Supervisory Committee. On 26 June 2023, 8,620,000 shares held by 37 awardees were unlocked for public trading in the third unlocking period for the first grant under the 2020 Restricted Share Incentive Plan.

4. On 6 March 2023, the Proposal on the Repurchase and Retirement of Some Restricted Shares was approved at the Second Extraordinary General Meeting of 2023. As one awardee resigned from the Company due to personal reasons and thus was no longer eligible as an awardee for the restricted shares, the Company repurchased and retired the 128,000 restricted shares that had been granted to this awardee but were still in lockup. The Shenzhen branch of China Securities Depository and Clearing Corporation Limited confirmed that the retirement of the aforesaid repurchased restricted shares was completed on 22 March 2023.

5. On 13 June 2023, the Proposal on the Repurchase and Retirement of Some Restricted Shares was approved at the 26th (Extraordinary) Meeting of the 4th Board of Directors and the 20th (Extraordinary) Meeting of the 4th Supervisory Committee. As one awardee was to resign from the Company shortly and thus was no longer eligible for the equity incentives, the Company intended to repurchase the 120,000 restricted shares that had been granted to this awardee but were still in lockup, all of which would be retired. The said matter has been approved at the Third Extraordinary General Meeting of 2023.

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. In order to create a fair, just, honest and non-corrupt internal business environment and strengthen internal monitoring, the Company also established and launched the anti-fraud reporting platform to encourage employees to report fraud findings.

(7) Social Honors: Dongfang Precision won honorary titles including "Top 500 Private Manufacturing Enterprises in China", "Guangdong Provincial Industrial Design Centre", "Guangdong Innovative Small and Medium-sized Enterprises", "Leading Enterprises in Subdivided Industries in Foshan", and "Model Enterprise for High Quality Development in the Manufacturing Industry in Nanhai District of Foshan City in 2022". The subsidiary Fosber Asia has been recognized as a "Guangdong Demonstration Enterprise of Intellectual Property". The subsidiary Parsun Power is a national "small giant" enterprise, a national high-tech enterprise, an engineering technology research center for outboard motors in Jiangsu Province, an enterprise technology Center 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 motors of Parsun Power have 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 guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Guarantees provided by the Company as the parent for its subsidiaries										
Dongfang Precision (Netherlands)	5 June 2020	No more than EUR35 million	30 June 2020	26,388.29	Joint liability, pledge	Security deposits	None	From the date when the guarantee took effect to 29 June 2023	Yes	No
Dongfang Precision (Netherlands)	14 June 2023	No more than EUR34.5 million	15 June 2023	27,101.64	Joint liability, pledge	Security deposits	None	From the date when the guarantee took effect to 15 June 2024	No	No
Total approved line for such guarantees in the Reporting Period (B1)		No more than EUR34.5 million		Total actual amount of such guarantees in the Reporting Period (B2)		27,101.64				
Total approved line for such guarantees at the end of the Reporting Period (B3)		No more than EUR69.5 million		Total actual balance of such guarantees at the end of the Reporting Period (B4)		27,101.64				
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
QCorr	15 May 2020	EUR3 million	30 April 2020	646.68	Joint liability	None	None	From the date when the guarantee took effect to	No	No

								30 June 2024		
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)		EUR3 million	Total actual balance of such guarantees at the end of the Reporting Period (C4)							646.68
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)		No more than EUR34.5 million	Total actual guarantee amount in the Reporting Period (A2+B2+C2)							27,101.64
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		No more than EUR72.5 million	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)							27,748.32
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets										6.44%
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)										0
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)										0
Total of the three amounts above (D+E+F)										0
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	33,473.16	8,500.00		0
Securities firm's wealth management product	Self-funded	44,040.00	31,700.00		0
Trust product	Self-funded	358.62	0.00	358.62	286.90
Total		77,871.78	40,200.00	358.62	286.90

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

As of the end of the Reporting Period, the unrecovered amount of trust products was RMB3.5862 million, for which an impairment allowance of RMB2.8690 million was established.

4. Other Significant Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XIII Other Significant Events

Applicable Not applicable

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	233,182,533	18.79%	0	0	0	-4,204,403	-4,204,403	228,978,130	18.45%
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	232,342,533	18.72%	0	0	0	-3,524,403	-3,524,403	228,818,130	18.44%
Including: Shares held by domestic corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic individuals	232,342,533	18.72%	0	0	0	-3,524,403	-3,524,403	228,818,130	18.44%
1.4 Shares held by overseas investors	840,000	0.07%	0	0	0	-680,000	-680,000	160,000	0.01%
Including: Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas individuals	840,000	0.07%	0	0	0	-680,000	-680,000	160,000	0.01%
2. Unrestricted shares	1,007,923,867	81.21%	0	0	0	4,076,403	4,076,403	1,012,000,270	81.55%

2.1 RMB-denominated ordinary shares	1,007,923,867	81.21%	0	0	0	4,076,403	4,076,403	1,012,000,270	81.55%
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	1,241,106,400	100.00%	0	0	0	-128,000	-128,000	1,240,978,400	100.00%

Reasons for share changes:

Applicable Not applicable

1. 25% of the shareholdings of a director that had left office for more than six months became transferable, i.e. unlocking of 300,000 shares in this case

In July 2022, Director Mr. Zhou Wenhui left office and the shares held by him were not transferable for six months. The six-month lockup period expired in January 2023, and 25% of his shareholdings (300,000 shares) were unlocked and became transferable according to applicable regulations.

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

In February 2023, the shares were unlocked for public trading in the second unlocking period for the reserved restricted shares under the 2020 Restricted Share Incentive Plan, which involved 1,632,000 shares held by 17 awardees.

3. Repurchase and retirement of some restricted shares

In March 2023, one awardee for the reserved restricted shares under the 2020 Restricted Share Incentive Plan left office and was thus no longer eligible for the said equity incentives. Therefore, the Company repurchased and retired the 128,000 restricted shares that had been granted to this awardee but were still in lockup.

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

In April 2023, the shares were unlocked for public trading in the first unlocking period for the first grant under the 2022 Restricted Share Incentive Plan, which involved 530,000 shares held by seven awardees.

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

In June 2023, the shares were unlocked for public trading in the third 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 second unlocking period for the reserved restricted shares under the 2020 Restricted Share Incentive Plan”,

“unlocking for public trading of shares in the first unlocking period for the first grant under the 2022 Restricted Share Incentive Plan” and “unlocking for public trading of shares in the third 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 “repurchase and retirement of some restricted shares”, 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 17 February 2023 to 30 June 2023, the Company repurchased a total of approximately 15.0938 million shares (or around 1.22% of the Company’s total share capital) through centralized bidding. With the highest trading price being RMB4.71/share and the lowest being RMB4.50/share, the total amount paid was approximately RMB69.7815 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	Unlocked in the period	Increase in restricted shares in the period	Closing restricted shares	Reason for restriction	Date of unlocking
Qiu Yezhi	17,536,791	3,600,000	5,845,597	19,782,388	Participated in the Restricted Share Incentive Plan of the Company/restricted shares of senior management	2023-6-26

Shareholder	Opening restricted shares	Unlocked in the period	Increase in restricted shares in the period	Closing restricted shares	Reason for restriction	Date of unlocking
Xie Weiwei	750,000	400,000	400,000	750,000	Participated in the Restricted Share Incentive Plan of the Company/restricted shares of senior management	2023-6-26
Zhou Wenhui	1,200,000	780,000	480,000	900,000	Participated in the Restricted Share Incentive Plan of the Company/restricted shares of senior management	2023-6-26
The other 34 awardees of the first grant of the 2020 Restricted Share Incentive Plan	4,140,000	4,140,000	0	0	Participated in the Restricted Share Incentive Plan of the Company	2023-6-26
Feng Jia	700,000	140,000	0	560,000	Participated in the Restricted Share Incentive Plan of the Company	2023-4-28
The other 6 awardees of the first grant of the 2022 Restricted Share Incentive Plan	1,950,000	390,000	0	1,560,000	Participated in the Restricted Share Incentive Plan of the Company	2023-4-28
Shao Yongfeng	640,000	320,000	280,000	600,000	Participated in the Restricted Share Incentive Plan of the Company	2023-2-28
The other 16 awardees of the reserved grant of the 2020 Restricted Share Incentive Plan	2,752,000	1,312,000	0	1,312,000	Participated in the Restricted Share Incentive Plan of the Company	2023-2-28
Total	29,668,791	11,082,000	7,005,597	25,464,388	--	--

II Issuance and Listing of Securities

Applicable Not applicable

III Shareholders and Their Shareholdings

Unit: share

Number of ordinary shareholders at the period-end		42,956		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	21.82%	270,737,568	0	203,053,176	67,684,392	In pledge	105,360,000
Tang Zhuomian	Domestic individual	7.81%	96,885,134	0	0	96,885,134	In pledge	40,000,000
Hong Kong Securities Clearing Company Limited	Overseas corporation	4.61%	57,237,391	47,721,177	0	57,237,391		
Pulead Technology Industry Co., Ltd.	State-owned corporation	3.04%	37,708,587	-10,441,200	0	37,708,587		
Luzhou Industrial Development Investment Group Co., Ltd.	State-owned corporation	2.56%	31,770,010	0	0	31,770,010		
Qinghai Puren Intelligent Technology R & D Center (Limited Partnership)	Domestic non-state-owned corporation	2.15%	26,628,340	0	0	26,628,340		
Qiu Yezhi	Domestic individual	1.88%	23,382,388	0	19,782,388	3,600,000		
CITIC Securities Company Limited	State-owned corporation	1.00%	12,435,553	11,863,876	0	12,435,553		
China Merchants	Domestic non-state-	0.87%	10,841,080	10,841,080	0	10,841,080		

Bank Co., Ltd. — Wanjiang China Securities 1000 Index Strengthened Initiated Securities Investment Fund	owned corporation							
Shengji Equity Investment Fund (Shanghai) Co., Ltd.	State-owned corporation	0.54%	6,700,000	-12,907,843	0	6,700,000	In pledge	6,700,000
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 account of repurchased shares (if any) (see note 11)	As of the end of the Reporting Period, there were 36,424,192 shares in the Company’s special account for repurchase, accounting for 2.94% of its total share capital. As per the Shenzhen Stock Exchange Guideline No. 1 for the Self-regulation of Listed Companies—Business Handling, the existence of a special account of repurchased shares among the top 10 shareholders should be specifically stated but not included in the presentation of the top 10 shareholders.							
Top 10 unrestricted ordinary shareholders								
Name of shareholder	Unrestricted ordinary shares held at the period-end	Shares by type						
		Type	Shares					
Tang Zhuolin	96,885,134	RMB-denominated ordinary stock	96,885,134					
Tang Zhuomian	67,684,392	RMB-denominated ordinary stock	67,684,392					
Hong Kong Securities Clearing Company Limited	57,237,391	RMB-denominated ordinary stock	57,237,391					
Pulead Technology Industry Co., Ltd.	37,708,587	RMB-denominated ordinary stock	37,708,587					

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
CITIC Securities Company Limited	12,435,553	RMB-denominated ordinary stock	12,435,553
China Merchants Bank Co., Ltd. – Wanjia China Securities 1000 Index Strengthened Initiated Securities Investment Fund	10,841,080	RMB-denominated ordinary stock	10,841,080
Shengji Equity Investment Fund (Shanghai) Co., Ltd.	6,700,000	RMB-denominated ordinary stock	6,700,000
Liu Wucai	6,597,688	RMB-denominated ordinary stock	6,597,688
Related or acting-in-concert parties among top 10 unrestricted ordinary shareholders, as well as between top 10 unrestricted ordinary shareholders and top 10 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 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.		

Top 10 ordinary shareholders involved in securities margin trading:

Shareholder Luzhou Industrial Development Investment Group Co., Ltd. held 31,770,010 shares in the Company in its client account of collateral securities for margin trading in Guotai Junan Securities Co., Ltd., representing all its shareholdings in the Company.

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 shareholdin g (share)	Increas e in the period (share)	Decreas e in the period (share)	Closing shareholdin g (share)	Opening shareholdin g of granted restricted shares (share)	Restrict ed shares granted in the period (share)	Closing shareholdin g of granted restricted shares (share)
Xie Weiwei	Director and Deputy General Manager	Incumbent	1,000,000	0	248,000	752,000	400,000	0	0
Total	--	--	1,000,000	0	248,000	752,000	400,000	0	0

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 Corporate Financial Statements

I Auditor's Report

Whether the semi-annual financial statements were audited.

Yes No

The semi-annual financial statements were not audited.

II Financial Statements

Currency unit for the tables in the notes to the financial statements: RMB yuan

1. Consolidated Balance Sheet

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

30 June 2023

Unit: RMB yuan

Item	30 June 2023	31 December 2022
Current assets:		
Cash and bank balances	1,512,206,543.53	1,274,447,199.74
Settlement provisions		
Dismantling funds		
Financial assets held for trading	754,101,755.27	860,832,278.88
Derivative financial assets		
Notes receivable	31,691,432.59	24,566,100.12
Accounts receivable	855,062,593.38	837,305,757.46
Receivable financing	20,326,332.51	15,305,668.26
Prepayments	74,387,264.01	64,946,901.26
Premium receivable		
Receivable reinsurance account		
Provision for reinsurance contract receivable		
Other receivables	45,591,048.13	83,996,902.82
Including: Interest receivable		
Dividend receivable		
Buy back resale financial assets		
Inventories	1,390,730,554.45	1,092,981,884.51

Contract assets	49,965,091.73	65,089,851.21
Assets held for sale		
Current portion of non-current assets	316,695,000.00	311,763,750.00
Other current assets	82,833,569.91	61,370,451.31
Total current assets	5,133,591,185.51	4,692,606,745.57
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments	10,082,273.97	
Long-term receivables	639,711.00	1,294,299.00
Long-term equity investment	93,124,195.76	95,352,681.52
Investment in other equity instruments		
Other non-current financial assets	382,123,969.27	334,449,603.33
Real estate investment		
Fixed assets	567,038,393.94	570,200,113.79
Construction in progress	124,402,838.73	38,904,537.85
Productive biological assets		
Oil and gas asset		
Right-of-use assets	84,967,181.12	86,448,978.02
Intangible assets	370,398,809.68	368,103,395.11
Development expenditure	3,702,229.76	3,702,229.76
Goodwill	441,032,482.73	430,916,848.74
Long-term prepaid expenses	27,898,999.08	16,735,552.98
Deferred tax assets	246,134,036.77	244,542,124.61
Other non-current assets	61,310,406.98	45,320,004.82
Total non-current assets	2,412,855,528.79	2,235,970,369.53
Total assets	7,546,446,714.30	6,928,577,115.10
Current liabilities:		
Short-term borrowings	358,142,248.87	41,815,129.24
Borrowing from the Central Bank		
Borrowed funds		
Financial liabilities held for trading	46,357,405.15	57,022,555.58
Derivative financial liabilities		
Notes payable	142,436,565.07	149,918,253.31
Accounts payable	819,639,505.61	748,319,561.21
Advance receivables		
Contract liabilities	830,600,374.59	692,567,968.60
Selling back financial assets		
Deposits and Interbank deposit		
Agent trading securities		
Agent underwriting securities		

Employee benefits payable	135,080,942.32	123,695,328.31
Tax payable	49,569,083.96	24,111,703.70
Other payables	97,794,484.13	90,080,142.50
Including: Interest payable		
Dividend payable		
Fees and commissions		
Reinsurance accounts payable		
Liabilities held for sale		
Current portion of non-current liabilities	65,583,276.30	315,767,431.26
Other current liabilities	7,676,610.19	5,988,879.29
Total current liabilities	2,552,880,496.19	2,249,286,953.00
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	87,312,366.53	57,884,494.89
Bonds payable		
Including: Preference Shares		
Perpetual bonds		
Lease liabilities	69,495,680.09	68,989,111.33
Long-term payables		
Long-term employee benefits payable	13,732,297.46	13,179,944.17
Provisions	132,835,763.09	118,945,953.78
Deferred income	10,515,321.66	11,073,651.66
Deferred tax liabilities	6,698,908.98	6,825,450.77
Other non-current liabilities	140,642,726.68	136,396,292.55
Total non-current liabilities	461,233,064.49	413,294,899.15
Total Liabilities	3,014,113,560.68	2,662,581,852.15
Equity:		
Share capital	1,240,978,400.00	1,241,106,400.00
Other equity instruments		
Including: Preference Shares		
Perpetual bonds		
Capital surplus	2,892,561,865.00	2,947,263,843.53
Less: Treasury stock	210,882,717.78	240,255,502.45
Other comprehensive income	90,956,058.31	26,512,917.07
Special reserve	15,467,391.88	14,488,955.52
Surplus reserves	51,830,974.45	51,830,974.45
General risk preparation		
Retained earnings	229,168,327.41	23,018,722.11
Total equity attributable to owners of the parent	4,310,080,299.27	4,063,966,310.23
Non-controlling interests	222,252,854.35	202,028,952.72

Total equity	4,532,333,153.62	4,265,995,262.95
Total liabilities and equity	7,546,446,714.30	6,928,577,115.10

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 2023	31 December 2022
Current assets:		
Cash and bank balances	320,710,163.16	150,462,307.50
Financial assets held for trading	565,719,372.24	544,644,172.35
Derivative financial assets		
Notes receivable		
Accounts receivable	208,556,239.47	252,845,901.89
Receivable financing	14,644,011.14	8,665,919.20
Prepayments	3,657,936.30	5,599,366.14
Other receivables	420,748,851.41	595,201,759.62
Including: Interest receivable		
Dividend receivable	17,840,000.00	17,840,000.00
Inventories	174,299,197.78	144,657,557.06
Contract assets	17,898,110.12	28,301,152.72
Assets held for sale		
Current portion of non-current assets	316,695,000.00	311,763,750.00
Other current assets	2,823,904.30	620,238.68
Total current assets	2,045,752,785.92	2,042,762,125.16
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables	639,711.00	1,294,299.00
Long-term equity investment	777,935,245.98	760,833,667.45
Investment in other equity instruments		
Other non-current financial assets	139,175,369.58	134,097,590.81
Real estate investment		
Fixed assets	304,159,173.95	311,637,453.98
Construction in progress	4,716.98	4,716.98
Productive biological assets		
Oil and gas asset		
Right-of-use assets	7,052,109.09	8,298,157.57
Intangible assets	57,172,280.27	56,644,698.03
Development expenditure		
Goodwill		

Long-term prepaid expenses	5,755,155.46	6,215,303.00
Deferred tax assets	170,319,535.02	173,968,753.31
Other non-current assets	39,445,162.50	34,520,000.00
Total non-current assets	1,501,658,459.83	1,487,514,640.13
Total assets	3,547,411,245.75	3,530,276,765.29
Current liabilities:		
Short-term loan	36,129,000.00	
Financial liabilities held for trading	7,230,000.00	7,230,000.00
Derivative financial liabilities		
Notes payable	38,938,151.96	47,602,955.27
Accounts payable	72,340,089.14	46,036,442.22
Advance receivables		
Contract liabilities	61,461,380.02	29,803,024.37
Employee benefits payable	7,403,385.54	14,571,839.42
Tax payable	1,854,926.64	430,234.63
Other payables	37,460,204.03	125,142,268.32
Including: Interest payable		
Dividend payable		
Liabilities held for sale		
Current portion of non-current liabilities	8,294,460.85	1,703,312.89
Other current liabilities	1,747,999.73	1,481,251.36
Total current liabilities	272,859,597.91	274,001,328.48
Non-current liabilities:		
Long-term borrowings	26,784,000.00	
Bonds payable		
Including: Preference Shares		
Perpetual bonds		
Lease liabilities	5,987,283.97	6,781,238.89
Long-term payables		
Long-term employee benefits payable		
Provisions	4,357,750.25	1,283,500.00
Deferred income	10,515,321.66	11,073,651.66
Deferred tax liabilities		
Other non-current liabilities	470,437.92	470,437.92
Total non-current liabilities	48,114,793.80	19,608,828.47
Total Liabilities	320,974,391.71	293,610,156.95
Equity:		
Share capital	1,240,978,400.00	1,241,106,400.00
Other equity instruments		
Including: Preference Shares		
Perpetual bonds		

Capital surplus	2,762,868,944.82	2,820,661,243.26
Less: Treasury stock	210,882,717.78	240,255,502.45
Other comprehensive income		
Special reserve	7,575,990.78	7,200,502.88
Surplus reserves	51,830,974.45	51,830,974.45
Retained earnings	-625,934,738.23	-643,877,009.80
Total equity	3,226,436,854.04	3,236,666,608.34
Total liabilities and equity	3,547,411,245.75	3,530,276,765.29

3. Consolidated Income Statement

Unit: RMB yuan

Item	H1 2023	H1 2022
1 Total operating revenue	2,082,606,453.72	1,535,615,634.26
Including: Operating revenue	2,082,606,453.72	1,535,615,634.26
Interest income		
Premiums earned		
Fee and commission income		
2 Total operating cost	1,830,369,837.74	1,371,662,485.67
Including: Cost of sales	1,472,630,144.11	1,134,044,266.22
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	8,282,476.90	6,956,423.47
Selling expenses	119,248,680.76	62,093,800.66
Administrative expenses	174,818,664.63	133,292,392.91
R&D expenses	59,929,020.05	44,132,225.30
Finance costs	-4,539,148.71	-8,856,622.89
Including: Interest expenses	5,872,796.16	5,668,853.58
Interest income	12,725,562.50	8,770,967.42
Add: Other income	4,339,827.39	6,210,725.52
Investment income (loss with "-" sign)	36,109,196.08	-222,580.97
Including: Share of profit or loss of joint ventures and associates	-2,332,949.80	1,279,980.62
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)	2,006,095.39	24,927,586.43
Credit impairment loss (loss is listed with "-" sign)	-2,271,114.46	1,790,013.02
Asset impairment loss (loss with "-" sign)	-5,612,938.09	-6,154,706.43
Gain/loss on disposal of assets (loss with "-" sign)	-2,277,157.05	-233,705.60
3 Operating profit (losses are listed with "-" sign)	284,530,525.24	190,270,480.56
Add: Non-operating income	2,034,810.24	1,033,996.47
Less: Non-operating expenses	1,131,918.48	714,629.11
5 Gross profit (the gross loss shall be filled in with the sign "-")	285,433,417.00	190,589,847.92
Less: Income tax expenses	56,229,619.60	31,123,723.82
Net profit (net loss is listed with "-" sign)	229,203,797.40	159,466,124.10
(1) Net profit from continuing operations		
i. Net profit from continuing operations (net loss with "-" sign)	229,203,797.40	159,466,124.10
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	206,149,605.30	148,199,917.83
ii. Net profit attributable to non-controlling interests	23,054,192.10	11,266,206.27
6 Other comprehensive income/(loss), net of tax	63,837,540.77	-12,838,602.70
Other comprehensive income/(loss) attributable to owners of the parent, net of tax	64,443,141.24	-11,553,404.31
(1) Other comprehensive loss that will not be reclassified to profit or loss	-247,369.25	440,788.86
i. Changes caused by remeasurements on defined benefit schemes	-247,369.25	440,788.86
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	64,690,510.49	-11,994,193.17

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	64,690,510.49	-11,994,193.17
vii. Other		
Other comprehensive income attributable to non-controlling interests, net of tax	-605,600.47	-1,285,198.39
Total comprehensive income	293,041,338.17	146,627,521.40
Total comprehensive income attributable to owners of the parent	270,592,746.54	136,646,513.52
Total comprehensive income attributable to non-controlling interests	22,448,591.63	9,981,007.88
Earnings per share:		
(1) Basic earnings per share	0.17	0.12
(2) Diluted earnings per share	0.17	0.12

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 2023	H1 2022
1 Operating Revenue	219,595,252.63	214,661,874.19
Less: Cost of sales	117,899,186.43	117,832,956.03
Taxes and surcharges	4,622,821.78	3,855,068.95
Selling expenses	18,963,858.37	9,405,763.83
Administrative expenses	47,531,438.00	41,497,863.33
R&D expenses	9,329,637.83	9,213,094.41
Finance costs	-8,777,405.86	-20,244,231.98
Including: Interest expense	443,302.69	1,004,912.07
Interest income	6,549,723.09	6,309,101.69
Add: other income	2,476,014.96	1,681,381.91
Investment income (loss with "-" sign)	-4,520,432.89	20,596,618.64
Including: Share of profit or loss of joint ventures and associates	-1,781,870.58	1,279,980.62
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)	-5,837,992.54	188,520.19
Credit impairment loss (loss is listed with "-" sign)	336,909.99	
Asset impairment loss (loss with "-" sign)	-336,909.99	
Gain/loss on disposal of assets (loss with "-" sign)	-0.01	15,331.98
2 Operating profit (loss shall be listed with "-" sign)	22,143,305.60	75,583,212.34
Add: Non-operating income	285,781.66	599,580.06
Less: Non-operating expenses	837,597.40	146,746.24
3 Gross profit (gross loss shall be filled in with the sign "-")	21,591,489.86	76,036,046.16
Less: Income tax expenses	3,649,218.29	-1,957,983.03
4 Net profit (net loss is listed with "-" sign)	17,942,271.57	77,994,029.19
(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	17,942,271.57	77,994,029.19
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 2023	H1 2022
1 Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	2,234,391,644.12	1,802,969,150.43
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	30,108,533.01	34,829,359.93
Cash generated from other operating activities	30,337,789.00	35,764,026.73
Subtotal of cash generated from operating activities	2,294,837,966.13	1,873,562,537.09
Payments for goods and services	1,499,173,858.61	1,185,626,748.22
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	393,735,088.13	338,168,044.20
Payments of all types of taxes and surcharges	61,126,879.31	71,822,125.03
Cash used in other operating activities	149,366,073.56	125,694,912.91
Subtotal of cash used in operating activities	2,103,401,899.61	1,721,311,830.36
Net cash generated from/used in operating activities	191,436,066.52	152,250,706.73
2 Cash flows from investing activities:		
Proceeds from disinvestment	1,778,154,089.71	2,960,986,699.67
Investment income	60,835,876.45	26,404,419.77
Net proceeds from the disposal of fixed assets, intangible assets, and other long-lived assets	92,406.87	580,757.16
Disposal of net cash received by subsidiaries and other business units		
Cash generated from other investing activities		742,251.94
Subtotal of cash generated from investing activities	1,839,082,373.03	2,988,714,128.54
Payments for the acquisition of fixed assets, intangible assets, and other long-lived assets	113,551,038.37	58,758,055.34
Payments for investments	1,704,863,903.07	2,962,010,158.14
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	1,818,414,941.44	3,159,940,229.53
Net cash generated from/used in investing activities	20,667,431.59	-171,226,100.99
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	360,128,520.13	236,920,326.91
Cash generated from other financing activities	39,381,507.99	657,362,397.48
Subtotal of cash generated from financing activities	399,510,028.12	894,282,724.39
Repayment of borrowings	288,815,086.23	406,841,266.43
Interest and dividends paid	7,237,289.74	3,152,285.82
Including: Interest and dividends paid to minority shareholders		
Cash used in other financing activities	238,991,697.89	493,565,716.00
Subtotal of cash used in financing	535,044,073.86	903,559,268.25

activities		
Net cash generated from/used in financing activities	-135,534,045.74	-9,276,543.86
4 Effect of foreign exchange rates changes on cash and cash equivalents	53,331,073.03	-3,328,916.09
5 Net (decrease)/increase in cash and cash equivalents	129,900,525.40	-31,580,854.21
Add: Cash and cash equivalents, beginning of the period	1,233,720,697.27	1,259,303,775.74
6 Cash and cash equivalents, end of the period	1,363,621,222.67	1,227,722,921.53

6. Parent Company Statement of Cash Flow

Unit: RMB yuan

Item	H1 2023	H1 2022
1 Cash flow generated by business activities:		
Cash received from the sale of goods and the provision of services	282,261,729.73	175,645,201.33
Receipts of taxes and surcharges refunds	8,800,337.38	10,824,585.72
Cash generated from other operating activities	14,348,299.02	41,727,032.51
Subtotal of cash generated from operating activities	305,410,366.13	228,196,819.56
Payments for goods and services	115,692,389.65	133,586,738.91
Cash payments to and on behalf of employees	54,177,377.99	47,338,808.49
Payments of all types of taxes and surcharges	4,054,551.59	4,698,999.52
Cash used in other operating activities	126,905,787.49	23,214,510.22
Subtotal of cash used in operating activities	300,830,106.72	208,839,057.14
Net cash generated from/used in operating activities	4,580,259.41	19,357,762.42
2 Cash flows from investing activities:		
Proceeds from disinvestment	1,174,847,116.06	1,622,634,482.77
Investment income	18,717,756.49	25,484,477.04
Net proceeds from the disposal of fixed assets, intangible assets, and other long-lived assets	0.00	23,000.00
Disposal of net cash received by subsidiaries and other business units		
Cash generated from other investing activities	270,000,000.00	903,000.00
Subtotal of cash generated from investing activities	1,463,564,872.55	1,649,044,959.81
Payments for the acquisition of fixed assets, intangible assets, and other long-lived assets	10,894,394.77	9,616,254.16
Payments for investments	1,281,050,329.82	1,404,898,673.23

Obtain net cash paid by subsidiaries and other business units		149,040,000.00
Cash used in other investing activities		
Subtotal of cash used in investing activities	1,291,944,724.59	1,563,554,927.39
Net cash generated from/used in investing activities	171,620,147.96	85,490,032.42
3 Cash flows from financing activities:		
Absorb the cash received by the investment		
Cash received for obtaining loans	68,180,000.00	
Cash generated from other financing activities	8,077,201.63	581,434,806.25
Subtotal of cash generated from financing activities	76,257,201.63	581,434,806.25
Repayment of borrowings		
Interest and dividends paid	2,635,213.97	603,835.52
Cash used in other financing activities	201,228,410.87	527,514,138.31
Subtotal of cash used in financing activities	203,863,624.84	528,117,973.83
Net cash generated from/used in financing activities	-127,606,423.21	53,316,832.42
4 Effect of foreign exchange rates changes on cash and cash equivalents		
5 Net (decrease)/increase in cash and cash equivalents	48,593,984.16	158,164,627.26
Add: Cash and cash equivalents, beginning of the period	142,319,826.12	156,610,136.21
6 Cash and cash equivalents, end of the period	190,913,810.28	314,774,763.47

7. Consolidated Statements of Changes in Equity

Amount of current period

Unit: RMB yuan

Item	H1 2023														Non-controlling interests	Total equity
	Equity attributable to owners of the parent															
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General reserve	Retained earnings	Others	Subtotal			
	Preference shares	Perpetual bonds	Others													
I. On 31 December 2022	1,241,106,400.00				2,947,263,843.53	240,255,502.45	26,512,917.07	14,488,955.52	51,830,974.45		23,018,722.11		4,063,966,310.23	202,028,952.72	4,265,995,262.95	
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 2023	1,241,106,400.00				2,947,263,843.53	240,255,502.45	26,512,917.07	14,488,955.52	51,830,974.45		23,018,722.11		4,063,966,310.23	202,028,952.72	4,265,995,262.95	
III. Changes for the period ("23 for decrease)	-128,000.00				-54,701,978.53	-29,372,784.67	64,443,141.24	978,436.36			206,149,605.30		246,113,989.04	20,223,901.63	266,337,890.67	
(I) Total comprehensive income							64,443,141.24				206,149,605.30		270,592,746.54	22,448,591.63	293,041,338.17	
(II) Owner's contributions and reduction in capital	-128,000.00				-56,926,668.53	-29,372,784.67							-27,681,883.86		-27,681,883.86	
1. Ordinary shares increased by owners																
2. Capital increased by holders of other equity instruments																
3. Share-based payments included in equity					20,566,434.45								20,566,434.45		20,566,434.45	
4. Others	-128,000.00				-77,493,102.98	-29,372,784.67							-48,248,318.31		-48,248,318.31	
(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																

Item	H1 2023														
	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													
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							978,436.36						978,436.36		978,436.36
1. Provision in the period							2,531,949.77						2,531,949.77		2,531,949.77
2. Utilisation in the period							-1,553,513.41						-1,553,513.41		-1,553,513.41
(VI) Others					2,224,690.00								2,224,690.00	-2,224,690.00	
IV. On 30 June 2023	1,240,978,400.00				2,892,561,865.00	210,882,717.78	90,956,058.31	15,467,391.88	51,830,974.45		229,168,327.41		4,310,080,299.27	222,252,854.35	4,532,333,153.62

Amount of previous period

Unit: RMB yuan

Item	H1 2022														
	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 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 (^{16, 22} 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

Item	H1 2022														
	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												
(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 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 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

8. Company Statement of Changes in Equity

Amount of current period

Unit: RMB yuan

Item	H1 2023											
	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 2022	1,241,106,400.00				2,820,661,243.26	240,255,502.45		7,200,502.88	51,830,974.45	-643,877,009.80		3,236,666,608.34
Add: Adjustments for changes in accounting policies												
Adjustments for correction of previous errors												
Other adjustments												
II. On 1 January 2023	1,241,106,400.00				2,820,661,243.26	240,255,502.45		7,200,502.88	51,830,974.45	-643,877,009.80		3,236,666,608.34
III. Changes for the period ("-" for decrease)	-128,000.00				-57,792,298.44	-29,372,784.67		375,487.90		17,942,271.57		-10,229,754.30
(I) Total comprehensive income										17,942,271.57		17,942,271.57
(II) Owner's contributions and reduction in capital	-128,000.00				-57,792,298.44	-29,372,784.67						-28,547,513.77
1. Ordinary shares increased by owners												
2. Capital increased by holders of other equity instruments												
3. Share-based payments included in equity					19,700,804.54							19,700,804.54
4. Others	-128,000.00				-77,493,102.98	-29,372,784.67						-48,248,318.31
(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												

Item	H1 2023											
	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								
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								375,487.90				375,487.90
1. Provision in the period								825,942.88				825,942.88
2. Utilisation in the period								-450,454.98				-450,454.98
(VI) Others												
IV. On 30 June 2023	1,240,978,400.00				2,762,868,944.82	210,882,717.78		7,575,990.78	51,830,974.45	-625,934,738.23		3,226,436,854.04

Amount of previous period

Unit: RMB yuan

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								
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 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

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								
(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
(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								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

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 24 July 2023.

The consolidation scope for consolidated financial statements is determined based on the concept of control. No changes occurred to the consolidation scope in the period. For interests in other entities, 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

Reminder of specific 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 2023, and the financial performance and the cash flows for the half 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 of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The acquirer is the entity that obtains control of the other entities participating in the combination at the combination date, and the other entities participating in the combination are the acquirees. The combination date is the date on which the combining party effectively obtains control of the parties being combined.

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

V 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.

V 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.

V 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.

V 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.

V 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:

V 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 IX.

V 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.

V 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. Net realizable 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.

V 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 combination shall be dealt with by adjusting the capital surplus (if the capital surplus are insufficient for setting off the difference, such difference shall be further set off against retained earnings). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Equity 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 longterm equity investments shall be adjusted. Cash dividend or profit distribution declared by the investee shall be recognized as investment income for the period.

V 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.

V 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.

13. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred. The Group has no borrowing costs eligible for capitalization in the current year.

V Principal Accounting Policies and Accounting Estimates (Cont'd)

14. Right-of-use assets

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.

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

V 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.

V 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:

Impairment of assets (other than the impairment of inventories, contract assets and contract cost assets, investment properties measured using the fair value model, deferred tax assets, and financial assets) is determined in the following way: the Group assesses at the balance sheet date whether there is any indication that an asset may be impaired; if any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing; goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

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.

V 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.

V 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.

Lease payments include constant payments and the substantial constant payments net of lease incentives, variable lease payments that depend on an index or ratio, the estimated payables of guaranteed residual value, and also include the exercise price of the purchase option or the amount to be paid upon vest of the termination option, provided that the Group is reasonably certain that the option will be vested or that the lease term reflects that the Group will exercise the termination option.

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, the Group increases the book value of the lease liability when interest is recognized and decreases the book value of the lease liability when lease payments are made. 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.

V Principal Accounting Policies and Accounting Estimates (Cont'd)

20. Provisions (cont'd)

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.

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.

V Principal Accounting Policies and Accounting Estimates (Cont'd)

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

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.

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 V. 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.

V Principal Accounting Policies and Accounting Estimates (Cont'd)

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

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 V.8.

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).

V Principal Accounting Policies and Accounting Estimates (Cont'd)

24. Assets relating to contract cost (cont'd)

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.

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.

V Principal Accounting Policies and Accounting Estimates (Cont'd)

26. Deferred tax assets

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.

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.

V Principal Accounting Policies and Accounting Estimates (Cont'd)

26. Deferred tax assets (cont'd)

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.

27. 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.

As lessee

The Group recognizes leases as the right-of-use asset and lease liabilities, except for short-term leases and leases of low-value assets. For general accounting practice, please see Items 14 and 19 of Note V.

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 is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

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.

Initial direct costs are capitalised and recognised over the lease term on the same basis as rental income, through profit or loss.

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.

V Principal Accounting Policies and Accounting Estimates (Cont'd)

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 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.

V Principal Accounting Policies and Accounting Estimates (Cont'd)

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.

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 analyze 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.

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 VII.21.

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.

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.

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:

1. Principal tax items and tax rates (Cont'd)

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. (“Italy EDF”)	24%
Tiruña Group Industrial, S.L. (“Tiruña Group”)	28%
Tiruña America inc. (“Tiruña America”)	21%
Quantum Corrugated S.r.l. (Italy 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%, so the preferential tax rate of 15% was applicable to the Company's corporate income tax as at the Reporting Period.

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 18 November 2022 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%, so the preferential tax rate of 15% was applicable to the corporate income tax of Parsun Power as at the Reporting Period.

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%, so the preferential tax rate of 15% was applicable to the corporate income tax of Fosber Asia as at the Reporting Period.

Shenzhen Wonder Printing System Co., Ltd. ("Wonder Printing"), 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 19 December 2022 and obtained a High-tech Enterprise Certificate (certificate no.: GR202244206125) 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%, so the preferential tax rate of 15% was applicable to the corporate income tax of Wonder Printing as at the Reporting Period.

VII Notes to the Consolidated Financial Statements

1. Cash and bank balances

Unit: RMB yuan

Item	Closing balance	Opening balance
Cash on hand	654,807.40	589,575.75
Cash at banks	1,313,373,881.02	1,011,562,524.44
Other cash balances	198,177,855.11	262,295,099.55
Total	1,512,206,543.53	1,274,447,199.74
Of which: Total amount overseas	868,474,429.22	752,430,975.78
Total restricted amount as collateral, pledge or frozen	148,585,320.86	40,726,502.47

Other information:

The fund deposited abroad with restrictions on repatriation was equivalent to RMB7,807,976.40 (31 December 2022: RMB17,937,703.00). Current bank deposits earn interest income based on interest rates for current deposits.

2. Financial assets held for trading

Unit: RMB yuan

Item	Closing balance	Opening balance
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Financial assets at fair value through profit or loss	754,101,755.27	860,832,278.88
Of which:		
Investments in trust products	717,241.38	717,241.38
Funds management plans	269,817,217.77	307,794,620.13
Derivative financial assets	739,951.22	782,720.29
Investments in bank's wealth management products	394,871,568.34	351,182,315.74
Stock and fund investments	87,955,776.56	200,355,381.34
Of which:		
Total	754,101,755.27	860,832,278.88

3. Notes receivable

(1) Notes receivable by type

Unit: RMB yuan

Item	Closing balance	Opening balance
Bank acceptance notes	31,691,432.59	24,566,100.12
Total	31,691,432.59	24,566,100.12

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	
Of which:										
Of which:										

Allowances established individually:

Unit: RMB yuan

Item	Closing balance			
	Gross amount	Allowance	Allowance percentage	Reason for allowance

Allowances established by group:

Unit: RMB yuan

Item	Closing balance		
	Gross amount	Allowance	Allowance percentage

Grouping basis:

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**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	0.28%	2,488,100.00	100.00%		3,004,100.00	0.35%	3,004,100.00	100.00%	
Of which:										
Accounts receivable for which the allowances are established individually	2,488,100.00	0.28%	2,488,100.00	100.00%		3,004,100.00	0.35%	3,004,100.00	100.00%	
Accounts receivable for which the allowances are established by group	888,834,349.27	99.72%	33,771,755.89	3.80%	855,062,593.38	866,713,808.17	99.65%	29,408,050.71	3.39%	837,305,757.46
Of which:										
	888,834,349.27	99.72%	33,771,755.89	3.80%	855,062,593.38	866,713,808.17	99.65%	29,408,050.71	3.39%	837,305,757.46

Accounts receivable for which the allowances are established by group with similar credit risk characteristics	349.27		55.89		593.38	808.17		50.71		757.46
Total	891,322,449.27	100.00%	36,259,855.89		855,062,593.38	869,717,908.17	100.00%	32,412,150.71		837,305,757.46

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	15,700.00	15,700.00	100.00%	Customer's inability to settle the amount due
Customer 2	939,000.00	939,000.00	100.00%	Customer's inability to settle the amount due
Customer 3	283,000.00	283,000.00	100.00%	Customer's inability to settle the amount due
Customer 4	641,600.00	641,600.00	100.00%	Customer's inability to settle the amount due
Customer 5	608,800.00	608,800.00	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)	791,123,179.93	11,194,847.73	1.42%
1-2 years (including 2 years)	49,995,409.89	2,759,952.69	5.52%
2-3 years (including 3 years)	26,699,996.94	1,729,262.82	6.48%
3-4 years (including 4 years)	6,375,847.79	4,604,794.41	72.22%
4-5 years (including 5 years)	9,801,357.21	8,644,340.73	88.20%
Over 5 years	4,838,557.51	4,838,557.51	100.00%
Total	888,834,349.27	33,771,755.89	

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)	791,123,179.93
1-2 years	49,995,409.89
2-3 years	26,699,996.94
Over 3 years	23,503,862.51
3-4 years	6,375,847.79
4-5 years	9,801,357.21
Over 5 years	7,326,657.51
Total	891,322,449.27

(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	32,412,150.71	2,942,367.40	660,547.54		1,565,885.32	36,259,855.89
Total	32,412,150.71	2,942,367.40	660,547.54		1,565,885.32	36,259,855.89

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

Unit: RMB yuan

Entity	Reversed amount	Way of recovery
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(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	64,092,216.35	7.19%	2,532,696.34
Customer 7	69,736,994.94	7.82%	589,294.41
Customer 8	45,109,631.03	5.06%	721,282.73
Customer 9	36,499,400.00	4.09%	1,824,970.00
Customer 10	27,607,064.73	3.10%	232,363.81
Total	243,045,307.05	27.26%	

5. Receivables financing

Unit: RMB yuan

Item	Closing balance	Opening balance
Notes receivable	20,326,332.51	15,305,668.26
Total	20,326,332.51	15,305,668.26

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	19,068,863.29		37,725,855.84	

6. Prepayments

(1) Prepayments by aging

Unit: RMB yuan

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	69,788,935.94	93.82%	64,413,090.83	99.18%
1-2 years	4,103,601.25	5.52%	275,315.22	0.42%
2-3 years	237,805.03	0.32%	31,175.83	0.05%
Over 3 years	256,921.79	0.34%	227,319.38	0.35%
Total	74,387,264.01		64,946,901.26	

Reason for outstanding prepayments that are over 1 year and of a substantial amount:

(2) Top five entities with respect to prepayments

The closing balance of total prepayments to the top five entities amounted to RMB34,815,361.37, accounting for 46.80% of the closing balance of the total prepayments.

7. Other receivables

Unit: RMB yuan

Item	Closing balance	Opening balance
Other receivables	45,591,048.13	83,996,902.82
Total	45,591,048.13	83,996,902.82

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

Unit: RMB yuan

Nature	Closing gross amount	Opening gross amount
Amount for transfer of equity investments		39,461,356.50
Prepaid service charges	15,169,803.93	12,446,401.37
Security deposits	10,395,326.86	8,340,341.53
Export tax refunds	8,396,593.71	1,294,466.80
Employee loans and petty cash	4,162,336.38	3,388,217.50
Others	11,506,158.17	22,954,593.56
Total	49,630,219.05	87,885,377.26

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 2023	3,388,474.44	500,000.00		3,888,474.44
Balance as at 1 January 2023 in the current period				
Reversed in the current period	5,293.40			5,293.40
Other changes	155,989.88			155,989.88
Balance as at 30 June 2023	3,539,170.92	500,000.00		4,039,170.92

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)	34,600,494.81

1-2 years	8,830,473.38
2-3 years	2,304,443.12
Over 3 years	3,894,807.74
3-4 years	2,260,317.33
4-5 years	400,846.87
Over 5 years	1,233,643.54
Total	49,630,219.05

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	3,888,474.44		5,293.40		155,989.88	4,039,170.92
Total	3,888,474.44		5,293.40		155,989.88	4,039,170.92

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	Export tax refunds	6,076,643.65	Within 1 year	12.24%	
Entity 2	Insurance amounts	2,782,955.03	Within 1 year	5.61%	
Entity 3	Security deposits	2,675,000.00	Within 1 year, or 1-2 years	5.39%	
Entity 4	Product warranties	1,630,000.00	2-3 years	3.28%	
Entity 5	Prepayments for service	1,507,611.80	Within 1 year	3.04%	
Total		14,672,210.48		29.56%	

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	648,704,441.77	20,498,207.94	628,206,233.83	582,372,253.76	18,010,104.87	564,362,148.89
Work-in-progress	641,921,000.30	20,131,438.10	621,789,562.20	368,570,631.39	19,879,129.16	348,691,502.23
Finished goods	98,633,210.36	5,211,456.17	93,421,754.19	108,150,704.87	4,681,895.11	103,468,809.76
Product deliveries	24,434,627.46		24,434,627.46	35,190,253.35		35,190,253.35
Semi-finished goods	21,571,026.56	321,564.99	21,249,461.57	28,847,199.70	787,613.38	28,059,586.32
Materials consigned for processing	1,628,915.20		1,628,915.20	13,209,583.96		13,209,583.96
Total	1,436,893,221.65	46,162,667.20	1,390,730,554.45	1,136,340,627.03	43,358,742.52	1,092,981,884.51

(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	18,010,104.87	4,544,270.17	863,597.91	2,919,765.01		20,498,207.94
Work-in-progress	19,879,129.16		268,136.03	15,827.09		20,131,438.10
Finished goods	4,681,895.11	1,117,820.74		588,259.68		5,211,456.17
Semi-finished goods	787,613.38	361,427.48		827,475.87		321,564.99
Total	43,358,742.52	6,023,518.39	1,131,733.94	4,351,327.65		46,162,667.20

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	52,230,695.95	2,265,604.22	49,965,091.73	67,018,545.44	1,928,694.23	65,089,851.21
Total	52,230,695.95	2,265,604.22	49,965,091.73	67,018,545.44	1,928,694.23	65,089,851.21

Significant changes in the carrying amounts of contract assets in the current period and reasons:

Unit: RMB yuan

Item	Change	Reason for change
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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	336,909.99			
Total	336,909.99			

10. Current portion of non-current assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Current portion of long-term receivables	1,320,000.00	1,463,750.00
Current portion of long-term security deposits	315,375,000.00	310,300,000.00
Total	316,695,000.00	311,763,750.00

Substantial debt investments/other debt investments:

Unit: RMB yuan

Debt investment	Closing balance				Opening balance			
	Face value	Stated interest rate	Effective interest rate	Due date	Face value	Stated interest rate	Effective interest rate	Due date

11. Other current assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Input value-added tax (VAT) to be deducted	5,086,056.41	15,469,529.33
Overpaid VAT	58,022,281.17	23,483,390.49
Tax repayments	6,565,345.39	13,582,808.39
Others	13,159,886.94	8,834,723.10
Total	82,833,569.91	61,370,451.31

12. Other debt investments

Unit: RMB yuan

Item	Opening balance	Accrued interest	Change in fair value	Closing balance	Cost	Cumulative fair value	Loss allowances	Remark
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			in the current period			change	cumulatively recognized in other comprehensive income	
Large-denomination certificate of deposit		82,273.97		10,082,273.97	10,000,000.00			
Total		82,273.97		10,082,273.97	10,000,000.00			

Substantial other debt investments:

Unit: RMB yuan

Other debt investment	Closing balance				Opening balance			
	Face value	Stated interest rate	Effective interest rate	Due date	Face value	Stated interest rate	Effective interest rate	Due date

Impairment allowances established:

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 2023 in the current period				

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

 Applicable Not applicable

13. 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	645,000.00	5,289.00	639,711.00	1,305,000.00	10,701.00	1,294,299.00	
Total	645,000.00	5,289.00	639,711.00	1,305,000.00	10,701.00	1,294,299.00	

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 2023	10,701.00			10,701.00
Balance as at 1 January 2023 in the current period				
Reversed in the current period	5,412.00			5,412.00
Balance as at 30 June 2023	5,289.00			5,289.00

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

Applicable Not applicable

14. 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
		Additional investment	Reduced investment	Return on investment under the equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividends or profit	Impairment allowance	Others		
1. Joint ventures											
2. Associates											
Jaten Robot	86,533,484.12			-1,781,870.58						84,751,613.54	
Talleres Tapre	1,707,227.29								104,464.04	1,811,691.33	
Nanjing Profeta	7,111,970.11			-551,079.22						6,560,890.89	
Subtotal	95,352,681.52			-2,332,949.80					104,464.04	93,124,195.76	
Total	95,352,681.52			-2,332,949.80					104,464.04	93,124,195.76	

15. Other non-current financial assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	382,123,969.27	334,449,603.33
Total	382,123,969.27	334,449,603.33

16. Fixed assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Fixed assets	566,967,597.48	570,200,113.79
Disposal of fixed assets	70,796.46	
Total	567,038,393.94	570,200,113.79

(1) Particulars about fixed assets

Unit: RMB yuan

Item	Buildings and constructions	Machinery	Transportation equipment	Other equipment	Total
I. Gross amount					
1. Opening balance	595,767,164.77	495,941,700.77	35,181,776.36	65,440,308.96	1,192,330,950.86
2. Increase in the current period	12,107,386.30	27,215,634.83	3,392,911.14	3,494,565.76	46,210,498.03
(1) Purchases	671,212.49	4,710,398.48	3,091,513.75	2,700,135.21	11,173,259.93
(2) Transfers from construction in progress		2,763,761.15			2,763,761.15
(3) Increase in business combination					
(4) Effect of exchange rate movements	11,436,173.81	19,741,475.20	301,397.39	794,430.55	32,273,476.95
3. Decrease in the current period		1,553,341.50	1,934,183.07	124,465.29	3,611,989.86
(1) Disposal or retirement		1,553,341.50	1,934,183.07	124,465.29	3,611,989.86
4. Closing balance	607,874,551.07	521,603,994.10	36,640,504.43	68,810,409.43	1,234,929,459.03
II. Accumulated depreciation					
1. Opening balance	199,822,190.57	364,322,605.23	20,295,753.93	37,690,287.34	622,130,837.07
2. Increase in the current period	13,994,104.62	27,953,703.23	1,960,488.64	4,766,485.12	48,674,781.61
(1) Provision	7,699,233.64	10,722,918.49	1,829,891.28	4,347,477.56	24,599,520.97

(2) Effect of exchange rate movements	6,294,870.98	17,230,784.74	130,597.36	419,007.56	24,075,260.64
3. Decrease in the current period		855,948.86	1,875,982.15	111,826.12	2,843,757.13
(1) Disposal or retirement		855,948.86	1,875,982.15	111,826.12	2,843,757.13
4. Closing balance	213,816,295.19	391,420,359.60	20,380,260.42	42,344,946.34	667,961,861.55
III. Impairment allowances					
1. Opening balance					
2. Increase in the current period					
(1) Established					
3. Decrease in the current period					
(1) Disposal or retirement					
4. Closing balance					
IV. Carrying amount					
1. Closing carrying amount	394,058,255.88	130,183,634.50	16,260,244.01	26,465,463.09	566,967,597.48
2. Opening carrying amount	395,944,974.20	131,619,095.54	14,886,022.43	27,750,021.62	570,200,113.79

17. Construction in progress

Unit: RMB yuan

Item	Closing balance	Opening balance
Construction in progress	124,402,838.73	38,904,537.85
Total	124,402,838.73	38,904,537.85

(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	103,348,609.79		103,348,609.79	36,216,546.63		36,216,546.63

Equipment installation	21,054,228.94		21,054,228.94	2,687,991.22		2,687,991.22
Total	124,402,838.73		124,402,838.73	38,904,537.85		38,904,537.85

(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
Tirufia Asia - plant construction	50,000,000.00	32,851,532.05	12,954,575.37			45,806,107.42	91.61%					Other
Fosber Asia - Songgang plant construction	171,547,000.00	1,673,461.65	451,937.95			2,125,399.60	1.24%					Other
Parsun Power - equipment installation	54,800,000.00	1,675,957.18	4,003,982.31	1,719,762.49		3,960,177.00	46.04%					Other
Parsun Power - plant construction	348,500,000.00	1,570,900.95	53,371,127.84			54,942,028.79	15.76%					Other
Fosber Group - equipment installation	32,479,371.46	1,012,034.04	16,239,685.73	997,447.72	-839,779.89	17,094,051.94	53.12%					Other
Others		120,651.98	377,585.11	46,550.94	-23,387.83	475,073.98						Other
Total	657,326,371.46	38,904,537.85	87,398,894.31	2,763,761.15	-863,167.72	124,402,838.73						

18. Right-of-use assets

Unit: RMB yuan

Item	Buildings and constructions	Transportation equipment	Total
I. Gross amount			
1. Opening balance	107,881,926.02	16,228,783.97	124,110,709.99
2. Increase in the current period	9,787,371.82	993,023.41	10,780,395.23
(1) Increase in the current period	5,705,476.32		5,705,476.32
(2) Effect of exchange rate movements	4,081,895.50	993,023.41	5,074,918.91
3. Decrease in the current period	10,808,589.18		10,808,589.18
(1) Disposal	10,808,589.18		10,808,589.18
4. Closing balance	106,860,708.66	17,221,807.38	124,082,516.04
II. Accumulated depreciation			
1. Opening balance	29,083,848.03	8,577,883.94	37,661,731.97
2. Increase in the current period	9,741,745.66	2,520,446.46	12,262,192.12
(1) Established	8,502,457.99	1,956,146.47	10,458,604.46
(2) Effect of exchange rate movements	1,239,287.67	564,299.99	1,803,587.66
3. Decrease in the current period	10,808,589.17		10,808,589.17
(1) Disposal	10,808,589.17		10,808,589.17
4. Closing balance	28,017,004.52	11,098,330.40	39,115,334.92
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	78,843,704.14	6,123,476.98	84,967,181.12
2. Opening carrying amount	78,798,077.99	7,650,900.03	86,448,978.02

Other information:

19. 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	177,783,228.49	112,511,121.61		15,881,320.90	187,064,046.11	493,239,717.11
2. Increase in the current period		5,732,091.20		971,762.51	13,896,128.71	20,599,982.42
(1) Purchases					3,356,170.05	3,356,170.05
(2) Internal R&D						
(3) Increase in business combination						
(4) Effect of exchange rate movements		5,732,091.20		971,762.51	10,539,958.66	17,243,812.37
3. Decrease in the current period		17,960.16			345,733.08	363,693.24
(1) Disposal		17,960.16			345,733.08	363,693.24
4. Closing balance	177,783,228.49	118,225,252.65		16,853,083.41	200,614,441.74	513,476,006.29
II. Accumulated amortization						
1. Opening balance	24,758,265.85	66,420,930.77			33,957,125.38	125,136,322.00
2. Increase in the current period	2,187,387.60	10,077,678.20			6,039,502.05	18,304,567.85
(1) Provision	1,928,010.74	5,877,817.35			4,291,763.43	12,097,591.52
(2) Effect of exchange rate movements	259,376.86	4,199,860.85			1,747,738.62	6,206,976.33
3. Decrease in the current period		17,960.16			345,733.08	363,693.24
(1) Disposal		17,960.16			345,733.08	363,693.24
4. Closing balance	26,945,653.45	76,480,648.81			39,650,894.35	143,077,196.61
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	150,837,575.04	41,725,698.80		16,853,083.41	160,982,452.43	370,398,809.68
2. Opening carrying amount	153,024,962.64	46,090,190.84		15,881,320.90	153,106,920.73	368,103,395.11

As at the period-end, intangible assets arising from internal R&D accounted for 0.00% of the carrying amount of total intangible assets.

20. Research and development expenditures

Unit: RMB yuan

Item	Opening balance	Increase in the current period			Decrease in the current period			Closing balance
		Internal research and development expenditures	Other		Recognized as intangible assets	Transferred to profit or loss		
Data middle platform project	108,069.78							108,069.78
Business middle platform project	2,874,316.59							2,874,316.59
IoT platform project	719,843.39							719,843.39
Total	3,702,229.76							3,702,229.76

Other information:

21. Goodwill

(1) Gross amounts of goodwill

Unit: RMB yuan

Investee or item generating goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Generated due to business combination	Effect of exchange rate movements	Disposal	Effect of exchange rate movements	
Parsun Power	208,031,946.10					208,031,946.10
EDF	65,167,148.84		3,987,514.18			69,154,663.02
Fosber Group	152,396,437.31		9,324,989.14			161,721,426.45
QCorr	12,921,351.12		790,644.85			13,711,995.97
Wonder Digital	119,422,168.56					119,422,168.56
Total	557,939,051.93		14,103,148.17		0.00	572,042,200.10

(2) Impairment allowances for goodwill

Unit: RMB yuan

Investee or item generating goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Established	Effect of exchange rate movements	Disposal	Effect of exchange rate movements	
Parsun Power	61,855,054.35					61,855,054.35
EDF	65,167,148.84		3,987,514.18			69,154,663.02
Total	127,022,203.19		3,987,514.18		0.00	131,009,717.37

22. 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	3,387,139.73		1,166,808.63		2,220,331.10
Expenditures on plant supporting engineering	2,117,612.73	197,757.80	325,578.81		1,989,791.72
Internet access for offices	811,214.14	269,255.00	198,233.67		882,235.47
Amortization of lease assets	2,172,204.26				2,172,204.26
Office decoration expenditures	5,324,776.48	1,963,248.26	2,236,528.52		5,051,496.22
Amortization of moulds	2,305,043.35	16,091,006.20	3,412,242.27		14,983,807.28
CE certification fee	617,562.29	122,641.51	141,070.77		599,133.03
Total	16,735,552.98	18,643,908.77	7,480,462.67		27,898,999.08

Other information:

23. 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	37,845,410.84	7,068,590.42	39,530,769.25	7,299,859.61
Internal unrealized profit	32,457,065.38	7,789,695.70	29,017,229.54	6,964,135.09
Deductible loss	1,123,232,276.20	171,792,449.45	1,115,356,405.03	170,790,680.98
Credit impairment allowances	37,199,811.80	9,611,321.41	38,382,165.54	8,119,663.58
Deferred income	65,484,104.34	14,769,806.09	63,619,447.75	14,092,864.85
Provisions—after-sales maintenance service charges	119,419,681.17	29,400,813.20	110,904,039.46	27,965,656.80
Accrued expenses	32,088,530.10	4,029,683.79	29,263,236.96	4,659,406.75
Equity incentives	16,058,535.65	2,579,856.40	59,507,278.84	9,165,630.00
Financial liabilities at fair value through profit or loss	6,039,473.81	1,621,745.76		
Others	115,323,806.70	21,212,870.89	121,057,339.07	22,623,110.51
Total	1,585,148,695.99	269,876,833.11	1,606,637,911.44	271,681,008.17

(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	47,439,852.39	8,448,417.73	49,738,790.86	8,867,879.18
Depreciation difference of fixed assets	44,170,160.17	8,761,955.91	26,455,083.92	5,468,413.09
Financial assets at fair value through profit or loss			21,098,870.19	3,750,525.42
Others	62,565,611.40	13,231,331.68	79,681,187.34	15,877,516.64
Total	154,175,623.96	30,441,705.32	176,973,932.31	33,964,334.33

(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	23,742,796.34	246,134,036.77	27,138,883.56	244,542,124.61
Deferred tax liabilities	23,742,796.34	6,698,908.98	27,138,883.56	6,825,450.77

(4) Breakdown of deferred tax assets unrecognized

Unit: RMB yuan

Item	Closing balance	Opening balance
Deductible temporary differences	10,850,192.71	9,196,588.97
Deductible losses	96,133,358.07	90,723,784.03
Total	106,983,550.78	99,920,373.00

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

Unit: RMB yuan

Year	Closing amount	Opening amount	Remark
2023	13,100,636.61	11,447,032.87	
2024	493,437.20	493,437.20	
2025	13,984,168.64	13,984,168.64	
2026	12,841,957.31	12,841,957.31	
2027	60,775,301.88	61,153,776.98	
2028	5,788,049.14		
Total	106,983,550.78	99,920,373.00	

24. 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	61,310,406.98		61,310,406.98	45,320,004.82		45,320,004.82
Total	61,310,406.98		61,310,406.98	45,320,004.82		45,320,004.82

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

Unit: RMB yuan

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

Guaranteed loan	261,166,563.38	2,800,000.00
Credit loan	96,975,685.49	39,015,129.24
Total	358,142,248.87	41,815,129.24

Description of types of short-term borrowings:

On 30 June 2023, the annual interest rates of the loans in the table above ranged from 1.9% to 6.22% (31 December 2022: 1.4%-4.4%).

On 30 June 2023 and 31 December 2022, the Group had no overdue loans.

26. Financial liabilities held for trading

Unit: RMB yuan

Item	Closing balance	Opening balance
Financial liabilities held for trading	46,357,405.15	57,022,555.58
Of which:		
Non-controlling interests put options	46,357,405.15	57,022,555.58
Of which:		
Total	46,357,405.15	57,022,555.58

27. Notes payable

Unit: RMB yuan

Type	Closing balance	Opening balance
Bank acceptance notes	142,436,565.07	149,918,253.31
Total	142,436,565.07	149,918,253.31

As at the period-end, notes payable that were due but unpaid totaled RMB0.00.

28. Accounts payable

(1) Breakdown of accounts payable

Unit: RMB yuan

Item	Closing balance	Opening balance
Purchases of inventories	817,648,587.07	747,704,598.49
Others	1,990,918.54	614,962.72
Total	819,639,505.61	748,319,561.21

29. Contract liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Contract liabilities	830,600,374.59	692,567,968.60
Total	830,600,374.59	692,567,968.60

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

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term benefits	114,133,461.02	357,777,587.00	348,426,165.41	123,484,882.61
II. Retirement benefits-defined contribution schemes	9,561,867.29	47,004,845.11	44,970,652.69	11,596,059.71
Total	123,695,328.31	404,782,432.11	393,396,818.10	135,080,942.32

(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	108,414,374.41	313,148,488.05	306,472,944.66	115,089,917.80
2. Employee welfare	4,716,503.25	19,588,246.13	16,758,669.11	7,546,080.27
3. Social security contributions	554,100.71	21,955,991.81	22,013,803.44	496,289.08
Including: medical insurance	529,159.87	14,270,196.99	14,572,399.68	226,957.18
Work injury insurance	23,264.84	7,395,347.12	7,164,665.88	253,946.08
Maternity insurance	1,676.00	290,447.70	276,737.88	15,385.82
4. Housing funds	22,348.00	2,468,898.17	2,459,182.17	32,064.00
5. Labour union funds and employee education funds	426,134.65	615,962.84	721,566.03	320,531.46
Total	114,133,461.02	357,777,587.00	348,426,165.41	123,484,882.61

(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	9,553,228.48	46,607,110.76	44,587,135.83	11,573,203.41
2. Unemployment insurance	8,638.81	397,734.35	383,516.86	22,856.30
Total	9,561,867.29	47,004,845.11	44,970,652.69	11,596,059.71

31. Tax payable

Unit: RMB yuan

Item	Closing balance	Opening balance
Value-added tax	2,927,901.78	2,794,718.85
Corporate income tax	29,894,106.00	9,990,213.17
Individual income tax	14,182,305.95	9,978,972.79
City maintenance and construction tax	346,552.02	552,631.31
Education surcharge	267,291.04	411,264.85
Stamp duties	102,072.97	109,070.84
Property tax	1,565,532.03	218,184.92
Land use tax	275,833.51	47,325.67
Others	7,488.66	9,321.30
Total	49,569,083.96	24,111,703.70

32. Other payables

Unit: RMB yuan

Item	Closing balance	Opening balance
Other payables	97,794,484.13	90,080,142.50
Total	97,794,484.13	90,080,142.50

(1) Other payables

1) Other payables by nature

Unit: RMB yuan

Item	Closing balance	Opening balance
Accrued expenses	46,080,083.55	36,647,193.30
Repurchase obligation of restricted shares	6,762,000.00	28,440,000.00
Payables for settled lawsuit	3,319,360.31	3,127,963.30
Security deposits	4,281,642.97	4,807,183.50
Payables for equipment and engineering	25,583,054.92	2,753,189.09
Others	11,768,342.38	14,304,613.31
Total	97,794,484.13	90,080,142.50

33. Current portion of non-current liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Current portion of long-term borrowings	45,517,428.38	295,113,556.27
Current portion of lease liabilities	20,065,847.92	20,653,874.99
Total	65,583,276.30	315,767,431.26

34. Other current liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
To-be-output tax	7,676,610.19	4,539,069.11
Endorsed undue notes receivable		1,449,810.18
Total	7,676,610.19	5,988,879.29

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

Unit: RMB yuan

Item	Closing balance	Opening balance
Pledge loan	2,700,594.73	2,262,533.40
Collateralized loan	6,500,000.00	7,100,000.00
Guaranteed loan	44,326,983.24	296,130,679.37
Credit loan	79,302,216.94	47,504,838.39
Less: Current portion of long-term borrowings	-45,517,428.38	-295,113,556.27
Total	87,312,366.53	57,884,494.89

Other information, including interest rate ranges:

On 30 June 2023, the annual interest rates of the loans in the table above ranged from 0.0% to 3.05% (31 December 2022: 0.0%-4.55%).

On 30 June 2023 and 31 December 2022, the Group had no overdue loans.

36. Lease liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Lease liabilities	89,561,528.01	89,642,986.32
Less: Current portion of non-current liabilities	-20,065,847.92	-20,653,874.99
Total	69,495,680.09	68,989,111.33

37. 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	13,732,297.46	13,179,944.17
Total	13,732,297.46	13,179,944.17

38. Provisions

Unit: RMB yuan

Item	Closing balance	Opening balance	Reason for provision
Product quality warranty	123,047,978.99	108,406,154.83	
Others	9,787,784.10	10,539,798.95	
Total	132,835,763.09	118,945,953.78	

39. 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	11,073,651.66		558,330.00	10,515,321.66	
Total	11,073,651.66		558,330.00	10,515,321.66	

Deferred income associated with government grants:

Unit: RMB yuan

Liabilities	Opening balance	New government grants in the current period	Amount recognized in non-operating income in the current period	Amount recognized in other income in the current period	Amount offsetting costs and expenses in the current period	Other changes	Closing balance	Asset/income-related
Special Project Funds for Industrial Revitalisation and Technological Transformation (4 Mitsubishi machining centers and 3 vertical machining centers)	11,073,651.66			558,330.00			10,515,321.66	Asset-related

40. Other non-current liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Non-controlling put options	133,412,683.20	132,077,339.29
Others	7,230,043.48	4,318,953.26
Total	140,642,726.68	136,396,292.55

Other information:

Non-controlling put options involved the non-controlling interests of QCorr and Suzhou Parsun.

41. 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	1,241,106,400.00				-128,000.00	-128,000.00	1,240,978,400.00

Other information:

In the current period, the Company retired a total of 128,000 shares, reducing its total share capital from 1,241,106,400 shares to 1,240,978,400 shares.

42. Capital surplus

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share premium)	2,848,837,575.96	74,962,290.00	77,493,102.98	2,846,306,762.98
Other capital surplus	98,426,267.57	20,566,434.45	72,737,600.00	46,255,102.02
Total	2,947,263,843.53	95,528,724.45	150,230,702.98	2,892,561,865.00

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 RMB20,566,434.45.

(2) The first batch of share-based payments of 2020 was due and unlocked, resulting in a transfer of RMB72,737,600.00 from other capital surplus to share premium. The corresponding restricted share repurchase obligations were terminated, reducing capital surplus by RMB77,018,861.05.

(3) The share repurchase-related commissions and service charges incurred by the Company in the current period reduced capital surplus by RMB16,774.91.

(4) A total of 128,000 shares were retired in the current period (as stated in Item 41 under Note VII), reducing capital surplus by RMB457,467.02.

(5) The Company acquired a 2% interest in Fosber Asia in the current period, increasing capital surplus by RMB2,224,690.00.

43. Treasury shares

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share repurchase	240,255,502.45	69,781,543.40	99,154,328.07	210,882,717.78
Total	240,255,502.45	69,781,543.40	99,154,328.07	210,882,717.78

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, while the decrease in treasury shares was mainly due to the share retirement (as stated in Item 41 under Note VII) and the unlocking of due share-based payments (as stated in Item 42 under Note VII) in the current period.

44. 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	1,209,005.83	- 247,369.25				- 247,369.25		961,636.58
Of which: Changes due to remeasurement of defined benefit schemes	1,209,005.83	- 247,369.25				- 247,369.25		961,636.58
II. Other comprehensive income that will be reclassified to profit or loss	25,303,911.24	64,084,910.02				64,690,510.49	- 605,600.47	89,994,421.73
Differences arising from the translation of foreign currency-	25,347,883.31	64,084,910.02				64,690,510.49	- 605,600.47	90,038,393.80

denominated financial statements								
Others	-43,972.07							-43,972.07
Total other comprehensive income	26,512,917.07	63,837,540.77				64,443,141.24	-605,600.47	90,956,058.31

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

45. Special reserve

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Expenses for safety production	14,488,955.52	2,531,949.77	1,553,513.41	15,467,391.88
Total	14,488,955.52	2,531,949.77	1,553,513.41	15,467,391.88

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

46. 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:

47. Retained earnings

Unit: RMB yuan

Item	Current period	Last year
Opening retained earnings after adjustment	23,018,722.11	-424,159,175.27
Add: Net profit attributable to owners of the parent in the current period	206,149,605.30	447,177,897.38
Closing retained earnings	229,168,327.41	23,018,722.11

Adjustments to opening retained earnings:

1) Retrospective adjustments as a result of the Accounting Standards for Business Enterprises and related new regulations had an effect of RMB0.00 on opening retained earnings.

- 2) Accounting policy changes had an effect of RMB0.00 on opening retained earnings.
- 3) Correction of material accounting errors had an effect of RMB0.00 on opening retained earnings.
- 4) Changes to the consolidation scope as a result of any business combination involving entities under common control had an effect of RMB0.00 on opening retained earnings.
- 5) Other adjustments had a combined effect of RMB0.00 on opening retained earnings.

48. Operating revenue and costs

Unit: RMB yuan

Item	H1 2023		H1 2022	
	Revenue	Costs	Revenue	Costs
Principal operations	2,069,224,162.36	1,459,261,571.03	1,519,070,665.37	1,118,118,448.59
Other operations	13,382,291.36	13,368,573.08	16,544,968.89	15,925,817.63
Total	2,082,606,453.72	1,472,630,144.11	1,535,615,634.26	1,134,044,266.22

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 RMB830,600,374.59, of which RMB830,600,374.59 is expected to be recognized during 2023-2024, RMB0.00 is expected to be recognized during 2024-2025, and RMB0.00 is expected to be recognized during 2025-2026.

49. Taxes and surcharges

Unit: RMB yuan

Item	H1 2023	H1 2022
City maintenance and construction tax	2,991,325.36	2,403,719.33
Education surcharge	2,143,432.58	1,406,640.94
Property tax	2,241,139.82	2,245,774.79
Land use tax	311,593.32	239,515.20
Vehicle and vessel use tax	4,782.72	7,330.53
Stamp duties	497,520.52	446,737.45
Others	92,682.58	206,705.23
Total	8,282,476.90	6,956,423.47

50. Selling expenses

Unit: RMB yuan

Item	H1 2023	H1 2022
Commissions and agency fees	27,156,128.98	15,772,413.20
Employee benefits	33,175,562.84	26,129,144.08
Product quality warranties	35,889,981.39	6,100,304.93
Advertising and exhibition expenses	6,775,903.30	2,671,213.87
Travel expenses	6,013,175.38	4,913,530.31
Office expenditures	1,243,666.65	986,366.54
Depreciation and amortization expenses	1,119,258.60	497,868.97

Other expenses	7,875,003.62	5,022,958.76
Total	119,248,680.76	62,093,800.66

51. Administrative expenses

Unit: RMB yuan

Item	H1 2023	H1 2022
Employee benefits	92,138,490.27	68,012,749.61
Depreciation and amortization expenses	15,556,417.85	16,883,464.07
Intermediary expenses	11,002,554.66	8,308,753.73
Equity incentives	15,217,575.03	13,388,065.57
Office expenditures	8,539,427.19	5,262,273.16
Travel and business entertainment expenses	8,038,848.68	4,778,309.22
Conference expenses	5,214,777.28	4,383,169.39
Rental expenses	3,258,863.24	237,969.84
Property management expenses	2,098,316.95	1,244,898.31
Other expenses	13,753,393.48	10,792,740.01
Total	174,818,664.63	133,292,392.91

52. R&D expenses

Unit: RMB yuan

Item	H1 2023	H1 2022
Employee benefits	34,207,002.02	31,029,072.46
Depreciation and amortization expenses	8,169,488.94	5,794,158.26
Material expenses	4,204,251.70	2,142,276.51
Technology development expenses	5,470,265.49	195,843.53
Other expenses	7,878,011.90	4,970,874.54
Total	59,929,020.05	44,132,225.30

53. Finance costs

Unit: RMB yuan

Item	H1 2023	H1 2022
Interest expenses	5,872,796.16	5,668,853.58
Less: Interest income	12,725,562.50	8,770,967.42
Exchange gains and losses	-2,238,057.48	-7,211,018.81
Others	4,551,675.11	1,456,509.76
Total	-4,539,148.71	-8,856,622.89

54. Other income

Unit: RMB yuan

Source of other income	H1 2023	H1 2022
Government grants	3,598,750.12	6,032,264.36
Handling charges for individual income tax withheld	741,077.27	178,461.16
Total	4,339,827.39	6,210,725.52

55. Investment income

Unit: RMB yuan

Item	H1 2023	H1 2022
Income from long-term equity investments measured at equity method	-2,332,949.80	1,279,980.62
Income from financial assets held for trading	38,442,145.88	-1,502,561.59
Total	36,109,196.08	-222,580.97

56. Gains and losses on changes in fair value

Unit: RMB yuan

Source of gains and losses on changes in fair value	H1 2023	H1 2022
Financial assets held for trading	2,006,095.39	24,927,586.43
Total	2,006,095.39	24,927,586.43

57. Credit impairment loss

Unit: RMB yuan

Item	H1 2023	H1 2022
Loss on doubtful other receivables	5,293.40	-3,182.86
Loss on doubtful long-term receivables	5,412.00	
Loss on doubtful accounts receivable	-2,281,819.86	1,793,195.88
Total	-2,271,114.46	1,790,013.02

58. Asset impairment loss

Unit: RMB yuan

Item	H1 2023	H1 2022
II. Inventory valuation loss and loss on impairments of contract performance costs	-5,276,028.10	-6,154,706.43
XII. Loss on impairments of contract assets	-336,909.99	
Total	-5,612,938.09	-6,154,706.43

59. Gains on disposal of assets

Unit: RMB yuan

Source of gains on disposal of assets	H1 2023	H1 2022
Loss on disposal of fixed assets	-2,277,157.05	-233,705.60
Total	-2,277,157.04	-233,705.60

60. Non-operating income

Unit: RMB yuan

Item	H1 2023	H1 2022	Amount recognized in exceptional gains and losses
Others	2,034,810.24	1,033,996.47	2,034,810.24
Total	2,034,810.24	1,033,996.47	2,034,810.24

Government grants recognized in profit or loss:

Unit: RMB yuan

Title	Grantor	Reason	Nature/type	Profit-to-loss/loss-to-profit impact in the period	Special grant or not	H1 2023	H1 2022	Asset-related/income-related
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61. Non-operating expenses

Unit: RMB yuan

Item	H1 2023	H1 2022	Amount recognized in exceptional gains and losses
Donations	213,596.37	185,431.30	213,596.37
Loss on disposal of non-current assets	10,937.57	133,876.71	10,937.57
Others	907,384.54	395,321.10	907,384.54
Total	1,131,918.48	714,629.11	1,131,918.48

62. Income tax expenses**(1) Income tax expenses**

Unit: RMB yuan

Item	H1 2023	H1 2022
Current income tax expenses	52,891,480.67	35,242,804.62
Deferred income tax expenses	3,338,138.93	-4,119,080.80
Total	56,229,619.60	31,123,723.82

(2) Reconciliation between accounting profit and income tax expenses

Unit: RMB yuan

Item	H1 2023
Gross profit	285,433,417.00
Income tax calculated at statutory/applicable tax rates	42,815,012.46
Different tax rates for specific provinces or enacted by local authority	13,817,518.12
Adjustment to income tax in previous periods	-3,664,464.33
Income not subject to tax	6,557,988.16
Costs, expenses, and losses not deductible for tax	1,880,958.59
Utilization of deductible losses on previously unrecognized deferred tax assets	-5,792,948.80
Effect of deductible temporary differences or deductible losses on current unrecognized deferred tax assets	4,026,374.73
Over-deduction of the taxable profit amount for R&D	-3,417,412.44
Others	6,593.11
Income tax expenses	56,229,619.60

Other information:

63. Other comprehensive income

See Item 44 under Note VII.

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

Unit: RMB yuan

Item	H1 2023	H1 2022
Current accounts and others	8,272,973.12	10,938,730.56
Interest income	7,683,458.57	2,763,833.20
Government grants	6,781,497.39	5,652,395.52
Letter of guarantee received	6,419,859.92	16,409,067.45
Security deposits	1,180,000.00	
Total	30,337,789.00	35,764,026.73

(2) Cash used in other operating activities

Unit: RMB yuan

Item	H1 2023	H1 2022
Selling expenses in cash	68,986,775.28	48,115,660.15
Administrative expenses in cash	52,432,257.53	38,227,480.77

R&D expenses in cash	10,366,406.31	4,950,622.76
Letter of guarantee paid	6,168,384.35	15,780,974.76
Current accounts and others	10,329,778.09	17,375,948.50
Security deposits	1,082,472.00	1,244,225.97
Total	149,366,073.56	125,694,912.91

(3) Cash generated from other investing activities

Unit: RMB yuan

Item	H1 2023	H1 2022
Performance compensation		742,251.94
Total		742,251.94

(4) Cash used in other investing activities

Unit: RMB yuan

Item	H1 2023	H1 2022

(5) Cash generated from other financing activities

Unit: RMB yuan

Item	H1 2023	H1 2022
Security deposits received for internal guarantees for external loans		420,000,000.00
Security deposits for bank acceptance notes	39,381,507.99	94,712,397.48
Share subscription		2,650,000.00
Deposits for loans		140,000,000.00
Total	39,381,507.99	657,362,397.48

(6) Cash used in other financing activities

Unit: RMB yuan

Item	H1 2023	H1 2022
Security deposits paid for internal guarantees for external loans	107,345,506.70	210,000,000.00
Share repurchase	69,926,318.31	215,606,658.62
Security deposits for bank acceptance notes	22,446,295.25	59,353,845.18
Rental and interest paid	10,779,914.10	8,605,212.20
Deposits for loans paid	17,700,000.00	
Acquisition of non-controlling interests	10,793,663.53	
Total	238,991,697.89	493,565,716.00

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

Unit: RMB yuan

Supplementary information	H1 2023	H1 2022
1. Reconciliation of net profit to net cash generated from/used in investing activities:		
Net profit	229,203,797.40	159,466,124.10
Add: Asset impairment allowances	5,612,938.09	6,154,706.43
Credit impairment loss	2,271,114.46	-1,790,013.02
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive living assets	24,599,520.97	22,520,853.53
Depreciation of right-of-use assets	10,458,604.46	8,898,752.32
Amortization of intangible assets	12,097,591.52	11,227,954.62
Amortization of long-term prepaid expenses	7,480,462.67	3,473,882.95
Loss on the disposal of fixed assets, intangible assets, and other long-lived assets (“-” for gain)	2,277,157.05	233,705.60
Loss on the retirement of fixed assets (“-” for gain)	10,937.57	133,876.71
Loss on changes in fair value (“-” for gain)	-2,006,095.39	-24,927,586.43
Finance costs (“-” for income)	7,219,522.20	593,853.58
Loss on investment (“-” for income)	-36,109,196.08	222,580.97
Decrease in deferred tax assets (“-” for increase)	8,697,392.25	4,377,469.88
Increase in deferred tax liabilities (“-” for decrease)	-4,816,451.79	-7,231,414.10
Decrease in inventories (“-” for increase)	-253,435,681.37	-295,593,753.30
Decrease in operating receivables (“-” for increase)	89,453,122.15	-176,463,861.35
Increase in operating payables (“-” for decrease)	66,876,459.48	426,275,129.13
Others	21,544,870.88	14,678,445.11
Net cash generated from/used in operating activities	191,436,066.52	152,250,706.73
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	1,363,621,222.67	1,227,722,921.53
Less: Opening balance of cash	1,233,720,697.27	1,259,303,775.74
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	129,900,525.40	-31,580,854.21

(2) Breakdown of cash and cash equivalents

Unit: RMB yuan

Item	Closing balance	Opening balance
I. Cash	1,363,621,222.67	1,233,720,697.27
Including: cash on hand	654,807.40	589,575.75
Bank deposits readily available	1,313,373,881.02	1,011,562,524.44
Other cash and bank balances readily available	49,592,534.25	221,568,597.08
III. Closing balance of cash and cash equivalents	1,363,621,222.67	1,233,720,697.27

66. Assets with restricted ownership or right of use

Unit: RMB yuan

Item	Closing carrying amount	Reason for restriction
Cash and bank balances	148,585,320.86	Payments of security deposits for bank acceptance notes, loans and performance bonds
Fixed assets	4,575,662.37	Collaterals of subsidiaries for bank loans
Current portion of other non-current assets	315,375,000.00	Security deposits of subsidiaries for loans
Total	468,535,983.23	

67. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

Unit: RMB yuan

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
Cash and bank balances			

Including: USD	53,473,401.27	7.2258	386,388,102.90
EUR	75,809,379.29	7.8771	597,158,061.61
HKD	35,371.29	0.9220	32,612.33
RUB	40.00	1.9740	78.96
BUK	34,000.00	0.0034	115.60
THB	110.00	0.2034	22.37
Accounts receivable			
Including: USD	930,732.80	7.2258	6,725,289.07
EUR	87,321,105.25	7.8771	687,837,078.16
HKD		0.9220	
Long-term borrowings			
Including: USD		7.2258	
EUR	7,684,092.69	7.8771	60,528,366.53
HKD		0.9220	
Accounts payable			
Including: EUR	70,555,120.47	7.8771	555,769,739.45
Other receivables			
Including: EUR	3,064,016.15	7.8771	24,135,561.62
Short-term borrowings			
Including: USD	5,000,000.00	7.2258	36,129,000.00
EUR	40,879,670.04	7.8771	322,013,248.87
Current portion of non-current liabilities			
Including: EUR	3,945,421.95	7.8771	31,078,483.24
Other payables			
Including: USD	575,665.02	7.2258	4,159,640.30
EUR	2,527,885.92	7.8771	19,912,410.18
Lease liabilities			
Including: EUR	5,781,028.14	7.8771	45,537,736.76

(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

Substantial overseas business entity	Principal place of business	Functional currency	Basis for the choice
Fosber Italy	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
Tiruña Group	Spain	EUR	Settlement currency for local business operations

68. 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	10,515,321.66	Deferred income	558,330.00
Special funds for high-quality development of foreign trade of Nanhai District Promotion Bureau	50,079.00	Other income	50,079.00
Immediate VAT refund for embedded software	1,679,682.38	Other income	1,679,682.38
2022 Foshan city copyright registration subsidy of Foshan Committee Publicity Department	250.00	Other income	250.00
Housing pool and first-year operation incentives	897,000.00	Other income	897,000.00
Suzhou human resources and social security training subsidy	170,300.00	Other income	170,300.00
Social insurance payments-related employment expansion allowance	3,000.00	Other income	3,000.00
2022 Suzhou business development special funds	34,700.00	Other income	34,700.00
2022 District-level complementary reward by Scientific and Technological Innovation Bureau	29,040.00	Other income	29,040.00

Incentives in relation to research and development costs for scientific and technological innovation	7,400.00	Other income	7,400.00
First appropriation of the first batch of subsidy funds for 2023 high-tech enterprise cultivation-Shenzhen Technology Innovation Funds [2023] No. 11 (20230073)	120,000.00	Other income	120,000.00
Unemployment subsidy by the social security bureau	443.08	Other income	443.08
Foreign government subsidies	48,525.66	Other income	48,525.66

VIII 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	91.20%		Incorporated
Suzhou Jinquan*	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Investment		1.27%	Incorporated
Parsun Power	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Manufacturing	7.83%	61.79%	Acquired in business combination not under common control
Parsun Power Technology	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading		69.62%	Incorporated
Parsun International	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading		69.62%	Incorporated
Shunyi Investment	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Investment	100.00%		Acquired in business combination not under common control
Tiruña Asia	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. S.p.A.	Italy	Italy	Manufacturing		100.00%	Acquired in business combination not under common control
Fosber America, Inc	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
Tiruña Grupo Industrial S. L	Spain	Spain	Manufacturing		100.00%	Acquired in business combination not under common control
Tiruña S.L.U.	Spain	Spain	Manufacturing		100.00%	Acquired in business combination not under common control
Tratamientos Industriales Iruña S. A	Spain	Spain	Manufacturing		100.00%	Acquired in business combination not under common control
Tiruña France SARL	France	France	Manufacturing		100.00%	Acquired in business combination not under common control
SCI Candan	France	France	Manufacturing		100.00%	Acquired in business combination not under common control
Tiruña America inc.	America	America	Manufacturing		100.00%	Acquired in business combination

						not under common control
Quantum Corrugated S.r.l.	Italy	Italy	Manufacturing		60.00%	Incorporated
Dongfang Digicom	Haikou, Hainan, China	Haikou, Hainan, China	Industrial Internet		100.00%	Incorporated
Dongfang Digicom (Guangdong)	Foshan, Guangdong, China	Foshan, Guangdong, China	Industrial Internet		100.00%	Incorporated
Yineng Investment	Haikou, Hainan, China	Haikou, Hainan, China	Investment		100.00%	Incorporated
Tianjin Hangchuang	Tianjin, China	Tianjin, China	Investment		95.24%	Incorporated
Yineng International	Foshan, Guangdong, China	Foshan, Guangdong, China	Investment		100.00%	Incorporated
Changzhou Xincheng	Changzhou, Jiangsu, China	Changzhou, Jiangsu, China	Investment		94.86%	Incorporated
Wonder Digital	Shenzhen, Guangdong, China	Shenzhen, Guangdong, China	Manufacturing		51.00%	Acquired in business combination not under common control
Wonder Tejing	Dongguan, Guangdong, China	Dongguan, 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:

Basis for holding 50% or lower voting rights but having control in an investee, or holding over 50% voting rights but not having control in an investee:

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

Basis for determining whether the Company is an agent or a principal:

Other information:

*According to the partnership agreement, the partnership is executed by the general partner and the other partners are not allowed to execute the partnership affairs. The Company, as the sole general partner, exercises control over the partnership, which is included in the Group's scope of consolidation.

2. Interests in joint ventures and associates

(1) Financial information of insignificant joint ventures and associates combined

Unit: RMB yuan

	Closing balance/H1 2023	Opening balance/H1 2022
Joint ventures:		
Totals based on the Company's interests		
Associates:		
Total carrying amount of investments	93,124,195.76	95,352,681.52

Totals based on the Company's interests		
--Net profit	-2,332,949.80	1,279,980.62
--Total comprehensive income	-2,332,949.80	1,279,980.62

Other information:

IX 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.

Exchange rate risk

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

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

	Increase/(decrease) in exchange rate (%)	Increase/(decrease) in net profit or loss	Increase/(decrease) in total equity
Stronger RMB against EUR	2.00	-4,169,218.89	-4,169,218.89
Weaker RMB against EUR	(2.00)	4,169,218.89	4,169,218.89
Stronger RMB against USD	2.00	-5,892,173.35	-5,892,173.35
Weaker RMB against USD	(2.00)	5,892,173.35	5,892,173.35

X 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	754,101,755.27			754,101,755.27
Receivables financing		20,326,332.51		20,326,332.51
Other non-current financial assets	34,123,970.29	149,633,064.36	198,366,934.62	382,123,969.27
Other debt investments		10,082,273.97		10,082,273.97
Total assets continuously measured at fair value	788,225,725.56	180,041,670.84	198,366,934.62	1,166,634,331.02
(VI) Financial liabilities held for trading			46,357,405.15	46,357,405.15
Other non-current liabilities		1,293,646.77	139,349,079.91	140,642,726.68
Total liabilities continuously measured at fair value		1,293,646.77	185,706,485.06	187,000,131.83
II. Non-continuous measurement of fair value				

XI Related Parties and Related-party Transactions

1. Parent

Information on the parent:

Name	Relationship with the Company	Interest in the Company (%)
Tang Zhuolin (individual)	The Company's controlling shareholder and one of the actual controllers	21.82
Tang Zhuomian (individual)	The Company's controlling shareholder and one of the actual controllers	7.81

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

2. Subsidiaries of the Company

See Item 1 under Note VIII.

3. Joint ventures and associates of the Company

For substantial joint ventures and associates of the Company, see Item 2 under Note VIII.

Other joint ventures or associates that had related-party transactions with the Company in the current period, or have had related-party transactions with the Company in prior periods with a balance in the current period:

Joint venture or associate	Relationship with the Company
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Other information:

4. Other related parties

Other related parties	Relationship with the Company
Qiu Yezhi	Director and General Manager
Xie Weiwei	Director and Deputy General Manager
Chen Huiyi	Chairman of the Supervisory Committee
Zhao Xiuhe	Employee Supervisor
He Baohua	Supervisor
Shao Yongfeng	Chief Financial Officer and Vice President
Li Ketian	Independent Director
Liu Da	Independent Director
Tu Haichuan	Independent Director
Feng Jia	Director and Board Secretary

5. Related-party transactions

(1) Remuneration of key management

Unit: RMB yuan

Item	H1 2023	H1 2022
Remuneration of key management	8,086,182.30	7,801,939.42

XII 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	0.00
Total amount of various equity instruments exercised by the Company during the current period	21,550,000.00

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 Restricted Share Incentive Plan & 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	90,608,424.83
Total costs of equity-settled share-based payments in the current period	20,566,434.45

Other information:

3. Other information

On 27 March 2020, the Company convened the 44th (Extraordinary) Meeting of the Third Board of Directors, where the Proposal on Granting Restricted Shares to Awardees was approved, and the Board of Directors agreed to grant 22.85 million restricted shares to 42 awardees. The grant date for the first grant of restricted shares was 27 March 2020. On 8 June 2020, the Company approved the Proposal on Adjusting Matters Related to the 2020 Restricted Share Incentive Plan, the number of awardees was adjusted to 40, and the number of granted restricted shares was adjusted to 22.6 million. The exercise price of this restricted share grant was RMB1. As at 31 December 2020, the accumulated amount of subscription funds received by the Company for the first grant of restricted shares under this incentive plan totaled RMB22,600,000.00.

As authorized by the first Extraordinary Meeting of the Third Board of Directors in 2020, on 29 December 2020, the Company convened the 4th (Extraordinary) Meeting of the Fourth Board of Directors, where the Proposal on Granting Reserved Restricted Shares to Awardees was approved, and the Board of Directors agreed to grant 4.24 million restricted shares to 18 awardees. The grant date was 29 December 2020. As at 31 December 2021, the accumulated amount of subscription funds received by the Company for the reserved restricted shares under this incentive plan totaled RMB4,240,000.00.

The maximum number of unexercised share options currently available under the plan is equal to 10% of the shares issued by the Company. According to the plan, the maximum number of shares in the share options granted to each eligible grantee during any period spanning 12 months is 1% of the shares issued by the Company at any time. Any grant of share options above this limit shall be subject to the approval of the General Meeting.

The arrangements for unlocking the restricted shares under the restricted share incentive plan are as follows:

Unlocking arrangements	Time of unlocking	Percentage of unlocking
1 st unlocking period	From the first trading day 12 months after the date of listing of the first grant of/reserved restricted shares to the day of the last trading day within 24 months after the date of listing of the first grant of restricted shares	20%

2 nd unlocking period	From the first trading day 24 months after the date of listing of the first grant of/reserved restricted shares to the day of the last trading day within 36 months from the date of listing of the first grant of restricted shares	40%
3 rd unlocking period	From the first trading day 36 months after the date of listing of the first grant of/reserved restricted shares to the day of the last trading day within 48 months from the date of listing of the first grant of restricted shares	40%

The unlocking conditions of the restricted share incentive plan are as follows:

In addition to meeting the relevant requirements for granting, awardees must also meet the following unlocking conditions on the sale of granted restricted shares:

Performance appraisal requirements at the company level:

Unlocking period	Performance appraisal objectives
1 st unlocking period	The adjusted average net profit for 2018 and 2019 is used as the base of the performance appraisal, and the growth rate of net profit in 2020 shall not be less than 20%
2 nd unlocking period	The adjusted average net profit for 2018 and 2019 is used as the base of the performance appraisal, and the growth rate of net profit in 2021 shall not be less than 35%
3 rd unlocking period	The adjusted average net profit for 2018 and 2019 is used as the base of the performance appraisal, and the growth rate of net profit in 2022 shall not be less than 55%

The net profit during the appraisal period from 2020 to 2022 mentioned above refers to the audited consolidated statement of net profit attributable to the shareholders of the Company excluding the impact of share-based payments under this and other equity incentive plans. The base of performance appraisal is the average net profit (the net profit attributable to shareholders of the listed company in consolidated statements) of the Company for 2018 and 2019 after deducting the relevant financial impacts of Beijing Pride New Energy Battery Technology Co., Ltd.

Performance appraisal requirements at the personal level:

The performance appraisal results of the awardees are divided into Levels A, B, C and D. The non-resalable restricted shares of those awardees with appraisal results of Level D will be repurchased and retired by the Company, and the repurchase price is the grant price.

As authorized by the first Extraordinary Meeting of the Fourth Board of Directors in 2022, on 21 March 2022, the Company convened the 15th (Extraordinary) Meeting of the Fourth Board of

Directors, where the Proposal on Granting Restricted Shares to Awardees was approved, and the Board of Directors agreed to grant 2.65 million restricted shares to 7 awardees. The grant date was 21 March 2022. As at 31 December 2022, the accumulated amount of subscription funds received by the Company for the reserved restricted shares under this incentive plan totaled RMB2,650,000.00.

The arrangements for unlocking the restricted shares under the restricted share incentive plan are as follows:

Unlocking arrangements	Time of unlocking	Percentage of unlocking
1 st unlocking period	From the first trading day 12 months after the date of listing of the first grant of restricted shares to the day of the last trading day within 24 months after the date of listing of the first grant of restricted shares	20%
2 nd unlocking period	From the first trading day 24 months after the date of listing of the first grant of restricted shares to the day of the last trading day within 36 months from the date of listing of the first grant of restricted shares	40%
3 rd unlocking period	From the first trading day 36 months after the date of listing of the first grant of restricted shares to the day of the last trading day within 48 months from the date of listing of the first grant of restricted shares	40%

The unlocking conditions of the restricted share incentive plan are as follows:

In addition to meeting the relevant requirements for granting, awardees must also meet the following unlocking conditions on the sale of granted restricted shares:

Performance appraisal requirements at the company level:

Unlocking period	Performance appraisal objectives
1 st unlocking period	The average net profit for 2020 and 2021 is used as the base, and the growth rate of net profit in 2022 shall not be less than 10%
2 nd unlocking period	The average net profit for 2020 and 2021 is used as the base, and the growth rate of net profit in 2023 shall not be less than 20%
3 rd unlocking period	The average net profit for 2020 and 2021 is used as the base, and the growth rate of net profit in 2024 shall not be less than 30%

The above assessment annual net profit index refers to the net profit attributable to the shareholders of the Company in the audited consolidated statements and excluding the impact of the share payment expenses of this and other equity incentive plans as the calculation basis.

Performance appraisal requirements at the personal level:

The performance appraisal results of the awardees are divided into Levels A, B, C and D. The non-resalable restricted shares of those awardees with appraisal results of Level D will be repurchased and retired by the Company, and the repurchase price is the grant price.

XIII Commitments and Contingencies

1. Substantial commitments

Outstanding substantial commitments at the balance sheet date:

At the balance sheet date, the Group had no commitments that were required to be disclosed.

2. Contingencies

(1) Explain if the Company has no substantial contingencies that need to be disclosed

The Company had no substantial contingencies that needed to be disclosed.

XIV Events after the Balance Sheet Date

1. Other information on events after the balance sheet date

At the balance sheet date, the Group had no events after the balance sheet date that are required to be disclosed.

XV Other Significant Matters

1. Segment reporting

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

The Company divides reporting segments on a geographic basis. 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	907,382,681.17	1,314,194,802.62	-138,971,030.07	2,082,606,453.72
Cost of sales	612,950,796.41	979,745,547.11	-120,066,199.41	1,472,630,144.11
Total assets	5,363,238,058.90	3,308,300,247.83	-1,125,091,592.43	7,546,446,714.30
Total liabilities	1,338,248,179.27	2,168,227,152.82	-492,361,771.41	3,014,113,560.68

XVI 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	1.17%	2,488,100.00	100.00%		3,004,100.00	1.17%	3,004,100.00	100.00%	
Of which:										
Accounts receivable for which the allowances are established individually	2,488,100.00	1.17%	2,488,100.00	100.00%		3,004,100.00	1.17%	3,004,100.00	100.00%	
Accounts receivable for which the allowances are established by group	210,191,465.16	98.83%	1,635,225.69	0.78%	208,556,239.47	254,296,625.57	98.83%	1,450,723.68	0.57%	252,845,901.89
Of which:										
Accounts receivable for which the allowance	210,191,465.16	98.83%	1,635,225.69	0.78%	208,556,239.47	254,296,625.57	98.83%	1,450,723.68	0.57%	252,845,901.89

es are established by group with similar credit risk characteristics										
Total	212,679,565.16	100.00%	4,123,325.69	1.94%	208,556,239.47	257,300,725.57	100.00%	4,454,823.68	1.73%	252,845,901.89

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	15,700.00	15,700.00	100.00%	
Customer 2	939,000.00	939,000.00	100.00%	
Customer 3	283,000.00	283,000.00	100.00%	
Customer 4	641,600.00	641,600.00	100.00%	
Customer 5	608,800.00	608,800.00	100.00%	
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)	129,035,532.14	466,440.35	0.36%
1-2 years (including 2 years)	69,593,772.32	542,831.42	0.78%
2-3 years (including 3 years)	11,562,160.70	625,953.92	5.41%
3-4 years (including 4 years)			
4-5 years (including 5 years)			
Over 5 years			
Total	210,191,465.16	1,635,225.69	

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)	129,035,532.14
1-2 years	69,593,772.32
2-3 years	11,562,160.70
Over 3 years	2,488,100.00
Over 5 years	2,488,100.00
Total	212,679,565.16

(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	4,454,823.68	184,502.01	516,000.00			4,123,325.69
Total	4,454,823.68	184,502.01	516,000.00			4,123,325.69

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 (Netherland)	121,776,835.54	57.26%	
Dongfang Precision (HK)	40,391,445.51	18.99%	
EDF	12,387,840.99	5.82%	
Customer 7	7,000,353.16	3.29%	57,402.90
Customer 8	3,647,929.52	1.72%	29,913.02
Total	185,204,404.72	87.08%	

2. Other receivables

Unit: RMB yuan

Item	Closing balance	Opening balance
Dividends receivable	17,840,000.00	17,840,000.00
Other receivables	402,908,851.41	577,361,759.62
Total	420,748,851.41	595,201,759.62

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

Unit: RMB yuan

Item (or investee)	Closing balance	Opening balance
Fosber Asia	17,840,000.00	17,840,000.00
Total	17,840,000.00	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	395,262,077.12	562,762,515.20
Prepaid service charges	984,312.90	2,772,188.53
Security deposits	1,367,869.05	2,089,429.81
Performance compensation	500,000.00	500,000.00
Employee loans and petty cash	1,432,842.53	1,806,931.45
Others	4,516,774.35	8,585,719.17
Total	404,063,875.95	578,516,784.16

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 2023	655,024.54	500,000.00		1,155,024.54
Balance as at 1 January 2023 in the current period				
Balance as at 30 June 2023	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)	171,579,031.20
1-2 years	204,150,556.88
2-3 years	27,428,190.01
Over 3 years	906,097.86
3-4 years	29,661.18
4-5 years	4,400.00
Over 5 years	872,036.68
Total	404,063,875.95

3) Allowances established or reversed in the current period

Allowances for doubtful other receivables in the current period:

Unit: RMB yuan

Type	Opening	Change in the current period	Closing balance
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	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

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

Unit: RMB yuan

Entity	Reversed amount	Way of recovery
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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	253,725,984.64	Within 1 year , 1-2 years, or 2-3 years	62.79%	
Tiruña Asia	Current account	82,298,991.51	Within 1 year , 1-2 years, or 2-3 years	20.37%	
Dongfang Digicom (Guangdong)	Current account	38,485,556.97	Within 1 year , or 1-2 years	9.52%	
Dongfang Digicom	Current account	9,801,166.19	Within 1 year , or 1-2 years	2.43%	
Dongfang Precision (Netherland)	Current account	6,682,462.38	1-2 years	1.65%	
Total		390,994,161.69		96.76%	

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	738,487,118.43	45,303,485.99	693,183,632.44	719,603,669.32	45,303,485.99	674,300,183.33
Investments in joint ventures and associates	84,751,613.54		84,751,613.54	86,533,484.12		86,533,484.12
Total	823,238,731.97	45,303,485.99	777,935,245.98	806,137,153.44	45,303,485.99	760,833,667.45

(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)	967,767.81					634,626.49	1,602,394.30	
Fosber Asia	55,275,470.44	10,793,663.53				1,570,898.95	67,640,032.92	
Shunyi Investment	305,584,828.17						305,584,828.17	
Parsun Power	-13,747,060.68					2,961,590.27	-10,785,470.41	45,303,485.99
Tiruña Asia	21,903,462.34						21,903,462.34	
Dongfang Digicom	5,419,727.91					1,327,746.75	6,747,474.66	
Dongfang Digicom (Guangdong)	470,213.33					410,754.47	880,967.80	
Yineng Investment	101,572,033.67					549,542.16	102,121,575.83	
EDF	1,197,730.34					634,626.49	1,832,356.83	
Tianjin Hangchuang	20,000,000.00						20,000,000.00	
Wonder Digital	173,800,000.00						173,800,000.00	
Total	674,300,183.33	10,793,663.53				8,089,785.58	693,183,632.44	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	86,533,484.12			-1,781,870.58						84,751,613.54	
Subtotal	86,533,484.12			-1,781,870.58						84,751,613.54	
Total	86,533,484.12			-1,781,870.58						84,751,613.54	

4. Operating revenue and costs

Unit: RMB yuan

Item	H1 2023		H1 2022	
	Revenue	Costs	Revenue	Costs
Principal operations	199,620,855.04	115,715,894.18	174,984,173.72	111,562,446.47
Other operations	19,974,397.59	2,183,292.25	39,677,700.47	6,270,509.56
Total	219,595,252.63	117,899,186.43	214,661,874.19	117,832,956.03

Information on 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 RMB61,461,380.02, of which RMB61,461,380.02 is expected to be recognized during 2023-2024, RMB0.00 is expected to be recognized during 2024-2025, and RMB0.00 is expected to be recognized during 2025-2026.

5. Investment income

Unit: RMB yuan

Item	H1 2023	H1 2022
Income from long-term equity investments measured at cost method		17,840,000.00
Income from long-term equity investments measured at equity method	-1,781,870.58	1,279,980.62
Income from financial assets held for trading	-2,738,562.31	1,476,638.02
Total	-4,520,432.89	20,596,618.64

XVII 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 (inclusive of impairment allowance write-offs)	-2,288,094.62	
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)	4,339,827.39	
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)	40,448,241.27	
Non-operating income and expenses other than the above	913,829.34	

Less: Income tax effects	-675,162.52	
Non-controlling interests effects (net of tax)	465,253.00	
Total	43,623,712.90	--

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	4.95%	0.17	0.17
Net profit attributable to ordinary shareholders of the Company before exceptional gains and losses	3.90%	0.14	0.14

3. 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

(2) Net profit and equity under CAS and foreign accounting standards

Applicable Not applicable