

HARBIN BOSHI AUTOMATION CO.,LTD.

2023 SUMMARY OF
SEMI-ANNUAL REPORT



August 2023

HARBIN BOSHI AUTOMATION CO., LTD. Semi-Annual Report 2023

(Abstract)

I . Important Notes

This Abstract is extracted from Semi-Annual Report 2023. In order to have a full understanding of the operating results, financial condition and future development planning of the Company, investors are suggested to read the full report carefully on the media designated by the China Securities Regulatory Commission (the “CSRC”). The Company’s 2023 Semi-Annual Report is prepared and published in Chinese version, and the English version is for reference only. Should there be any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

All directors attended the Board Meeting in person for reviewing of this Semi-Annual Report.

Indicate by check mark if independent auditor issues non-standard unqualified opinion.

Applicable Not applicable

Indicate by check mark if there is a pre-arranged plan of profit distribution or transferring capital reserve into common stock for the report period which has been reviewed by the Board of Directors.

Applicable Not applicable

The Company does not plan to issue cash or equity dividends, nor to convert equity reserve into share capital of the Company in the mid 2023.

Indicate by check mark if preplan for preferred stocks profit distribution to shareholders for the report period which has been reviewed and approved by the Board of Directors.

Applicable Not applicable

II. Basic Situation of the Company

1. Company Profile

| | | | |
|--|--|--|--------|
| Stock Abbreviation | Boshi | Stock Code | 002698 |
| Stock Exchange for Stock Listing | Shenzhen Stock Exchange | | |
| Stock abbreviations before the change (if any) | None | | |
| Contact Person and Contact Information | Secretary of the Board | Securities Affairs Representative | |
| Name | Chen Bo | Zhang Junhui | |
| Contact Address | 9 Donghu Street, Concentration Zone of Yingbin Road, Harbin Development Zone | 9 Donghu Street, Concentration Zone of Yingbin Road, Harbin Development Zone | |
| Tel | +86-451-84367021 | +86-451-84367021 | |
| Email | ir@boshi.cn | zhangjh@boshi.cn | |

In order to speed up the planning and implementation of the construction function of the Company's regional headquarters and provide convenience for value investment, the Company has set up a "Securities and Investment Affairs Office" at No. 1102, Building 2, Huijin Building, No. 55, Shangxiang Road, Huaqiao Economic Development Zone, Kunshan City, Jiangsu Province. Welcome securities investors to inquire about the further information.

2. Key Financial Data and Financial Indicators

Does the Company need to make retroactive adjustment or restatement of the accounting data of the previous year.

Yes No

| | 2023 H1 | 2022 H1 | Increase/Decrease over the same period of previous year |
|--|------------------|------------------|---|
| Operating revenue (RMB) | 1,389,350,667.84 | 1,028,107,177.93 | 35.14% |
| Net profit attributable to shareholders of the parent company (RMB) | 335,465,804.27 | 264,380,786.00 | 26.89% |
| Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company (RMB) | 309,863,763.65 | 247,205,017.04 | 25.35% |
| Net cash flow from operating activities (RMB) | -113,276,773.99 | 172,174,009.00 | -165.79% |

| | | | |
|---|--|-----------------------------|---|
| Basic earnings per share (RMB /share) | 0.3281 | 0.2586 | 26.88% |
| Diluted earnings per share (RMB /share) | 0.3250 | 0.2586 | 25.68% |
| Weighted average return on equity | 10.17% | 8.69% | 1.48% |
| | End of the current reporting period | End of previous year | Increase/Decrease over previous year end |
| Total assets (RMB) | 6,440,287,131.74 | 6,220,273,855.91 | 3.54% |
| Total equity attributable to shareholders of the parent company (RMB) | 3,258,008,213.62 | 3,169,585,012.94 | 2.79% |

3. Number of Shareholders and Shareholding

Unit: Share

| Total number of shareholders of common stocks at the end of the reporting period | 22,289 | Total number of shareholders of preferred stock with resumed voting right at the end of the reporting period | 0 | | | |
|--|--------------------------------|--|--------------------|------------------------------------|----------------------------------|----------|
| Top 10 shareholders | | | | | | |
| Name | Nature | Ownership | Quantity of stocks | Quantity of restricted stocks held | Pledged, marked or frozen stocks | |
| | | | | | Status | Quantity |
| Unicom Kaixing Equity Investment Management (Zhuhai Hengqin) Limited - Lianchuang Weilai (Wuhan) Intelligent Manufacturing Industrial Investment Partnership (Limited Partnership) | Others | 14.20% | 145,176,676 | | | |
| Deng Xijun | Domestic natural person | 9.41% | 96,181,562 | 72,136,172 | | |
| Zhang Yuchun | Domestic natural person | 8.09% | 82,696,357 | 62,022,268 | | |
| Wang Chungang | Domestic natural person | 5.61% | 57,394,047 | 43,045,535 | | |
| Harbin Institute of Technology Asset Investment Management Co. Ltd | Domestic state-owned corporate | 5.00% | 51,127,500 | | | |
| Cai Zhihong | Domestic natural person | 4.96% | 50,677,029 | | | |
| Cai Hegao | Domestic natural person | 4.89% | 50,000,000 | | | |
| Hong Kong Securities Clearing Company Ltd. (HKSCC) | Foreign legal person | 2.18% | 22,288,956 | | | |
| Cheng Fang | Domestic natural person | 1.43% | 14,609,308 | | | |
| Tan Jianxun | Domestic natural person | 1.42% | 14,545,933 | | | |
| Explanation on the shareholders that are engaged in margin trading business | Not applicable | | | | | |

4. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable Not applicable

The controlling shareholder did not change in the reporting period.

Change of the actual controller in the reporting period

Applicable Not applicable

The actual controller did not change in the reporting period.

5. Number of preference shareholders and shareholdings of top 10 of them

Applicable Not applicable

The Company had no preference shareholders in the reporting period.

6. Corporate bonds that existed on the date when this Report was authorized for issue

Applicable Not applicable

(1) Bond profile

| Bond name | Abbreviation | Bond code | Date of issue | Maturity | Balance of face value at the end of reporting period (RMB'0,000) | Coupon rate |
|--|-------------------------|-----------|------------------------------|------------------------------|--|--|
| Convertible Corporate Bonds of Harbin Boshi Automation Co., Ltd. | Boshi Convertible Bonds | 127072 | Sep. 22 nd , 2022 | Sep. 21 st , 2028 | 44,993.61 | 1 st year 0.30% 2 nd year 0.50% 3 rd year 1.00% 4 th year 1.50% 5 th year 1.80% 6 th year 2.00% |

(2) Financial indicators at the end of reporting period.

| Item | End of the current reporting period | End of previous year | Explanation |
|-------------------------------|-------------------------------------|----------------------|---|
| Liability /asset ratio | 46.75% | 46.20% | |
| Item | 2023 H1 | 2022 H1 | Explanation |
| EBITDA interest cover (times) | 60.62 | 475.39 | Mainly affected by the issue of convertible corporate bonds in September, 2022, which led interest expenses increase. |

(3) Top 10 convertible bond holders

| NO. | Name | Nature | Number of convertible bonds held at the period-end | Face value of convertible bonds held at the period end (RMB) | As % of convertible bonds held at the period end |
|-----|---|-------------------------|--|--|--|
| 1 | China Merchant Bank- Huabao Convertible Bond Bond-type Securities Investment Fund | Others | 221,445 | 22,144,500.00 | 4.92% |
| 2 | Industrial and Commercial Bank of China - Southern Guangli Return Bond Securities Investment Fund | Others | 199,518 | 19,951,800.00 | 4.43% |
| 3 | Cai Zhihong | Domestic natural person | 198,009 | 19,800,900.00 | 4.40% |
| 4 | Zhongtai Securities Asset Management - Gansu Bank "HuiFu" Series of Financial Products Plan - Qilu Asset Management 0006 Directional Asset Management Contract | Others | 165,453 | 16,545,300.00 | 3.68% |
| 5 | China Merchants Securities Asset Management-Harmony Health Insurance Co., Ltd.-Universal products-China Merchants Asset Management Security win 202203 Single Asset Management Plan | Others | 155,177 | 15,517,700.00 | 3.45% |
| 6 | Industrial and Commercial Bank of China Limited -Guoshou Pension Stable No. 5 fixed income pension product | Others | 137,159 | 13,715,900.00 | 3.05% |
| 7 | China Construction Bank-Blackrock Fund -Blackrock RMB Credit Bond No. 2 Aggregate Asset Management Program | Others | 135,438 | 13,543,800.00 | 3.01% |
| 8 | Huitianfu Fund - Harmony Health Insurance Co., LTD. - Universal Product - Huitianfu Harmony Health 1 Single Asset Management Plan | Others | 112,405 | 11,240,500.00 | 2.50% |
| 9 | Agricultural Bank of China - Southern Xiyuan Convertible Bond Bond-type Securities Investment Fund | Others | 107,358 | 10,735,800.00 | 2.39% |
| 10 | Industrial and Commercial Bank of China Limited - Yinhua Convertible Bond Securities Bond-type Securities Investment Fund | Others | 93,430 | 9,343,000.00 | 2.08% |

III. Operating Performance Discussion and Analysis

1. Company Main Businesses during the Reporting Period

(1) Main Businesses and Industry Development Status

① Industry overview

According to the proportion of revenue during the reporting period, the Company's main businesses in its industry are shown in the following figure:



The core growth businesses of the Company are intelligent manufacturing equipment and industrial services rooted in intelligent manufacturing equipment, which belong to high-end equipment manufacturing industry and modern service industry respectively. Moreover, they are all key industrial directions supported and encouraged by the State. From the perspective of revenue composition, the revenue of two core growing businesses, intelligent manufacturing equipment and industrial services, account for 95.27% of total, as well as supplemented beneficially by environmental protection process equipment.

Intelligent Manufacturing Equipment:

“Manufacturing is the main body of the national economy, the foundation of building the country, the instrument of rejuvenating the country and the foundation of strengthening the country.” *Made in China 2025* points out that “accelerating the integrated development of the new generation of information technology and manufacturing technology and taking intelligent manufacturing are the main direction of the in-depth integration of informatization and industrialization.” The State attaches great importance to the development of high-end equipment manufacturing industry from the strategic height, and the development of intelligent manufacturing is a long-term strategic task.

In recent years, the state issued *the 14th Five-Year Plan for Intelligent Manufacturing Development*, *the 14th Five-Year Plan for the Development of Robot Industry*, *the 14th Five-Year Plan for In-depth Integration of IT Application and Industrialization*, *the 14th Five-Year Plan for the Development of Digital Economy*, “*Robot Plus*” *Application and Implementation Plan*, planning and guiding the high-end equipment manufacturing industry in the “14th Five-Year Plan” and 2035 long term goals, which provides strong support for accelerating the construction of a manufacturing power, a digital industry and a digital China and promoting

the development of China's intelligent manufacturing and digital economy.

From the perspective of industry, large-scale Chinese manufacturing enterprises generally have automated production lines, among them, the proportion of digitalization is not high, data sharing is not much from factories to factories, and intelligent technology is not widely used. The overall level of intelligent manufacturing in China is still far away from the world's advanced level. The endogenous power of leading manufacturing enterprises has a large potential demand for intelligent manufacturing equipment and the overall solution of intelligent factories, and the market demand presents long-term, sustainable and without obvious periodicity.

The Company has been cultivating in the field of intelligent equipment for a long time, and the high-end intelligent equipment with independent intellectual property rights has been continuously upgrading for Chinese Manufacturing, replacing imported equipment or being the first applications equipment to promote the technological progress of related industries. In recent years, with the improvement of 5G, industrial Internet and other digital economy infrastructures, the Company has accelerated the application of digital and intelligent technologies mastered by the Company. Now it has the engineering and implementation capability of the overall solutions of digital workshops and intelligent factories in multiple product application fields.

The Company's intelligent manufacturing equipment are applied in petrochemical, sub-merged arc furnace, new energy, grain, animal feeds, building materials, medicine, food, port, and many other industries, to provide customers with efficient intelligent manufacturing equipment and intelligent factory overall solutions. The Company's technology and intelligent equipment are in the leading position in the application field of domestic industry, no competitors in the same volume; In some fields, the Company products and technology applications are in the world leading level.

The Company implements differentiation competitive strategy (technology leadership), with the accumulation and industrial application practice in the direction of automation, digital, intelligent technology, facing the demand of "Made in China" for intelligent equipment, digital workshop, intelligent factory, the Company concentrates advantage, integrates resources, saves competitiveness, to response and guild the market demand actively with rich product line and intelligent manufacturing overall solution; The Company strives to achieve its own relatively fast development and bring consistent returns to shareholders.

Industrial Service:

On March 16th, 2021, the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Industry and Information Technology and the like totaling thirteen departments jointly issued *the Opinions on Accelerating the High-quality Development of the Manufacturing Service Industry*, pointing out, "manufacturing service industry is an important support for improving the competitiveness and comprehensive strength of manufacturing products, promoting the transformation and upgrading of manufacturing industry and high-quality development. At present, China's manufacturing service industry supply quality is not high, the degree of specialization and socialization is not enough, the role of leading the manufacturing value chain is not obvious, and there is still a gap between the requirements of building a modern economic system and realizing high-quality economic development." "By 2025, the role of the manufacturing service industry will be significantly enhanced in improving the quality

and efficiency, innovation capacity, and efficiency of resource allocation, and play a more prominent role in supporting and leading the high-quality development of the manufacturing industry” to “realize the coupling and integration of the manufacturing industry and the manufacturing service industry”.

The production and operation management service of the Company’s intelligent manufacturing equipment field includes integrated industrial services for process plant and equipment daily operation, repair, maintenance, finished products outbound & inbound, transfer, truck loading and so on. The Company’s professional services contribute customers to reduce costs and increase efficiency, improve production efficiency, concentrate resources on core competitiveness, and achieve high-quality development. The Company relays on the leading technology advantage, and continues to vigorously promote the strategy of product and service integration over the years. The professional, economic, high-quality and efficient service has been recognized and praised by customers.

Based on the recognition and encouragement of Company’s outstanding achievements in the integrated development of intelligent manufacturing equipment and industrial services, the Company was identified as “Pilot Unit of Advanced Manufacturing and Modern Service Industry” in August 2021 by the National Development and Reform Commission. The intelligent equipment industry services have covered all regions except Hong Kong, Macau, Taiwan and Tibet, the service scale and profitability are in the leading position in the industry. The Company’s industrial services of intelligent equipment, on the one hand, will maintain a steady growth with the growth of product sales and equipment implement stock. On the other hand, this will give an active response to the customer’s deep service demand, after the Company undertakes and implements new production and operation industrial service projects, the service scale is expected to accelerate. The revenue of industrial services has grown year after year, this will enhance the whole Company’s ability to resist risks. In the H1 of 2023, the revenue of industrial services was RMB 326 million, and become an important source of revenue and profit for the Company.

The Company’s industrial service network and capability, surrounding “industrial service plus”, are facing big potential market opportunities; That is, the Company’s industrial service network is expected to undertake more industrial service market demand independent from the Company’s own equipments, and then forming a new industrial direction of intelligent manufacturing equipment enabled with “industrial service plus”.

Environmental Protection Process and Equipment:

The 14th Five-Year Plan takes “achieving new progress in ecological civilization construction” as one of the main goals. Continuing to improve environmental quality and promoting the all-round green transformation of economic and social development provides important development opportunities for the field of environmental protection. Industrial waste acid and acidic gas treatment and recycling project, implemented by Harbin Boao Environmental Technology Co., Ltd, the holding subsidiary of the Company, can collect and treat industrial waste sulfuric acid and sulfur-containing acid gases in chemical production to produce high-purity sulfuric acid for recycling production, and to recycle and reuse the heat energy released in the process to achieve energy saving, emission reduction, recycling, environmental protection and economic results. During this reporting period, the revenue of environmental protection process and equipment accounted for 4.73% of total, which played a beneficial complementary role in the overall performance of

the Company.

② Industry policy impact

In recent years, the state has issued intensive industrial policies and industry plans related to intelligent manufacturing, robot and digital economy, leading the development of the industry, and the field of intelligent manufacturing equipment is facing major development opportunities. At the same time, the technology accumulation and technological innovation of high-end equipment manufacturing enterprises are constantly improved, with the promoting of national digital infrastructure construction, the project application and implementation ability is becoming increasingly mature. From the Company's long-term industrial practice in the field of intelligent equipment industry, intelligent equipment is in great demand for China's manufacturing enterprises, and the field of intelligent manufacturing equipment will continue to flourish.

In January 2023, seventeen departments including the Ministry of Industry and Information Technology, issued the *“Robot Plus” Application Action and Implementation Plan*, proposed the density of manufacturing robot will double compared with 2020, by 2025. The depth and breadth of the application of service robots and special robots industries have been significantly improved, and the ability of robots to promote high-quality economic and social development will be significantly enhanced. Focus on 10 key application areas, break through more than 100 kinds of robot innovation application technology and solutions, promote more than 200 robot typical application scenarios with high technical level, innovative application mode and significant application effect, build a batch of “robot plus” benchmarking enterprises, and construct a batch of application experience centers and experimental verification centers.

In April 2022, the Ministry of Industry and Information Technology, the National Development and Reform Commission, Ministry of Science and Technology, Ecological Environment Ministry, Ministry of Emergency Management, the National Energy Administration jointly issued *the Guidelines on Promoting High-quality Development of Petrochemical and Chemical Industries in the 14th Five-Year Plan*, pointing out that the reform and innovation as the fundamental power, plan development and security as a whole, accelerate the traditional industry transformation, vigorously develop chemical new materials and fine chemicals, speed up the industrial digital transformation, improve the level of intrinsic safety and clean production, accelerate quality change, efficiency change, dynamic change in the petrochemical industry, promote our country from the petrochemical and chemical great power to strong power. One of the main goals set forth in the guideline is digital transformation, with enterprises in key areas such as petrochemical and coal chemical industries achieving an automatic rate of over 95% of their main production devices, building about 30 demonstration factories of intelligent manufacturing and about 50 demonstration zones of intelligent chemical industry. The guidelines also proposed to promote the digital transformation of industries, accelerate the collaborative innovative application of new technologies and new models, create characteristic platforms, accelerate the integration of 5G, big data, artificial intelligence and other next-generation information technologies with the petrochemical and chemical industry, constantly enhance the acquisition capacity of chemical process data, and enrich the data of enterprise production management, process control, product flow and other aspects, promote demonstration and guidance, and strengthen industrial Internet empowerment. It has issued guidelines for the construction of a standard system for intelligent manufacturing in the petrochemical and chemical industry, and compiled standards for intelligent factories, smart zones etc.. According to the

characteristics of the industry, a number of digital workshops, intelligent factories and smart zones will be built and selected.

In December 2021, The State Council issued *the 14th Five-Year Plan for the Development of Digital Economy*, which defines the guiding ideology, basic principles, development goals, key tasks and safeguard measures for promoting the healthy development of digital economy during the period. Digital economy is the main economic form after agricultural economy and industrial economy. It takes data resources as the key element, modern information network as the main carrier, integrated application of information and communication technology and all-factor digital transformation as the important driving force, and promotes a new economic form with more unified fairness and efficiency. According to the plan, the digitalization, networking and intelligence of the manufacturing industry will be deepened, and the integrated development of producing services will be accelerated. We will comprehensively deepen the digital transformation of key industries. Based on the characteristics and differentiated needs of different industries, we will promote all-round and whole-chain digital transformation of traditional industries and improve total factor productivity. We will deepen the digital transformation of industry, accelerate the digital transformation of R&D, design, production and manufacturing, operation and management, and market services across the whole life cycle, and accelerate the cultivation of a number of small and medium-sized enterprises that are “specialized and innovative” and individual champions in manufacturing. We will carry out intelligent manufacturing projects, vigorously promote the digitalization of equipment, carry out special campaigns to pilot and demonstrate intelligent manufacturing, and improve the national system of intelligent manufacturing standards.

In December 2021, the Ministry of Industry and Information Technology and so on eight departments jointly issued *the 14th Five-Year Intelligent Manufacturing Development Plan*, put forward the following planning goals: in 14th Five-Year and the future for a long period, promote intelligent manufacturing based on manufacturing nature, stick to intelligent features, take the process and equipment as the core, take the data as the base, rely on manufacturing units, workshops, plants and supply chain as carrier, build virtual-real integrated, knowledge-driven, dynamic optimizing, safe and efficient, green and low carbon intelligent manufacturing system, promote manufacturing digital transformation, network collaboration and intelligent reform. By 2025, most large-scale manufacturing enterprises will realize digital networking, and backbone enterprises in key industries will initially apply intelligence; By 2035, large-scale manufacturing enterprises will fully popularize digital networking, and backbone enterprises in key industries will basically realize intelligence.

In December 2021, the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Science and Technology and so on 15 departments jointly issued *The 14th Five-year Robot Industry Development Plan*, put forward the following planning goals: by 2025, China has become a global robot technology innovation source, high-end manufacturing cluster and new heights of integrated application. Breakthroughs have been made in the number of core robot technologies and high-end products, breakthroughs have been made in the number of core robot technologies and high-end products, the comprehensive index of the complete equipment has reached the international advanced level, and the performance and reliability of key parts have reached the international level of similar products. The operating revenue of the robot industry will grow by more than 20% annually, form a number of internationally competitive leading enterprises and a large number of specialized and special and new “Little

Giants” enterprises with strong innovation ability and good growth ability, and build 3 to 5 industrial clusters with international influence. The density of manufacturing robots has doubled. By 2035, the comprehensive strength of China’s robot industry will reach the international leading level, and robots will become an important part of economic development, people’s life and social governance.

In November 2021, the Ministry of Industry and Information Technology issued *the 14th Five-year Plan for Green Industrial development*, put forward the following goals: by 2025, industrial structure, mode of production and green and low-carbon transition have made significant progress. Green and low-carbon technologies and equipment have been widely applied, the efficiency of energy and resources utilization has been greatly improved, and green manufacturing has been comprehensively improved, laying a solid foundation for reaching a Carbon Peak in the industrial sector by 2030.

In November 2021, The Ministry of Industry and Information Technology issued *the 14th Five-year Plan for the In-depth Integration of Informatization and Industrialization*, put forward the following goals: by 2025, informatization and industrialization will realize integrated development in a wider range, deeper degree and higher level, and the penetration of the new generation of information technology into all fields of manufacturing was accelerated, the scope was significantly expanded, the degree was continuously deepened, and the quality was greatly improved. The pace of digital transformation of manufacturing was significantly accelerated. New models and new business forms are widely popularized; industrial digital transformation has remarkable results; the integration support system is continuously improved; the vitality of enterprise integration development is activated fully; and the integrated ecosystem is developed prosperously.

(2) Company Main Businesses during the Reporting Period

① Main businesses, products, services composition and market application level of the Company

Overall Solution for Intelligent Manufacturing Equipment and Intelligent Factory

| | |
|---|--|
| <p>Post-processing Intelligent Manufacturing Equipment for Solid Material</p> | <p>Post-processing Intelligent Manufacturing Equipment for Rubber</p> |
| <p>It is applied in the post-processing fields for the powder, granular materials or irregular materials of petrochemical, new energy, grain, animal feeds, building materials, medicine, food, ports etc. (such as crushing, screening, bagging, boxing of new energy field polysilicon reduced silicon rods, etc.), providing efficient automatic weighing, packaging and palletizing intelligent manufacturing and production equipment and overall solutions of smart factories</p> | <p>It is intelligent equipment and intelligent plant overall solution, applied in production process of synthetic rubber and natural rubber and in the fields of product refining process, dewatering and drying process (rubber washing, cleaning and impurity removal, dewatering, crushing and drying, etc.) and finished product packaging process (weighing, baling, detecting, conveying, packaging and palletizing, etc.)</p> |
| <p>In the field of post-processing high-end equipment for powder and granular materials in China it has obvious advantages and a stable competitive position. In the field of post-processing high-end equipment for the new energy field irregular polysilicon materials, the original first set of applications has promoted the upgrade of intelligent manufacturing in the industry.</p> | <p>Complete product line, covering natural rubber and synthetic rubber; It is the only supplier which can provide complete large-scale systems worldwide.</p> |
| <p>Robot Plus</p> | <p>Intelligent Logistics, Warehousing Systems</p> |
| <p>(High temperature) Operation robot for submerged arc furnace and serialized intelligent products, complete system solutions are applied for high-risk working environment as well as other special robots and complete system solutions which can replace high-risk, harsh working conditions, and heavy manual labor.</p> | <p>Connecting solid material post-processing intelligent manufacturing equipment with rubber post-processing intelligent manufacturing equipment to realize intelligent identification, outbound and inbound warehousing management, logistics transshipment, fully Automatic Vehicle Loading, etc., to help customers to build smart factory overall solutions.</p> |
| <p>(High temperature) Operation robot for sub-merged arc furnace and its surrounding systems are in leading position worldwide in the field of calcium carbide; It is carrying out innovative implementation of the intelligent workshop project for the calcium carbide arc furnace, committed to promoting the production of fewer people, unmanned, safe, efficient and environmental", and bringing the traditional industrial technology revolution with industry subversive technology.</p> | <p>Automatic Loading machine has first-mover advantage, the market responds positively and no industry attribute, the large-scale application has big potential in the future.</p> |

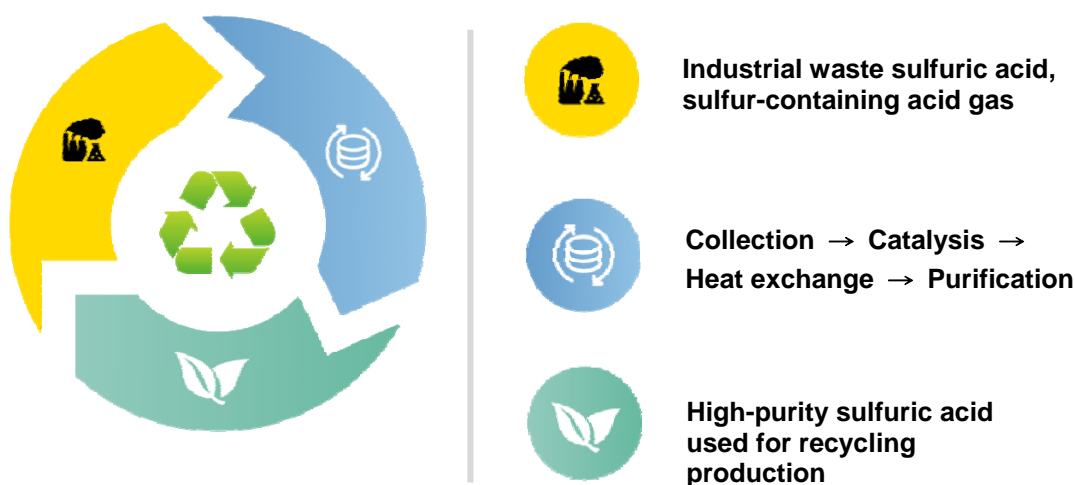
Industrial Services

The industrial services, rooted in the above-mentioned related fields of intelligent manufacturing equipment, are mainly integrated service, equipment maintenance and spare parts sales which facing the operation in the application fields of intelligent manufacturing equipment, after-sales industrial service, and supplementary industrial service.

The Company's industrial service network and service capability are expected to undertake other market demand other than the Company's own in the future and then form a new industrial direction of "industrial service plus" enabling intelligent manufacturing equipment.

Holding technology leadership advantages, leading service capabilities and scale in the field

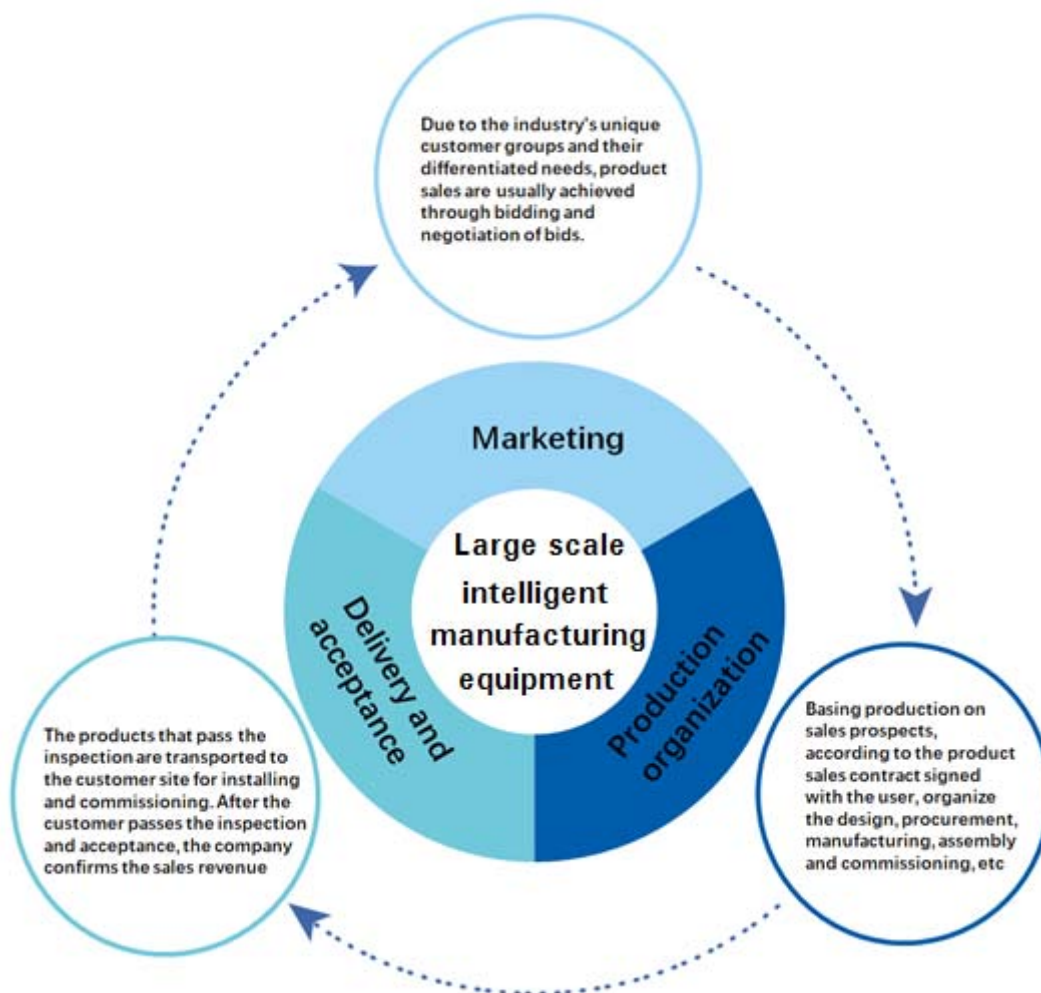
Energy saving, emission reduction and environmental protection process equipment field



Harbin Boao Environmental Technology Co., Ltd is currently mainly engaged in the design, production, and sales of energy-saving, emission-reduction and environmental protection process equipment which is represented by industrial waste acid regeneration process and equipment. Industrial waste acid regeneration technology and equipment collect and process industrial waste sulfuric acid and sulfur-containing acid gas which are produced in the customer's chemical production to generate high-purity sulfuric acid for recycling production, and release heat energy for recycling and reusing, realizing the effects of energy saving and emission-reduction, recycling uses, economy and environment protection and help to achieve carbon peak and carbon neutral emission reduction targets.

Realizing the effects of energy saving and emission-reduction, recycling uses, economy and environment protection.

② Business mode



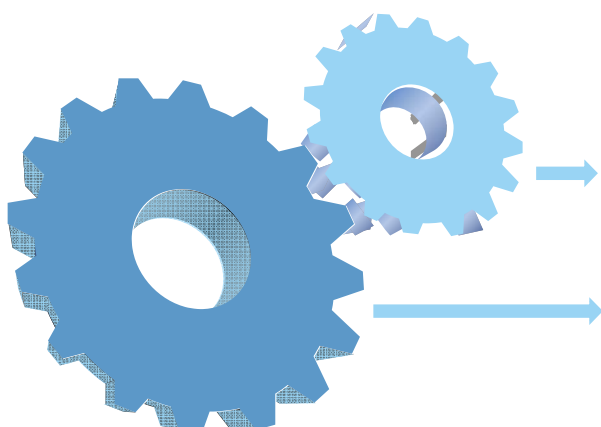
Industrial Services——Operation, Maintenance and After-sales Type Industrial Services



By participating in bidding or negotiating bids, the Company signs integrated service, equipment maintenance service agreements with customers (which may include FFS film rolls sales matching with production services), equipment maintenance, operation maintenance and the like to determine the contents and modes of services;

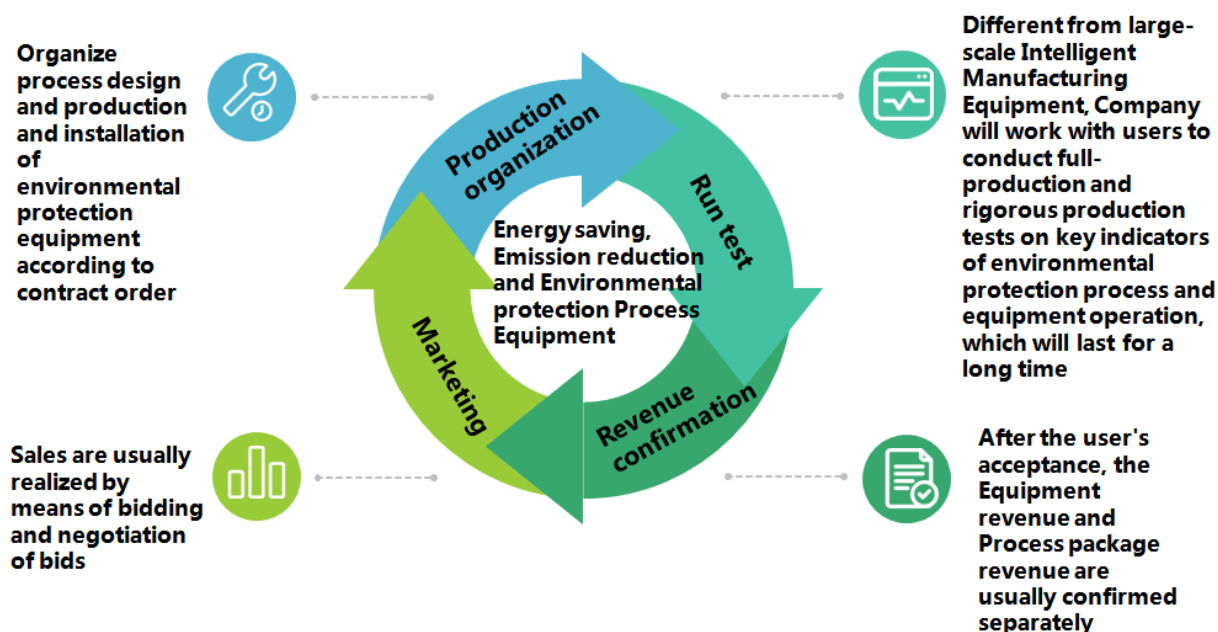
For the performance obligations of the service contract performed within a certain period of time, the Company shall recognize the revenue according to the performance progress within the period of time; The sales mode of spare parts is flexible (the Company initiates stocking or the customer initiates procurement), and the operating revenue is confirmed based on the actual delivery of the product and the time when the revenue confirmation conditions are met.

Industrial Services——Supplementary Industrial Services and Miscellaneous



FFS Film roll production enterprise matching with industrial services (Nanjing Green New Material Co., Ltd., Company's holding subsidiary) separately sells FFS film rolls, plastic auxiliaries and the like apart from the Company's production and operation services; Other kinds with small revenue are not classified as material.

Revenue recognition: Usually as per the contract signed with customer, implement the contract and meet the revenue conditions, then confirm the operating revenue.



③ Key performance driving factors

Since 2017, the Company performance has grown well and rapidly, mainly due to the Company is facing the strong demand for intelligent manufacturing equipment for the upgrading of digitization and intellectualization in China's manufacturing industry. The Company implements technology research and development and product innovation actively, as well as realizes product category expansions. The sales growth of post-processing intelligent manufacturing equipment for solid material is strong; Represented by high-temperature furnace operation robots, the special operation robots and their supporting products are promoted and applied in the fields of high risk, harsh and heavy working conditions. Contracts from "robots plus" quickly occupy an important marketing share, which strongly promote the rapid growth of the Company's overall performance; The successful R&D and application of post-processing intelligent equipment for solid material in the field of new energy polysilicon raw materials expanded the application of Company product in the field of post process intelligent manufacturing equipment for irregular solid material, and the market demand has exploded, which promote revenue growth of the Company's intelligent manufacturing equipment as an increment; The growth of industrial services, enabling intelligent manufacturing equipment, keeps steadily, and become an important source of revenue and profit. Energy saving, environmental protection process and equipment business brings beneficial supplement to the Company's overall revenue.

During the reporting period, the operating revenue and profit have reached the best level in history. The operating revenue of intelligent manufacturing equipment achieved a strong growth of 43.70%. The operating revenue of industrial service continued to grow steadily; The operating revenue of energy conservation, emission reduction and environmental protection process and equipment doubled while contributing to profits. Please refer to "Main Businesses Analysis" for details.

Technological innovation and the continuous R&D, application and promotion of new products have realized "the second curve" to promote the Company to extend growth period. The Company's intelligent manufacturing equipment has experienced a continuous technological innovation and the expansion process

of continuous application of new technology and new products. At present, the company has made a progress in switching from a single machine, automatic production line to the digital factory and intelligent factory in the main product application field, which optimizing the business competition environment faced by the Company, and improving comprehensive competitiveness continuously.

2. Core Competitiveness Analysis

As a technology-based enterprise, the Company adheres to a differentiated competitive strategy of leading technology, and relies on a deep understanding of China's industrial automation field and long-term practical experience in industrial applications to maintain a constant competitive position in the field in which it is engaged. The Company's intelligent manufacturing equipment and industrial service businesses are effectively synergized and optimally linked, and environmental protection process equipment to the Company's overall performance constitutes a beneficial supplement. In recent years, the business scale is growing rapidly, the profitability is great enhanced, and the comprehensive competitiveness is continually improved.

(1) Industry status

The Company has a solid competitive advantage in the field of intelligent manufacturing equipment, and its main product and technology has been playing a leading role for a long time in the domestic product application field, and has won a number of industry awards.



(2) Leading competitiveness of products and technologies

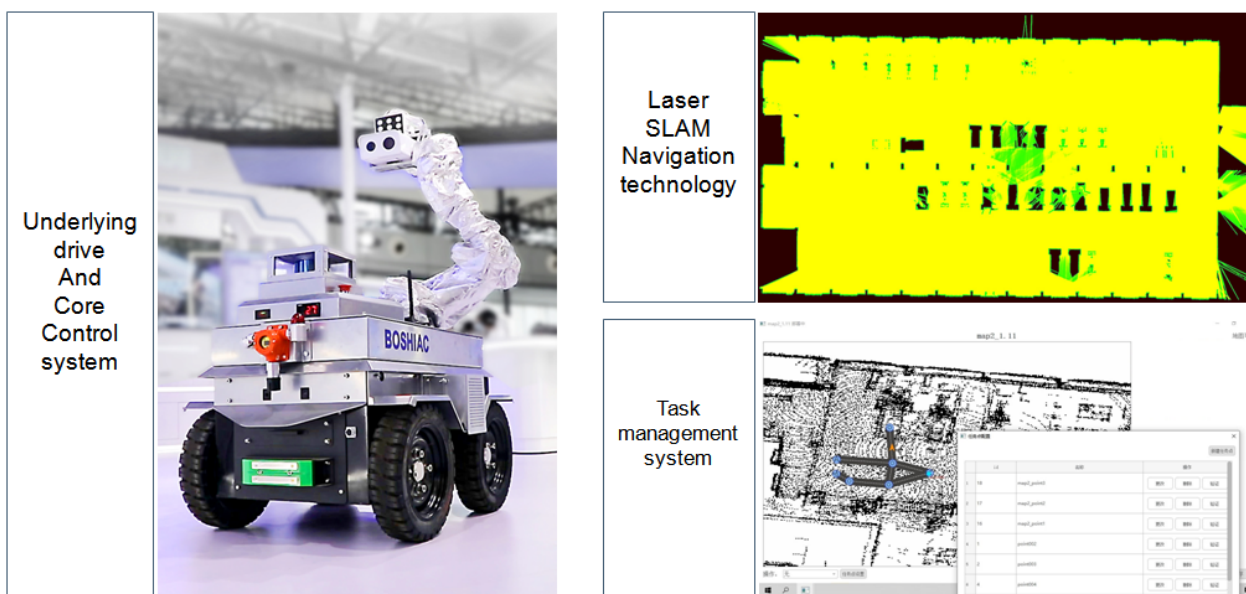
Innovation is the first driving force to lead the development of an enterprise and technology-leading is an important core competitiveness of the Company. The Company continuously improves its technology application level and technology reserve capacity, seizes new opportunities, and expands into new fields. Through R&D investment, technology accumulation and technological innovation, outstanding technological leadership advantage continues to enhance and be a competitive position in the industry.

From the perspective of intelligent manufacturing equipment product line, the Company’s intelligent equipment has technical advantages of high speed, accuracy and reliability. It is a replacement of imported high-end equipment, suitable for the customer production environment with high efficiency and safety production requirements. In the domestic product application field, products and technology are at the leading level, among them, partial of the product applications are in the worldwide leading position.

From the perspective of the overall solution of intelligent manufacturing, the Company integrates multi-category innovative products with the production scenario of manufacturing customers, which realizes the overall solution of solid materials post-processing and sub-merged arc furnace smelting products intelligent manufacturing, help customers realize the digital and intelligent transformation and upgrade of the factory, and realize intelligent manufacturing.

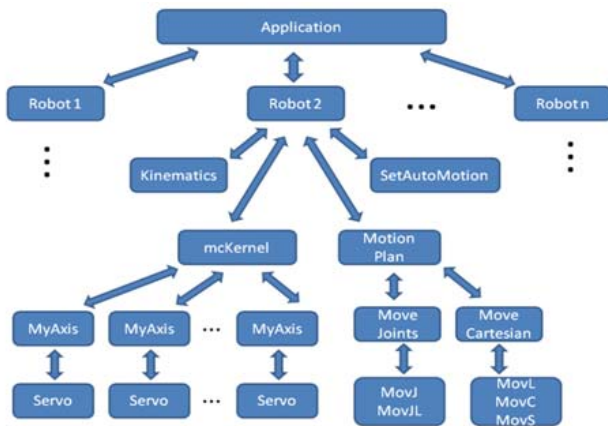
(3) Underlying technology accumulation and platform technology to enhance the competitiveness.

Mastering the underlying technology, algorithm and platform technology can form the technical advantage of rapidly developing different models and functions according to the industry demand, which is the core technology that the Company must master to implement digital factory, intelligent factory and to realize industrial digitalization. It can truly realize the independence and controllability of core technology, continuously promote the implementation of the Company’s technology leading and differentiation strategy, and enhance the Company’s core competitiveness.



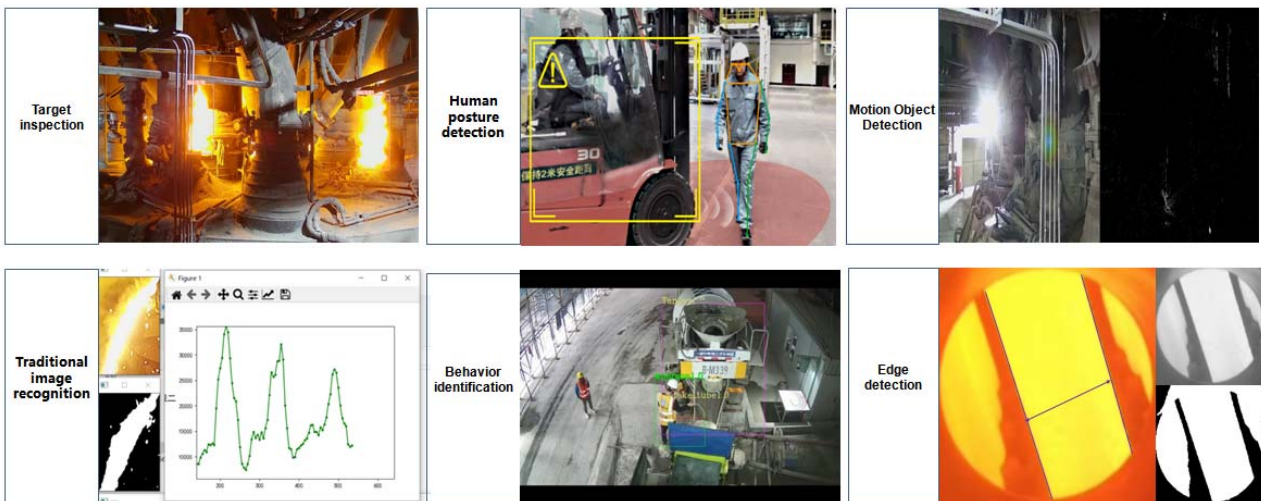
Legend: Development platform for mobile robot system based on autonomous navigation

Note: This section is schematic diagram, some photos and blurred images, under the premise of technical confidentiality, are used to enhance investors' understanding of relevant applications, the following is omitted.



The underlying program code of the motion control system is completely autonomous and has the advantages of modularity and high flexibility. The system uses object-oriented programming technology, the code is highly reusable, through the interface binding module function. Combined with related robot kinematics and dynamics model, multi-axis motion control is realized to complete the control of robots with different functions and specifications. It has been applied to the direction of oven robot, palletizing robot, truss robot and so on.

Legend: Motion control system



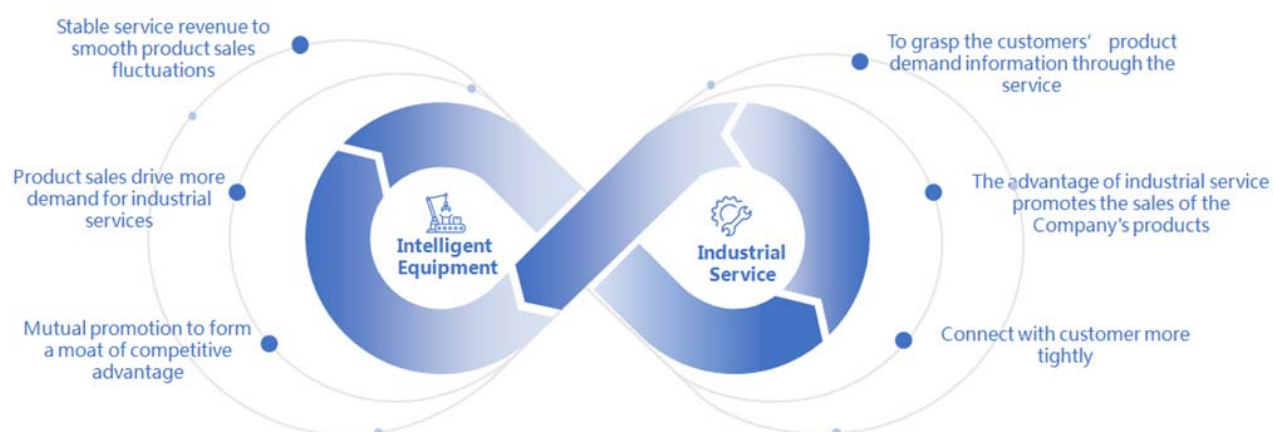
Legend: Research and development platform of intelligent identification system based on artificial intelligence



Legend: Intelligent inspection and digital vision technology

(4) Performance-driven dual engines of “intelligent equipment” + “industrial service”

The Company fully integrates product application advantage, technological leading advantage and industrial service, actively promotes the strategy of products and service integration and service business achieves rapid development. The Company’s professional, high-quality, efficient and advanced industrial service model is the necessary guarantee for customers’ continuous production and operation, stable and efficient production, and achieves a win-win situation for the Company and customers.



Legend: The positive interaction between intelligent equipment and industrial service

In August 2021, the Company was identified by the National Development and Reform Commission as the National “Pilot Unit for Advanced Manufacturing Integrated Development and Modern Service Industry”, becoming one of the few leading enterprises of “Two Industries Integration” in the country. This award is a recognition and incentive for the Company to develop the “Product and Service Integration” strategy

prospectively and actively implement this strategy for years. During the reporting period, the Company's industrial services achieved revenue of RMB 326 million, continued to maintain steady growth. "Intelligent equipment" + "industrial services", whose operating revenue occupies 95.27% of total, constitutes a performance-driven dual engine for the Company.

(5) The overall solution of intelligent manufacturing accelerates the Company's competitiveness.

Throughout the Company's technology, product development and industrialization process, the Company enters new industries and new fields usually with key single unit equipment ("point"); after breakthrough in solving industry pain points, quickly form an automated production line ("line"); With the accumulation of technology and the in-depth understanding of the industry, the overall solution ("surface") of intelligent manufacturing is completed to help customers realize the upgrade to digital and intelligent factories. This process of technological progress from "point → line → surface" helps the Company to concentrate resources, reduce technology development risks, improve the efficiency of R&D investment, open the ceiling for industry growth, and comprehensively enhance the Company's core competitiveness.

Single unit sales ("point"), it is inevitable to face large competition, small the project potential contract, limited market space; The complete equipment sales ("line"), the competitive environment improves, the competitive pressure decreases, the market space increases, and the potential contract amount is enlarged; The overall solution of intelligent manufacturing ("surface"), limited competitors, strong competitiveness, market space and potential contract amount is expected to expand for several times.

Take the (high temperature) operation robot for sub-merged arc furnace as an example, the urgent demand for safety production and replacing labors for traditional calcium carbide sub-merged arc furnace industry, based on the industrial robot technology, the Company successfully developed and applied (high temperature) sub-merged arc furnace operation robot which replaces manual work in dangerous and harsh environments for calcium carbide which has epoch-making significance to traditional production ("point"), and successively developed ramming robot for calcium carbide, patrolling robot, intelligent pot transfer technology and other key production system ("line"), until forming science and technology innovation ability of an intelligent workshop overall solution that truly subverts the traditional production operations of the industry ("surface"), realizing few men, unmanned factories and intelligent manufacturing. The technology, product R&D and industrialization process from "point", "line" to "surface", created a market space from "0" to "1" to "N times", opened the ceiling of the industry growth.

With the Company's leading technological advantage in the field of calcium carbide sub-merged arc furnace, the Company continues to develop the application of high temperature special robots in the high temperature furnace operation environment of industrial silicon furnace, silicon manganese, ferrosilicon, etc., committed to multi-dimensional technological innovation and breakthrough, and try to develop and recreate several market opportunities from "0" to "1" to "N times". In the above areas, the Company has successively achieved phased results.

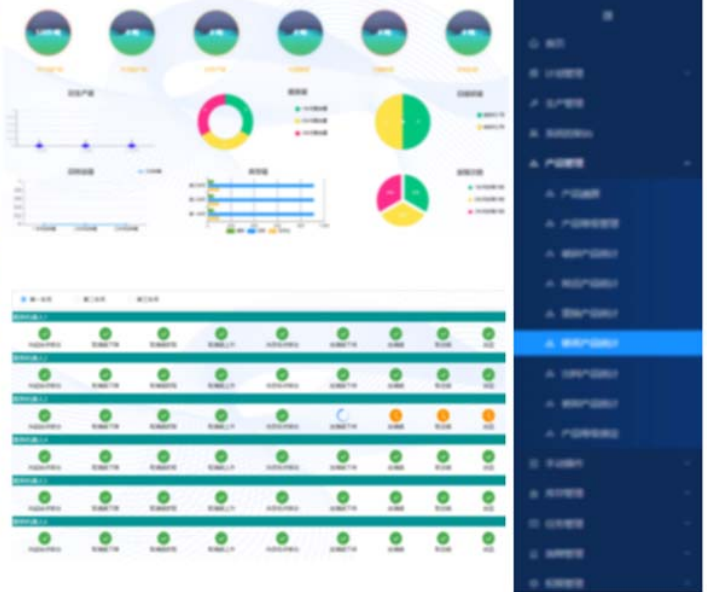
(6) Smart workshops, smart factories, and overall solutions further enhance the Company's competitiveness.

In the field of traditional calcium carbide furnace smelting production, facing high-risk, high-temperature, high content of toxic and harmful gas operating environment, which is not suitable for manual work. Meanwhile, the huge production safety pressure and the poor production environment endanger workers' production safety. In the long run, the production safety is directly affected by the shortage of labor supply.

The Company applies intelligent technologies such as visual recognition, deep learning, robot control algorithm, and expert control strategy, combined with industrial Internet communication technology, to the overall solution of intelligent workshops and smart factories, in order to achieve the minimum number of people and unmanned workshops, relying on intelligent production decision-making management, to help customers produce safely and efficiently, and promote the upgrading of intelligent manufacturing industry in related industries.

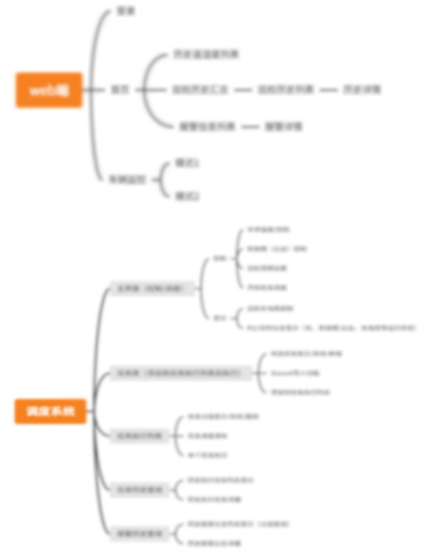
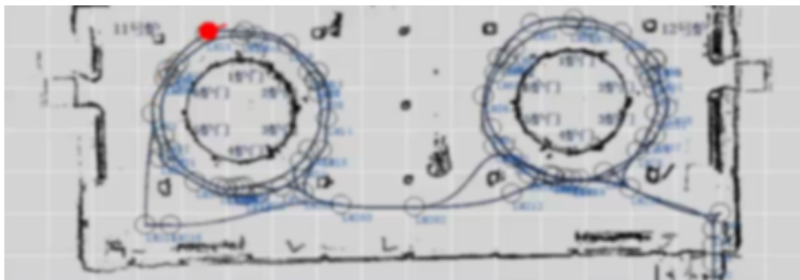
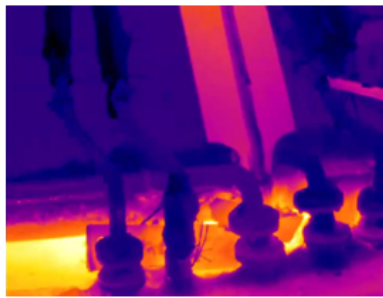
At present, the Company is actively implementing the smart factory contract and smart workshop project signed with Inner Mongolia Junzheng Chemical Co., Ltd. and Ningxia Younglight Chemicals Co., Ltd., with a total value of about RMB 360 million. If these projects can be delivered and accepted successfully, first of all, the realization of high-tech products to replace the dangerous, harsh, heavy working conditions of manual work, promote the change of production methods, improve the safety of workers and well-being, is of great significance to the calcium carbide industry; Secondly, the overall market space of the smart factory can form several times, ten times the market size of the original high-temperature furnace operation robot; In the future, the technology formed by the overall solution of the electric stone furnace smart factory can be further R&D, promoted and applied to other silicon manganese, iron silicon, and industrial silicon etc., multiple arc furnace fields, which will bring about the comprehensive improvement of economic and social benefits for the Company.

The Company's ability and leading edge in smart workshops, smart factories, and overall solutions further enhance the Company's competitiveness. In order to facilitate understanding, the following graph shows the intelligent workshop application technology of some calcium carbide sub-merged arc furnace.



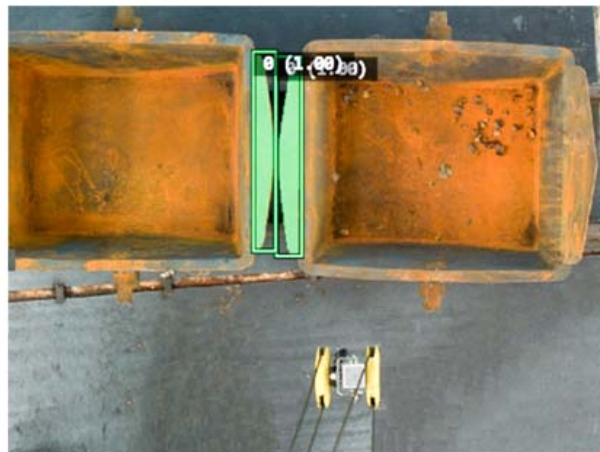
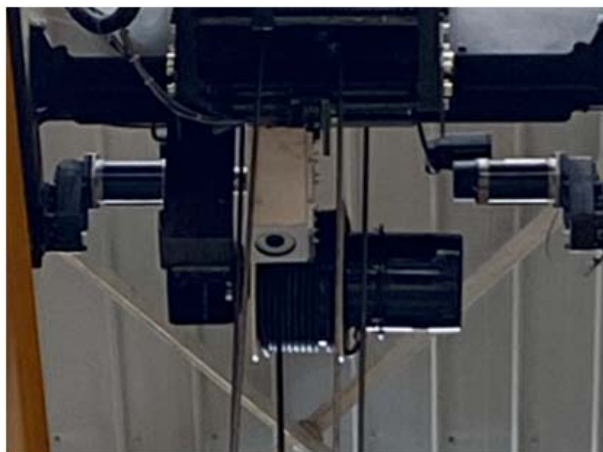
Based on intelligent scheduling strategy, it coordinates several production subsystems such as oven robot, calcium carbide pot transfer system, intelligent crane system, AGV transfer system, weighing system, crushing and conveying system, and inspection robot to automatically complete the post-processing processes of calcium carbide products from calcium carbide liquid of melting state out of the furnace to transfer, inbound & outbound, cooling, weighing, crushing and conveying to achieve production and operation of fewer people, no one, safety, high efficiency, environmental protection

Legend: Intelligent production system for calcium carbide



Optimize chassis running and the movement of cloud platform by algorithm, which is suitable for complicated working conditions of calcium carbide furnace inspection; Customers can view the real-time robot screen and inspection results on the Web side.

Legend: Inspection robot dispatching system applied in high temperature sub-merged arc furnace in calcium carbide.



Using deep learning technology, AI recognizes the position and status information of carbide pot trolley, and intelligent crane realizes intelligent lifting and loading of calcium carbide pot with the help of anti-rocking technology.

Legend: AI identification and intelligent lifting and transfer for calcium carbide pot

(7) Brand competitiveness

The Company builds brand with quality, seeks progress with technology, and wins trust with service. Through high-quality products and efficient services, we strive to realize production automation, digitization and intelligent manufacturing for customers and achieve win-win cooperation. The Company's brand enjoys a constant leading in popularity, high reputation and customer loyalty in the main domestic product application fields. The Company pursues excellence, leads the development of intelligent equipment in the application industry and builds up a stable, cooperative and win-win customer network for a long time. At the same time, high-quality customer resources and huge potential demand for intelligent manufacturing equipment is the source of the Company's sustainable and rapid development.

(8) Achievements in intellectual property, proprietary technology and software copyright.

During the reporting period, the Company obtained 14 patents approved by the State Intellectual Property Office, including 2 invention patents and 12 utility model patents; 10 software copyrights are approved by the National Copyright Administration. In addition to patent technology, the Company has a considerable amount of core technical know-how that exists in the form of proprietary technology by relying on confidentiality measures. The patents, proprietary technology and software copyright owned and mastered by the Company is the Company's significant core competitiveness. (Note: The amount of intellectual property acquired during the reporting period may have a slight deviation due to the limitation of statistical time points, and is only for investors' trend reference.)

(9) Social and economic benefits

The transformation of traditional industries with high technology is the responsibility and mission given to technological innovation enterprises by the era. The Company's overall solution of intelligent manufacturing

in the field of calcium carbide submerged arc furnace and automatic vehicle loading machine widely used in the national economy field have transformative impact on replacing manual operations in high-risk or heavy manual working conditions to achieve safe production and improve production efficiency. Meanwhile, standardized intelligent equipment operations improve the capacity utilization rate, reduce costs and enhance efficiency of the enterprise, and support the early realization of the national double carbons goal.

The Company's large-scale intelligent manufacturing equipment and intelligent factory technology can provide one-stop solution to save more resources and realize safe and efficient production for the customers, fundamentally solve the problem of structural labor gap for customers and promote the improvement of social production efficiency. The application of these high-tech products not only achieves good social benefits, but also brings considerable economic benefits to the Company at the same time.

3. Analysis of Main Business

Overview

In the H1 of 2023, China's overall economy situation remained stable, trended to a good prospect. Looking forward to the whole year, strategically, the state vigorously promoted the construction of a modern industrial system, accelerated the cultivation and growth of strategic emerging industries, built more pillar industries, and promoted the deep integration of the digital economy with advanced manufacturing and modern service industries. The demand, facing the rising demand for industrial digitalization and intelligence, of the Company's head customers in the field of product application is in the ascendant. This provides the company with a sustained long-term better and faster development stage.

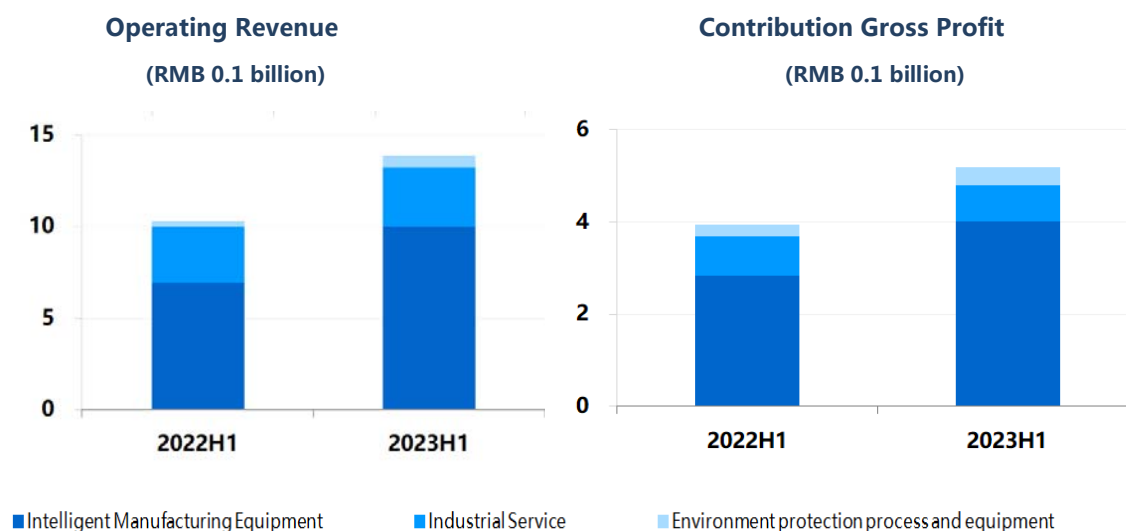
During the reporting period, driven by intelligent manufacturing equipment order fulfillment and product delivery, the Company's operating revenue and achieved good performance again. In H1 of 2023, the Company's operating revenue reached RMB 1.389 billion, increased 35.14% year-on-year. Net profit attributable to the parent company was RMB 335 million, increased 26.89% year-on-year; The Company's weighted average return on equity (ROE) was 10.17%. Facing the future, the Company continued to increase investment in R&D and improve competitiveness, during this reporting period, R&D investment was RMB 73 million, a year-on-year increase of 84.60%, R&D expenses accounted for 5.29% of operating revenue, substantial increase in R&D investment affected the year-on-year growth of net profit attribute to the parent company to some extent. From the perspective of revenue composition, the Company's intelligent manufacturing equipment, industrial services, environmental protection process and equipment in the overall revenue accounted for 71.78%, 23.49%, 4.73%, respectively, in the overall gross profit accounted for 76.97%, 15.07%, 7.96% respectively.

During the reporting period, the Company's marketing work continued to maintain a good momentum. From perspective of revenue recognition, operating revenue increased in all categories. Among them, the overall revenue of the four categories of intelligent manufacturing equipment business was close to RMB 1 billion, achieving a high-speed growth of 43.70% year-on-year. The proportion of revenue in various manufacturing equipment changed, mainly affected by the different delivery and acceptance progress of various products during the reporting period; Industrial services business revenue continued to maintain a steady growth, achieving RMB 326 million, increased 8.21% year-on-year; The revenue and profit of environmental

protection technology and equipment business increased during the reporting period, which constituted a beneficial supplement to the Company's overall business performance.

During the reporting period, Affected by the product revenue structure changed and the profit level of industrial services declined, the Company's comprehensive gross profit margin decreased by 0.87% to 37.39%. Affected by growth of sales scale, the sales expense increased, and the sales expense ratio increased to 3.80%; The administration expense ratio, decreased to 2.96% mainly due to the change in entities consolidated compared with the base period; Based on the R&D path of "point → line → surface", the Company increased investment in R&D, which helped to enhance the core competitiveness of the Company's intelligent manufacturing equipment.

From the perspective of revenue distribution, the Company's revenue and contribution gross profit ratio structure of intelligent manufacturing equipment, industrial services, environmental protection process equipment are shown in the figure below.



Note: in the above figure, Contributing Gross profit= Operating revenue of corresponding business – Operating cost, the contribution gross profit does not consider the impact of profit and loss of minority shareholders.

During the reporting period, the key accounting data and financial indicators are listed as follows:

Unit: RMB

| Items | 2023 H1 | 2022 H1 | Increase/Decrease over the same period of previous year |
|-------------------|------------------|------------------|---|
| Operating revenue | 1,389,350,667.84 | 1,028,107,177.93 | 35.14% |
| Operating profit | 399,023,163.53 | 301,362,046.11 | 32.41% |
| Total profit | 405,451,186.94 | 301,326,741.76 | 34.56% |
| Net profit | 354,806,018.37 | 263,794,610.93 | 34.50% |

| | | | |
|---|----------------|----------------|--------|
| Thereof: Attributable to shareholders of the parent company | 335,465,804.27 | 264,380,786.00 | 26.89% |
|---|----------------|----------------|--------|

Year-on-year changes to major financial data

Unit: RMB

| | 2023 H1 | 2022 H1 | Increase/Decrease over the same period of previous year | Rationale |
|---|------------------|------------------|---|--|
| Operating revenue | 1,389,350,667.84 | 1,028,107,177.93 | 35.14% | Due to the rapid growth in the revenue of intelligent manufacturing equipment. |
| Cost of sales | 869,840,136.63 | 634,720,902.68 | 37.04% | The increase in cost of sales caused by the increase in the operating revenue. |
| Selling and distribution expenses | 52,816,348.60 | 36,480,990.88 | 44.78% | The increase in the sales scope, which led the increase in sales expenses, such as staff expenses, after sale expenses, sales service fees, etc. |
| General and administrative expenses | 41,113,212.92 | 56,426,605.54 | -27.14% | Mainly due to the entities consolidated changed compared with base reporting period. Overseas company sold was no longer consolidated. |
| Finance expenses | -1,474,938.21 | -3,572,253.22 | 58.71% | Due to the interest accrued on convertible bonds in the current period compared with base reporting period. |
| Income tax expenses | 50,645,168.57 | 37,532,130.83 | 34.94% | Due to the increase in the operating revenue, as well as assessable income. |
| Research and development expenses | 73,437,581.30 | 39,782,927.29 | 84.60% | Due to the increase in the R&D inputs. |
| Net cash flows from operating activities | -113,276,773.99 | 172,174,009.00 | -165.79% | Contract performance caused the increases in production inputs, procurement and other operating cash outflows during the reporting period. |
| Net cash flows from investing activities | -352,812,745.15 | 380,878,114.11 | -192.63% | Mainly due to the impact of cash management activities. |
| Net cash flows from financing activities | -22,224,026.66 | -260,595,886.83 | 91.47% | Mainly due to the impact on dividends of 2022 paid in July, 2023. |
| Net increase in cash and cash equivalents | -487,134,044.90 | 293,378,688.55 | -266.04% | It is jointly affected by the net cash flow from operating activities, |

| | | | | |
|--|--|--|--|--|
| | | | | investing activities and financing activities. |
|--|--|--|--|--|

Major changes to the profit structure or sources of the Company in the reporting period:

Applicable Not applicable

No such cases in the reporting period.

Breakdown of operating revenue:

Unit: RMB

| | 2023H1 | | 2022H1 | | Increase/Decrease over the same period of previous year |
|--|------------------|-----------------------|------------------|-----------------------|---|
| | Amount | Proportion of revenue | Amount | Proportion of revenue | |
| Total | 1,389,350,667.84 | 100% | 1,028,107,177.93 | 100% | 35.14% |
| Categorized by industry | | | | | |
| Intelligent manufacturing equipment | 997,330,173.30 | 71.78% | 694,055,868.46 | 67.51% | 43.70% |
| Industrial service | 326,289,948.04 | 23.49% | 301,525,664.05 | 29.33% | 8.21% |
| Environmental protection process and equipment | 65,730,546.50 | 4.73% | 32,525,645.42 | 3.16% | 102.09% |
| Categorized by product | | | | | |
| Post-processing intelligent manufacturing equipment for solid material | 744,818,504.47 | 53.62% | 489,678,686.79 | 47.63% | 52.10% |
| Post-processing intelligent manufacturing equipment for rubber | 52,968,135.85 | 3.81% | 67,744,438.39 | 6.59% | -21.81% |
| Robots plus | 77,717,235.31 | 5.59% | 125,712,389.30 | 12.23% | -38.18% |
| Intelligent logistics, warehousing systems | 121,826,297.67 | 8.77% | 10,920,353.98 | 1.06% | 1,015.59% |
| Operation, maintenance and after-sales type industrial services | 276,103,483.92 | 19.87% | 254,633,155.67 | 24.77% | 8.43% |
| Supplementary industrial services and others | 50,186,464.12 | 3.61% | 46,892,508.38 | 4.56% | 7.02% |
| Environmental process and complete equipment | 65,730,546.50 | 4.73% | 32,525,645.42 | 3.16% | 102.09% |

| Categorized by region | | | | | |
|---------------------------|----------------|--------|----------------|--------|---------|
| Region of east China | 555,913,249.41 | 40.00% | 392,598,500.16 | 38.20% | 41.60% |
| Region of south China | 195,576,976.55 | 14.08% | 76,739,224.97 | 7.46% | 154.86% |
| Region of central China | 25,515,176.93 | 1.84% | 27,735,596.67 | 2.70% | -8.01% |
| Region of north China | 238,993,469.39 | 17.20% | 203,700,091.71 | 19.81% | 17.33% |
| Region of northwest China | 232,926,037.93 | 16.77% | 236,289,323.31 | 22.98% | -1.42% |
| Region of southwest China | 34,877,446.15 | 2.51% | 40,109,948.16 | 3.90% | -13.05% |
| Region of northeast China | 99,558,261.29 | 7.17% | 43,021,150.98 | 4.18% | 131.42% |
| Overseas | 5,990,050.19 | 0.43% | 7,913,341.97 | 0.77% | -24.30% |

Industries, products, or regions accounting for more than 10% of company revenue or operating profit

Unit: RMB

| | Operating revenue | Cost of sales | Gross profit margin | Operating revenue increase/decrease over the same period of previous year | Cost of sales increased or decreased over the same period of previous year | Gross profit margin increased or decreased over the same period of previous year |
|--|-------------------|----------------|---------------------|---|--|--|
| Categorized by industry | | | | | | |
| Intelligent manufacturing equipment | 997,330,173.30 | 597,475,306.04 | 40.09% | 43.70% | 45.36% | -0.69% |
| Industrial service | 326,289,948.04 | 247,993,483.05 | 24.00% | 8.21% | 15.22% | -4.62% |
| Environmental protection process and equipment | 65,730,546.50 | 24,371,347.54 | 62.92% | 102.09% | 188.33% | -11.09% |
| Categorized by product | | | | | | |
| Post-processing intelligent manufacturing equipment for solid material | 744,818,504.47 | 424,158,747.44 | 43.05% | 52.10% | 41.32% | 4.34% |
| Post-processing intelligent manufacturing equipment for rubber | 52,968,135.85 | 31,287,186.89 | 40.93% | -21.81% | -16.07% | -4.04% |
| Robots plus | 77,717,235.31 | 44,368,972.83 | 42.91% | -38.18% | -31.17% | -5.82% |
| Intelligent logistics, warehousing systems | 121,826,297.67 | 97,660,398.88 | 19.84% | 1,015.59% | 965.27% | 3.79% |
| Operation, maintenance and after-sales type industrial services | 276,103,483.92 | 202,636,243.00 | 26.61% | 8.43% | 15.95% | -4.76% |

| | | | | | | |
|--|----------------|----------------|--------|---------|---------|---------|
| Supplementary industrial services and others | 50,186,464.12 | 45,357,240.05 | 9.62% | 7.02% | 12.09% | -4.09% |
| Environmental process and complete equipment | 65,730,546.50 | 24,371,347.54 | 62.92% | 102.09% | 188.33% | -11.09% |
| Categorized by region | | | | | | |
| Region of east China | 555,913,249.41 | 375,321,012.56 | 32.49% | 41.60% | 56.10% | -6.27% |
| Region of south China | 195,576,976.55 | 102,876,739.85 | 47.40% | 154.86% | 135.40% | 4.35% |
| Region of central China | 25,515,176.93 | 18,208,744.03 | 28.64% | -8.01% | 28.09% | -20.11% |
| Region of north China | 238,993,469.39 | 143,158,969.16 | 40.10% | 17.33% | 21.11% | -1.87% |
| Region of northwest China | 232,926,037.93 | 152,801,576.35 | 34.40% | -1.42% | -6.16% | 3.31% |
| Region of southwest China | 34,877,446.15 | 23,098,245.11 | 33.77% | -13.05% | -3.69% | -6.44% |
| Region of northeast China | 99,558,261.29 | 52,756,807.21 | 47.01% | 131.42% | 107.25% | 6.18% |
| Overseas | 5,990,050.19 | 1,618,042.36 | 72.99% | -24.30% | -72.54% | 47.45% |

Where the Company's statistical criteria for core business data are adjusted during the reporting period, the core business data for the most recent year have been adjusted based on the statistical criteria effective as of the end of the reporting period.

Applicable Not applicable

During the reporting period, the reasons of operating revenue and gross profit rate change are as follows:

Intelligent manufacturing equipment: During the reporting period, the overall performance of the Company's intelligent manufacturing equipment reached a new record high, achieving operating revenue of RMB 997 million, a year-on-year growth of 43.70%. With the outstanding competitive advantages of the products, the gross profit margin, kept an excellent level of 40.09%, driving the rapid growth of the Company's overall performance. In the category of products, the post-processing intelligent manufacturing equipment for solid material was affected by the product delivery and revenue recognized equipments represented by the new energy polysilicon irregular material intelligent equipment, and the operating revenue increased by 52.10% year-on-year, and the gross margin reached a new high of 43.05% in recent years. The Company's product innovation ability and market competitiveness were further demonstrated. The operating revenue of intelligent logistics, warehousing systems, affected by centralized delivery and acceptance, exceeded RMB 100 million for the first time, reaching RMB 122 million, gross profit margin improved steadily to 19.84%, forming a scale advantage in RMB 100 million level; The operating revenue of post-processing intelligent manufacturing equipment for rubber and robots plus, affected by fluctuation in delivery and acceptance, both decreased year-on-year, but it does not represent the long-term trend, nevertheless, there is great potential for future growth, the gross profit margin of these two kinds, keep more than 40%, which is long-term advantage gross profit margin level of the Company.

Industrial service: The operating revenue of industrial services during the reporting period was RMB 326 million, an increase of 8.21% year-on-year; Affected by the centralized maintenance of some production

operation and maintenance integration projects and the negative factors of service performance cost fluctuates, under these pressures, the gross profit margin of industrial services was 24.00%, and it is expected to rebound throughout the year.

During the reporting period, the revenue of environmental protection technology and equipment doubled, the gross profit margin maintained an excellent level, and the contribution of net profit to the parent company exceeded RMB 15 million, which was beneficial supplement to the overall performance of the Company.

From the region perspective, based on the Company's business model, the operating revenue usually varies from period to period, which is mainly affected by demand fluctuations from region to region and structural changes of product demand, as well as Company response demands, completion of product delivery and acceptance progress, etc. It is not a typical fluctuation of gross profit rate divided by region, please refer to explanation of operating revenue and gross profit rate changes for details.

4. Analysis of Non-Core Businesses

Applicable Not applicable

5. Analysis of Assets and Liabilities

(1) Significant Changes in Asset Composition

Unit: RMB

| | End of current reporting period | | End of previous year | | Increase/ Decrease in proportion | Major changes |
|------------------------------|---------------------------------|------------------------------|----------------------|------------------------------|--|--|
| | Amount | Proportion of total asset | Amount | Proportion of total asset | | |
| Cash at bank and on hand | 171,932,258.30 | 2.67% | 659,606,109.17 | 10.60% | -7.93% | Mainly due to impacts on cash management activities. |
| Accounts receivable | 971,803,985.54 | 15.09% | 856,529,854.29 | 13.77% | 1.32% | Due to increase in the operating revenue. |
| Contract assets | 129,224,815.24 | 2.01% | 124,651,440.99 | 2.00% | 0.01% | |
| Inventories | 2,051,561,034.52 | 31.86% | 1,912,047,999.38 | 30.74% | 1.12% | Based on product orders, contract implementation phase, which led the increase in inventories. |
| Investment properties | 12,121,393.30 | 0.19% | 6,373,135.42 | 0.10% | 0.09% | Due to the increase in renting out the real estate vacant temporarily. |
| Long-term equity investments | 406,733,204.89 | 6.32% | 397,830,998.40 | 6.40% | -0.08% | |
| Fixed assets | 177,704,489.03 | 2.76% | 192,561,428.46 | 3.10% | -0.34% | |

| | | | | | | |
|--------------------------|------------------|--------|------------------|--------|--------|---|
| Construction in progress | 73,701,937.42 | 1.14% | 27,241,137.26 | 0.44% | 0.70% | Due to the investment in the construction. |
| Right-of-use assets | 4,688,902.84 | 0.07% | 2,349,347.56 | 0.04% | 0.03% | |
| Short-term borrowings | 16,830,000.00 | 0.26% | 31,830,000.00 | 0.51% | -0.25% | Due to the decrease in short-term bank financing borrowings of subsidiary. |
| Contract liabilities | 1,547,841,733.91 | 24.03% | 1,725,223,007.33 | 27.74% | -3.71% | Affected by joint factors, that prepayments from customers, revenue recognition carry forwards, and the reclassification to other non-current liabilities, which is longer than one year. |
| Lease liabilities | 1,507,620.37 | 0.02% | 0.00 | 0.00% | 0.02% | The increase in factory rented in of subsidiary during this period. |

(2) Major Assets Overseas

Applicable Not applicable

(3) Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

| Item | Opening balance | Profit or loss from change in fair value during the period | Cumulative fair value change charged to equity | Amount provided for impairment in the period | Purchased in the period | Sold in the period | Other changes | Closing balance |
|---|------------------|--|--|--|-------------------------|--------------------|----------------|------------------|
| Financial assets | | | | | | | | |
| Financial asset held for trading (excluding derivative financial)) | 1,268,124,738.43 | 4,402,354.68 | 13,357,093.11 | | 1,892,510,000.00 | 2,006,940,000.00 | | 1,158,097,093.11 |
| Financing receivables | 111,064,333.27 | | | | | | 122,790,348.84 | 233,854,682.11 |

| | | | | | | | | |
|---|------------------|--------------|---------------|--|------------------|------------------|----------------|------------------|
| Investments in other equity instruments | 57,477,364.10 | | 34,037,478.93 | | | | | 61,563,794.93 |
| Sub-total of the above | 1,436,666,435.80 | 4,402,354.68 | 47,394,572.04 | | 1,892,510,000.00 | 2,006,940,000.00 | 122,790,348.84 | 1,453,515,570.15 |
| Financial liabilities | | | | | | | | |

Note: the financial asset held for trading above-mentioned are currency fund and guaranteed bank structural deposits etc., for cash management of unused self-owned capital, based on the resolution of the Board of Directors and the Board of Shareholders.

Whether there were any material changes on the measurement attributes of major assets of the Company during the reporting period

Yes No

(4) Restricted asset rights as of the end of this Reporting Period

| Item | Book value at the end of period (RMB) | Limitation reason |
|--------------------------|---------------------------------------|---|
| Cash at bank and on hand | 2,473,077.05 | Bank deposit on letter of guarantee |
| Bills receivable | 2,700,000.00 | Bank acceptance discount is not terminated for confirmation. |
| Intangible assets | 3,923,731.78 | Mortgage of holding subsidiary Nanjing Green's land use right for bank loans. |
| Fixed assets | 13,458,285.59 | Mortgage of holding subsidiary Nanjing Green's real estate for bank loans. |
| Total | 22,555,094.42 | |

6. Investment Made

(1) Total investment amount

Applicable Not applicable

| Total investment amount of the Reporting Period (RMB) | Total investment amount of the same period of last year (RMB) | Change |
|---|---|--------|
| 406,733,204.89 | 399,111,694.59 | 1.91% |

The above investments are equity investments of the Company in associated or joint venture companies.

(2) Significant equity investment made in the reporting period

Applicable Not applicable

(3) Significant non-equity investments ongoing in the reporting period

Applicable Not applicable

(4) Financial investments

① Securities investments

Applicable Not applicable

No such cases in the reporting period.

② Derivatives investments

Applicable Not applicable

No such cases in the reporting period.

(5) Use of Raised Funds

Applicable Not applicable

① Overall usage of funds raised

Unit: RMB'0,000

| Year | Way of raising | Total funds raised | Total funds used in the current period | Accumulative fund used | Total funds with usage changed this period | Accumulative funds with usage changed | Proportion of accumulative funds with usage changed | Total unused funds | The usage and destination of unused funds | Amount of funds raised idle for over two years |
|-------|---|---------------------------|--|------------------------|--|---------------------------------------|---|--------------------|--|--|
| 2022 | Issuance of convertible corporate bonds | 44,341.86 ^{Note} | 6,760.96 | 24,839.81 | 0 | 0 | 0.00% | 19,967.41 | The Company shall conduct special account management and cash management for the funds not yet used. | 0 |
| Total | -- | 44,341.86 | 6,760.96 | 24,839.81 | 0 | 0 | 0.00% | 19,967.41 | -- | 0 |

Explanation of overall usage of funds raised

As of June 30th, 2023, the Company raised fund has used a total amount of RMB 248.3981 million (excluding the deducted issuance expenses of RMB 6.5814 million), and the raised funds has not used of RMB 199.6741million (including income from the cash management of the raised funds). The cash management income included in the unused funds is RMB 4.6536 million.

Note: Total fund raised is the net amount after deducting issuance expenses.

② Commitment projects of fund raised

Unit: RMB'0,000

| Committed investment project and super raise fund arrangement | Total of committed investment of raised capital | Total investment after modification (1) | Investment amount in the reporting period | Accumulative investment amount as of the period-end (2) | Investment schedule as the period-end (3)= (2)/(1) | Date of reaching intended use of the project |
|---|---|---|---|---|--|--|
| 1. Robot and intelligent factory industrialization production project. | 16,000.00 | 16,000.00 | 3,159.66 | 4,660.64 | 29.13% | September 30 th ,2024 |
| 2. Sub-merged arc furnace smelting robot and its intelligent factory R & D demonstration project. | 9,000.00 | 9,000.00 | 2,539.57 | 5,382.51 | 59.81% | June 30 th ,2025 |
| 3.Project of technology innovation and service center (R&D center) | 7,000.00 | 7,000.00 | 1,061.73 | 2,454.80 | 35.07% | November 30 th ,2023 |
| 4.Supplementary working capital | 12,341.86 | 12,341.86 | -- | 12,341.86 | 100.00% | Not applicable |
| Total | 44,341.86 | 44,341.86 | 6,760.96 | 24,839.81 | -- | -- |

(6) Related investment progress

① Investment in high-end medical diagnosis and treatment equipment

Celiac minimally invasive surgical robot: The celiac minimally invasive surgical robot project of Harbin Si Zhe Rui Smart Medical Equipment Co., Ltd., which is invested and participated by the Company, at the end of reporting period, holds 13.46% of its equity. Electric endoscopic needle forceps (name of registration certificate) has been approved in January, 2021 for medical device registration certificate issued by the State Drug Administration; The intraperitoneal endoscopic surgical system (name of registration certificate) has obtained medical device registration certificate issued by the State Drug Administration in June, 2022.

Image-guided radiotherapy precise positioning: The image-guided radiotherapy precise positioning project of Jiangsu Rayer Medical Technology Co., Ltd., invested by the Company, at the end of reporting period, holds its 14.04% equity. The project obtained the registration certificate of IGPS-O, IGPS-V image-guided radiotherapy positioning system issued by the State Food and Drug Administration in March 2016. In February 2020, the Optical Guidance Tracking System (OGTS) has obtained medical device registration certificate issued by the State Drug Administration

Remote assisted minimally invasive pedicle implantation robot: the remote assisted minimally invasive pedicle implantation robot project of Suzhou Zoezen Robot Co., Ltd., invested and participated by the wholly-owned subsidiary of the Company, at the end of reporting period, the Company holds 5.98% of its equity. The main R&D product of the project, navigation and positioning equipment for spinal surgery has obtained medical device registration certificate issued by the State Drug Administration in February, 2022.

The field of high-end medical diagnosis and treatment equipment project is characterized by long research and development cycle, high barriers to enter, long product registration cycle, and big clinical risks. There are many risk factors that cannot be determined during type testing and clinical trials. For the registered projects, there is also a risk whether the promotion and industrialization can

meet the expectation. Hereby, investors are advised to carefully evaluate the relevant risk factors.

② Progress of the robot equity investment fund

In 2015, the Company participated in the establishment of Dongguan Boshi Ruidexin Robot Equity Investment Fund, and established Dongguan Boshi Ruidexin Robot Equity Investment Center (limited partnership). The total investment of Boshi was RMB 60 million, accounting for 30% of the subscribed investment of the fund. By the end of the reporting period, Boshi had received RMB 60 million of project investment returns and profit distribution, the earnings are good.

③ The IPO progress of enterprises invested by the Company.

Shanghai Bloom Technology Co., Ltd., which is invested by the Company, currently has a registered capital of RMB 50 million. The Company holds 19.20% of its equity and is a non-controlling shareholder. In June 2023, Bloom Technology's initial public offering and listing application on the main board was approved by the Listing Review Committee of the Shanghai Stock Exchange, and it needs to be registered by the China Securities Regulatory Commission before it can start the follow-up work of the IPO.

Harbin Sizherui Intelligent Medical Equipment Co., Ltd, which is invested by the Company, currently has a registered capital of RMB 150 million, the Company holds 13.46% of its equity and is a non-controlling shareholder. In June 2023, the application for initial public offering of shares and listing on the science and technology innovation board was approved by the Listing Review Committee of the Shanghai Stock Exchange, and it needs to be registered with the China Securities Regulatory Commission before it can start the follow-up work of the IPO.

7. Sale of Major Assets and Equity Interests

(1) Sale of major assets

Applicable Not applicable

No such cases in the reporting period.

(2) Sale of major equity interests

Applicable Not applicable

8. Analysis of Major Subsidiaries

Applicable Not applicable

During the reporting period, the Company has no important holding company information that should be disclosed.

9. Structured Bodies Controlled by the Company

Applicable Not applicable

10. Risks Facing by the Company and Countermeasures

(1) The risk that the R&D of intelligent manufacturing equipment and industrialization process are less than expected.

The Company has the capability to provide customers with overall solutions of intelligent manufacturing in the main equipment application field of complete large scale intelligent equipment. “Manufacturing is the main body of the national economy, the foundation of building the country, the instrument of rejuvenating the country and the foundation of strengthening the country.” China is undergoing a “transformation from big manufacturing country to powerful manufacturing country”, and the demand for digital and intelligent factories is on the rise. “*Intelligent Manufacturing Development Plan of the 14th Five-year Plan*” clearly expresses “In the 14th Five-year Plan and for a long period in the future, the promotion of intelligent manufacturing should be based on the essence of manufacturing, closely follow the characteristics of intelligence, take process equipment as the core, take data as the basis, rely on manufacturing units, workshops, factories and supply chains and other carriers to promote the digital transformation of manufacturing industry, network coordination and intelligent transformation. By 2025, most manufacturing enterprises above designated size will realize digital networking, and backbone enterprises in key industries will initially apply intelligence; By 2035, manufacturing enterprises above designated size will fully popularize digital networking, and backbone enterprises in key industries will basically realize intelligence.” In the face of huge industrial digitization demand prospect, if the Company cannot expand the application field of new technology in time, or the industrialization process is not expected, the Company may miss the best opportunity to enter the new industry, which will bring an adverse impact on the medium- and long-term development of the Company and become one of the risk factors faced by the Company.

Solutions: First of all, the initiating of R&D project, the Company should choose projects with large market demand, can be copied, and has technical advantages in the field, meanwhile, the R&D risk is small, after the success of R&D, the market space of copy and promotion is large. Secondly, the choosing areas of R&D project, the Company should choose areas with industry pain points and high technical difficulty, after key technology breakthroughs, the technical advantage is expanded from “point” to “line” to establish first-mover advantage. Thirdly, in the process of forming the overall solution of intelligent manufacturing, for the non-key supporting technologies that are mature in the market, the Company makes optimal use of social resources, which is conducive to the Company to concentrate resources on the R&D of core technologies and accelerate the launch of product solutions. At the same time, the Company’s product solutions for intelligent manufacturing and factory digitization and the establishment of standardized modules are conducive to the replication and promotion of product technology in different customers and different industries, accelerate the industrialization process, and effectively deal with related risk factors.

(2) The risk that 5G-based industrial internet and artificial intelligence technology cannot be deeply applied in the Company’s overall solution of intelligent manufacturing.

Industrial Internet technology and the digital infrastructure built by 5G in the field of intelligent manufacturing provide technical convenience for the digitization and intelligence of factories; The application level of artificial intelligence technology determines the depth of the core of the future intelligent

manufacturing field. At present, the Company has outstanding competitive advantages in the field of product application, but if the artificial intelligence technology based on 5G and industrial Internet cannot be deeply integrated and applied in intelligent manufacturing product technology solutions in the future, it will restrict the speed and quality of the Company's medium and long-term development, constituting one of the risk factors.

Solutions: Enterprises above the designated size of China's manufacturing industry generally have automated production lines, but the proportion of digitalization is not high, factory data sharing is little, and use of intelligent technology is few. The development of intelligent manufacturing in China still has a big gap compared with the United States, Japan and Germany, and the overall development space of the industry is broad. Based on years of technical accumulation and rich product line application advantages, in the main product application areas, the Company continues to integrate the application, accumulation and iteration of artificial intelligence technology based on 5G and industrial Internet in the overall solution of intelligent manufacturing. In the future, while improving its own artificial intelligence technology capabilities, the Company will also use shareholder resources and social resources to actively build digital industrial upgrading, and promote the company to expand new fields and open up new markets. At the level of product R&D, the Company accelerates the application depth of artificial intelligence technology in the digitalization and intelligence of manufacturing industry, accumulates project experience, establishes technical reserves, accumulates competitive advantages, and copes with risk factors.

(3) The risk that “robot plus” and China intelligent equipment demand is less than expected.

In recent years, the State has intensively issued *the 2025 and 2035 China intelligent manufacturing industry development planning goals and robot plus application action implementation plan*. As the dominant enterprise, the Company represents the domestic leading level in the field of product application, and some product applications are leading in the world. The national intelligent manufacturing industry related plan will take the lead to implement in the backbone enterprises in the industry, and the Company will face many development opportunities in the future. However, China “faces many difficulties and challenges in its development, increasing uncertainties in the external environment, global inflation is still high, the momentum of world economic and trade growth is weakening, and external repression and containment are rising”. These factors or unforeseeable factors affect China's demand for high-end intelligent manufacturing equipment in the future, constitute one of the risk factors restricting the Company's medium and long-term performance.

Solutions: As a leading enterprise in the field of domestic product application, the Company has long been deeply engaged in the field of intelligent manufacturing equipment, has continued to lead the popularity, reputation and customer loyalty, and has built a stable, cooperative and win-win customer network for a long time. With continuous digital and intelligent upgrade needs, The Company's main customers are high-quality customers in the industry, which can provide sufficient space for the future development of the Company. The Company is actively implementing intelligent workshop, intelligent factory overall solution application, can be several times, ten times the expanded, which can open product application space, and provide a broad space for the Company. The Company increases investment in R&D, guides customer demand with continuous technological innovation, transforms traditional industries with vibrant products, opens up new opportunities, and deals with risk factors.

(4) The risk that “industrial services plus” expand less than expected.

Industrial service is the stabilizer and booster of the Company’s business and profit growth. Over the years, the Company’s industrial service business has continued to grow, based on the recognition and encouragement of the Company’s achievements in the integration and development of intelligent manufacturing equipment and industrial services. In August 2021, The Company has been designated by the National Development and Reform Commission as the national “Pilot Unit for Integrated Development of Advanced Manufacturing Industry and Modern Service Industry”. Although the Company’s industrial service revenue has continued to grow, and the annual revenue of has exceeded RMB 600 million, it is still at a low penetration level compared with the Company’s target customer service base, and has good development expectations in the future. However, if the Company is not able to quickly develop this business direction, industrial service plus expansion is less than expected, which will form one of the risk factors restricting the Company’s medium and long-term development.

Solutions: The Company has implemented the service integration strategy for a long time, and has established an industrial service team covering all provinces, regions and municipalities in the country except Hong Kong, Macao, Taiwan and Xizang over the years to form a better industrial service scale and generate better profits to support the virtuous development of the Company’s business. In the face of the industrial opportunities of the integration of national advanced manufacturing industry and modern service industry, the Company has rich market opportunities and motivation to accelerate development. With the expansion of the Company’s intelligent manufacturing equipment applications, the Company’s industrial services will form a positive promotion and continue to promote the development of business. At the same time, the Company’s industrial service network and service capability are expected to undertake other market demand more than the Company’s own in the future and then form a new industrial direction of “industrial service plus” enabling intelligent manufacturing equipment, and actively response to risk factors.

(5) In the face of the new opportunities of robots plus, there may be risks in developing new industrial directions.

In 2005, the Company’s independent intellectual property rights of industrial robots on the customer site successfully applied, the Company continues to industrial robot perception technology, control technology, decision-making technology applied to the Company’s large-scale intelligent equipment, in the field of engagement, is in long-term technology leading advantage. In recent years, the Company’s has achieved good results in first high temperature special operation robot in the field of calcium carbide furnace R&D, application and industrialization, the Company is actively implementing the demonstration project of the overall solution of smart factory in this field, as well as actively developing and expanding the application of high temperature environment special operation robot in silicon, iron silicon and industrial silicon furnace in high temperature environment. Pilot tests have been successful and small batch orders have been achieved. However, with the rapid development of artificial intelligence technology at present, represented by humanoid robots, which are intelligent, quick, skillful and multi-scenario applied, explain the more far-reaching connotation and development space of robots plus. “Robot is the pearl at the top of the crown of the manufacturing industry”, if the Company cannot continue to make progress in the field of robot plus and explore new industrial directions, it is one of risk factors affecting the long-term competitiveness of the Company.

Solutions: Over the years, the Company is one of the earliest industrial robot engineering applications in China, has formed a solid competitiveness in the field of intelligent manufacturing equipment, high temperature special operation robots, and formed a good industrial foundation. In recent years, with the rapid development and maturity of intelligent technologies such as 3D machine vision, force sensing and touch, perception, human-computer interaction technology, composite materials, AI decision-making, and the basic industrial chain of humanoid robot parts, the development of humanoid robots has entered the fast lane. It is foreseeable that humanoid robots will play an increasingly important role in the future production, service, medical care, education and other fields. The Company is optimistic about this strategic development opportunity, and treats humanoid robots, as one of the Company's important strategic R&D directions. On August 18th, 2023, the Company signed a *Strategic Cooperation Framework Agreement* with Harbin Institute of Technology. Jointly set up a humanoid robot key technology and principle prototype industrialization research and development project, and jointly promote the industrialization of related technological achievements and products in the future, the Company actively grasp this new opportunity to deal with risk factors.

(6) The risk of technology confidentiality and unfair competition.

Technology leading is one of the important competitive strategies and competitive advantages of the Company. The technology leading advantage of the products directly affects whether the Company's products can maintain a high level of sustainable profitability and the effective implementation of the Company's differentiated competitive strategy. The Company attaches great importance to the job of technology confidentiality by applying for intellectual property protection, strengthening legal rights protection, and protecting the Technology security of enterprises and preventing related risks through technical means. Nevertheless, there are still intellectual property rights owned by the Company illegally stolen, and other risks of unfair competition, which may cause potential economic losses to the Company.

Solutions: The Company's technology is divided into patented technology and proprietary technology, from the perspective of technical confidentiality, each has its own advantages. The competitiveness of the enterprise depends on the absolute strength. Only by being far ahead in the same competition, can we continue to be in the leading competitive advantage position. In addition to the traditional technology confidentiality and anti-improper competition means, the Company, by means of technology R&D and innovation, continues to enhance technology reserve to keep one generation of R&D, one generation of reserve and one generation of sales, to maintain the absolute competitive advantage in the domestic main product application field. Therefore, through continuous technological innovation, actively coping with relevant risks is the primary strategy for the company to deal with technology confidentiality and face unfair competition.

The risk factors above are the Company concerned, the Company actively takes measures in order to avoid and control relevant risks effectively.

IV. Financial statements**(1) Consolidated Balance Sheet**

Prepared by HARBIN BOSHI AUTOMATION CO., LTD.

Unit: RMB

| Item | Jun 30, 2023 | Jan 1, 2023 |
|--|-------------------------|-------------------------|
| Current assets: | | |
| Cash at bank and on hand | 171,932,258.30 | 659,606,109.17 |
| Financial assets held for trading | 1,158,097,093.11 | 1,268,124,738.43 |
| Derivative financial assets | | |
| Bills receivable | 213,716,960.09 | 307,322,625.28 |
| Accounts receivable | 971,803,985.54 | 856,529,854.29 |
| Financing receivables | 233,854,682.11 | 111,064,333.27 |
| Prepayments | 163,848,421.57 | 139,594,005.25 |
| Other receivables | 33,088,998.96 | 29,316,161.67 |
| Thereof: Interest receivable | | |
| Dividend receivable | 2,601,281.28 | 2,601,281.28 |
| Inventories | 2,051,561,034.52 | 1,912,047,999.38 |
| Contract assets | 129,224,815.24 | 124,651,440.99 |
| Assets held for sale | | |
| Non-current assets due within one year | | |
| Other current assets | 447,961,005.03 | 8,781,928.47 |
| Total current assets | 5,575,089,254.47 | 5,417,039,196.20 |
| Non-current assets: | | |
| Debt investments | | |
| Other debt investments | | |
| Long-term receivables | | |
| Long-term equity investments | 406,733,204.89 | 397,830,998.40 |
| Other equity instruments investments | 61,563,794.93 | 57,477,364.10 |
| Other non-current financial assets | | |
| Investment properties | 12,121,393.30 | 6,373,135.42 |
| Fixed assets | 177,704,489.03 | 192,561,428.46 |
| Construction in progress | 73,701,937.42 | 27,241,137.26 |
| Productive biological assets | | |
| Oil and gas assets | | |

| | | |
|---|-------------------------|-------------------------|
| Right-of-use assets | 4,688,902.84 | 2,349,347.56 |
| Intangible assets | 54,766,494.67 | 57,090,300.02 |
| Development costs | | |
| Goodwill | 1,120,909.26 | 1,120,909.26 |
| Long-term deferred expenses | 90,611.11 | 84,955.75 |
| Deferred tax assets | 47,102,594.82 | 40,734,119.14 |
| Other non-current assets | 25,603,545.00 | 20,759,073.65 |
| Total non-current assets | 865,197,877.27 | 803,622,769.02 |
| Total assets | 6,440,287,131.74 | 6,220,661,965.22 |
| Current liabilities: | | |
| Short-term loans | 16,830,000.00 | 31,830,000.00 |
| Financial liabilities held for trading | | |
| Derivative financial liabilities | | |
| Bills payable | | |
| Accounts payable | 260,845,821.50 | 227,581,839.47 |
| Advances from customers | 290,250.00 | 96,750.00 |
| Contract liabilities | 1,547,841,733.91 | 1,725,223,007.33 |
| Employee benefits payable | 20,852,053.60 | 70,475,565.86 |
| Taxes payable | 23,555,109.52 | 54,028,725.59 |
| Other payables | 271,849,581.33 | 3,035,031.46 |
| Thereof: Interest payable | | |
| Dividend payable | 255,638,861.75 | |
| Liabilities held for sale | | |
| Non-current liabilities due within one year | 3,117,370.91 | 2,097,594.87 |
| Other current liabilities | 162,958,854.68 | 119,463,543.08 |
| Total current liabilities | 2,308,140,775.45 | 2,233,832,057.66 |
| Non-current liabilities: | | |
| Long-term loans | | |
| Bonds payable | 423,845,436.08 | 415,824,511.11 |
| Thereof: Preference shares | | |
| Perpetual debts | | |
| Lease liabilities | 1,507,620.37 | |
| Long-term payable | | |
| Long-term employee benefits payable | | |

| | | |
|---|-------------------------|-------------------------|
| Provisions | 5,786,598.81 | 5,195,263.40 |
| Deferred income | 3,397,534.00 | 4,781,549.13 |
| Deferred tax liabilities | 16,440,141.68 | 14,903,697.98 |
| Other non-current liabilities | 251,493,697.86 | 199,568,192.56 |
| Total non-current liabilities | 702,471,028.80 | 640,273,214.18 |
| Total liabilities | 3,010,611,804.25 | 2,874,105,271.84 |
| Shareholders' equity: | | |
| Share capital | 1,022,554,032.00 | 1,022,550,000.00 |
| Other equity instruments | 32,098,949.27 | 32,103,507.97 |
| Thereof: Preference shares | | |
| Perpetual debts | | |
| Capital reserve | 231,104,421.04 | 226,083,353.77 |
| Less: treasury shares | | |
| Other comprehensive income | 26,569,361.07 | 22,852,245.26 |
| Specific reserve | 29,240,552.96 | 29,243,725.77 |
| Surplus reserve | 300,522,057.11 | 300,522,057.11 |
| General risk reserve | | |
| Retained earnings | 1,615,918,840.17 | 1,536,091,897.65 |
| Total equity attributable to shareholders of the Parent Company | 3,258,008,213.62 | 3,169,446,787.53 |
| Minority shareholder equity | 171,667,113.87 | 177,109,905.85 |
| Total shareholders' equity | 3,429,675,327.49 | 3,346,556,693.38 |
| Total liabilities and shareholders' equity | 6,440,287,131.74 | 6,220,661,965.22 |

Legal representative: Deng Xijun; Director of Finance: Sun Zhiqiang

Person in Charge of the Accounting Department: Wang Peihua

(2) Balance Sheet of Parent Company

Unit: RMB

| Item | Jun 30, 2023 | Jan 1, 2023 |
|-----------------------------------|------------------|------------------|
| Current assets: | | |
| Cash at bank and on hand | 84,931,589.73 | 558,638,558.10 |
| Financial assets held for trading | 1,011,906,398.83 | 1,067,854,254.08 |
| Derivative financial assets | | |
| Bills receivable | 174,908,602.94 | 247,221,244.29 |
| Accounts receivable | 887,302,419.31 | 799,216,696.68 |

| | | |
|--|-------------------------|-------------------------|
| Financing receivables | 205,396,155.39 | 89,925,115.89 |
| Prepayments | 156,301,285.73 | 110,843,454.45 |
| Other receivables | 26,294,387.53 | 22,537,149.02 |
| Thereof: Interest receivable | | |
| Dividend receivable | 2,601,281.28 | 2,601,281.28 |
| Inventories | 1,641,642,084.08 | 1,594,443,554.27 |
| Contract assets | 123,419,760.26 | 123,540,319.09 |
| Assets held for sale | | |
| Non-current assets due within one year | | |
| Other current assets | 447,294,983.03 | 14,227,088.07 |
| Total current assets | 4,759,397,666.83 | 4,628,447,433.94 |
| Non-current assets: | | |
| Debt investments | | |
| Other debt investments | | |
| Long-term receivables | | |
| Long-term equity investments | 754,155,471.19 | 740,518,264.70 |
| Other equity instruments investments | 27,117,364.10 | 27,117,364.10 |
| Other non-current financial assets | | |
| Investment properties | 5,944,677.48 | |
| Fixed assets | 138,649,266.77 | 152,430,504.15 |
| Construction in progress | 29,530,193.57 | 21,429,854.11 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | | 441,271.74 |
| Intangible assets | 36,710,000.13 | 37,605,591.40 |
| Development costs | | |
| Goodwill | | |
| Long-term deferred expenses | 90,611.11 | 84,955.75 |
| Deferred tax assets | 26,243,067.38 | 24,220,711.41 |
| Other non-current assets | 25,001,599.00 | 11,463,555.05 |
| Total non-current assets | 1,043,442,250.73 | 1,015,312,072.41 |
| Total assets | 5,802,839,917.56 | 5,643,759,506.35 |
| Current liabilities: | | |
| Short-term loans | | |

| | | |
|---|-------------------------|-------------------------|
| Financial liabilities held for trading | | |
| Derivative financial liabilities | | |
| Bills payable | | |
| Accounts payable | 274,894,519.19 | 264,814,384.36 |
| Advances from customers | | |
| Contract liabilities | 1,338,316,025.81 | 1,571,364,637.48 |
| Employee benefits payable | 16,548,172.27 | 48,097,569.96 |
| Taxes payable | 17,495,217.63 | 37,236,011.40 |
| Other payables | 269,050,171.48 | 7,650,725.57 |
| Thereof: Interest payable | | |
| Dividend payable | 255,638,861.75 | |
| Liabilities held for sale | | |
| Non-current liabilities due within one year | 1,042,865.60 | 802,551.69 |
| Other current liabilities | 144,549,270.59 | 104,756,129.31 |
| Total current liabilities | 2,061,896,242.57 | 2,034,722,009.77 |
| Non-current liabilities: | | |
| Long-term loans | | |
| Bonds payable | 423,845,436.08 | 415,824,511.11 |
| Thereof: Preference shares | | |
| Perpetual debts | | |
| Lease liabilities | | |
| Long-term payable | | |
| Long-term employee benefits payable | | |
| Provisions | 5,161,705.47 | 4,667,743.14 |
| Deferred income | 3,397,534.00 | 4,781,549.13 |
| Deferred tax liabilities | 7,726,389.89 | 7,845,349.86 |
| Other non-current liabilities | 166,485,187.30 | 117,066,270.00 |
| Total non-current liabilities | 606,616,252.74 | 550,185,423.24 |
| Total liabilities | 2,668,512,495.31 | 2,584,907,433.01 |
| Shareholders' equity: | | |
| Share capital | 1,022,554,032.00 | 1,022,550,000.00 |
| Other equity instruments | 32,098,949.27 | 32,103,507.97 |
| Thereof: Preference shares | | |
| Perpetual debts | | |

| | | |
|---|-------------------------|-------------------------|
| Capital reserve | 230,675,311.31 | 225,950,067.05 |
| Less: treasury shares | | |
| Other comprehensive income | 8,629,274.95 | 7,976,982.26 |
| Specific reserve | 24,041,908.73 | 24,341,652.67 |
| Surplus reserve | 300,522,057.11 | 300,522,057.11 |
| Retained earnings | 1,515,805,888.88 | 1,445,407,806.28 |
| Total shareholders' equity | 3,134,327,422.25 | 3,058,852,073.34 |
| Total liabilities and shareholders' equity | 5,802,839,917.56 | 5,643,759,506.35 |

(3) Consolidated Income Statement

Unit: RMB

| Item | Current period | Last period |
|--|------------------|------------------|
| 1. Total revenue | 1,389,350,667.84 | 1,028,107,177.93 |
| Thereof : Operating revenue | 1,389,350,667.84 | 1,028,107,177.93 |
| 2. Total cost | 1,043,062,420.26 | 774,244,677.87 |
| Thereof : cost of sales | 869,840,136.63 | 634,720,902.68 |
| Taxes and surcharges | 7,330,079.02 | 10,405,504.70 |
| Selling and distribution expenses | 52,816,348.60 | 36,480,990.88 |
| General and administrative expenses | 41,113,212.92 | 56,426,605.54 |
| Research and development expenses | 73,437,581.30 | 39,782,927.29 |
| Financial expenses | -1,474,938.21 | -3,572,253.22 |
| Thereof : Interest expenses | 5,531,999.41 | 672,000.80 |
| Interest income | 6,075,944.33 | 4,948,498.70 |
| Add: Other income | 50,787,697.07 | 29,814,352.11 |
| Investment income (“-” for losses) | 12,331,338.58 | 18,102,815.76 |
| Thereof: Income from investment in associates and joint ventures | 3,584,211.64 | 7,913,264.64 |
| Gain from derecognition of financial assets measured at amortized cost | | |
| Exchange income (Loss is listed with “-”) | | |
| Net exposure hedging gains (“-” for losses) | | |
| Gains from changes in fair value (“-” for losses) | 6,734,864.83 | 693,391.19 |
| Credit impairment losses (“-” for losses) | -11,275,967.78 | 4,998,212.24 |
| Impairment losses (“-” for losses) | -5,832,796.99 | -6,020,200.38 |

| | | |
|---|----------------|----------------|
| Gains from assets disposal (“-” for losses) | -10,219.76 | -89,024.87 |
| 3. Operating profit (“-” for losses) | 399,023,163.53 | 301,362,046.11 |
| Add: Non-operating income | 6,863,341.54 | 1.73 |
| Less: Non-operating expenses | 435,318.13 | 35,306.08 |
| 4. Profit before income tax (“-” for losses) | 405,451,186.94 | 301,326,741.76 |
| Less: Income tax expenses | 50,645,168.57 | 37,532,130.83 |
| 5. Net profit for the year (“-” for net losses) | 354,806,018.37 | 263,794,610.93 |
| (1) Classification according to operation continuity | | |
| Net profit from continuing operations(loss is stated with “-”) | 354,806,018.37 | 263,794,610.93 |
| Net profit from discontinued operations(loss is stated with “-”) | | |
| (2) Classified by ownership of the equity | | |
| Attributable to shareholders of the Parent Company | 335,465,804.27 | 264,380,786.00 |
| Minority interests | 19,340,214.10 | -586,175.07 |
| 6. Other comprehensive income, net of tax | 3,717,115.81 | -4,029,393.04 |
| Other comprehensive income attributable to shareholders of the Parent Company, net of tax | 3,717,115.81 | -2,311,819.81 |
| (1) Other comprehensive income items which will not be reclassified subsequently to profit or loss | 3,064,823.12 | |
| 1) Changes arising from re-measurement of defined benefit plan | | |
| 2) Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method | | |
| 3) Changes in the fair value of the investment in other equity instruments | 3,064,823.12 | |
| 4) Changes in the fair value of the Company’s own credit risk | | |
| 5) Others | | |
| (2) Other comprehensive income items which will be reclassified subsequently to profit or loss | 652,292.69 | -2,311,819.81 |
| 1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method | 652,292.69 | |
| 2) Changes in the fair value of other debt investments | | |
| 3) Amount of financial assets reclassified and included in other comprehensive income | | |
| 4) Credit impairment reserves for other debt investment | | |
| 5) Cash flow hedging reserve | | |
| 6) Translation differences arising from translation of | | -2,311,819.81 |

| | | |
|--|----------------|----------------|
| foreign currency financial statements | | |
| 7)Others | | |
| Other comprehensive income attributable to minority shareholders, net of tax | | -1,717,573.23 |
| 7. Total comprehensive income | 358,523,134.18 | 259,765,217.89 |
| Attributable to shareholders of the Parent Company | 339,182,920.08 | 262,068,966.19 |
| Minority interests | 19,340,214.10 | -2,303,748.30 |
| 8. Earnings per share | | |
| (1) Basic earnings per share | 0.3281 | 0.2586 |
| (2) Diluted earnings per share | 0.3250 | 0.2586 |

Legal representative: Deng Xijun; Director of Finance: Sun Zhiqiang

Person in Charge of the Accounting Department: Wang Peihua

(4) Income Statement of Parent Company

Unit: RMB

| Item | Current period | Last period |
|--|------------------|----------------|
| 1. Operating revenue | 1,262,152,551.33 | 941,991,481.19 |
| Less: cost of sales | 800,476,789.33 | 588,479,383.86 |
| Taxes and surcharges | 5,267,739.42 | 8,903,000.49 |
| Selling and distribution expenses | 46,607,590.11 | 34,170,418.05 |
| General and administrative expenses | 33,482,089.05 | 27,777,651.39 |
| Research and development expenses | 58,460,081.88 | 31,882,198.68 |
| Financial expenses | 2,058,109.94 | -4,827,923.76 |
| Thereof: Interest expenses | 7,895,846.24 | 9,707.74 |
| Interest income | 5,992,683.58 | 4,915,799.72 |
| Add: Other income | 49,900,945.49 | 29,600,786.33 |
| Investment income ("-" for losses) | 11,967,188.24 | 17,639,956.12 |
| Thereof: Income from investment in associates and joint ventures | 3,584,211.64 | 7,913,264.64 |
| Gain from derecognition of financial assets measured at amortized cost | | |
| Net exposure hedging gains ("-" for losses) | | |
| Gains from changes in fair value ("-" for losses) | 6,243,208.73 | 608,109.84 |
| Credit impairment losses ("-" for losses) | -11,075,434.11 | 5,289,492.36 |
| Impairment losses ("-" for losses) | -4,890,836.10 | -2,718,689.24 |
| Gains from assets disposal ("-" for losses) | -6,174.43 | -124,663.52 |

| | | |
|---|----------------|----------------|
| 2. Operating profit (“-” for losses) | 367,939,049.42 | 305,901,744.37 |
| Add: Non-operating income | 6,817,070.17 | 1.15 |
| Less: Non-operating expenses | 63,638.24 | 20,302.22 |
| 3. Profit before income tax (“-” for losses) | 374,692,481.35 | 305,881,443.30 |
| Less: Income tax expenses | 48,655,537.00 | 41,225,425.41 |
| 4. Net profit for the year (“-” for net losses) | 326,036,944.35 | 264,656,017.89 |
| Net profit from continuing operations (loss is stated with “-”) | 326,036,944.35 | 264,656,017.89 |
| Net profit from discontinued operations (loss is stated with “-”) | | |
| 5. Other comprehensive income, net of tax | 652,292.69 | -524,141.55 |
| (1) Other comprehensive income items which will not be reclassified subsequently to profit or loss | | |
| 1) Changes arising from remeasurement of defined benefit plan | | |
| 2) Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method | | |
| 3) Changes in the fair value of the investment in other equity instruments | | |
| 4) Changes in the fair value of the Company’s own credit risk | | |
| 5) Others | | |
| (2) Other comprehensive income items which will be reclassified subsequently to profit or loss | 652,292.69 | -524,141.55 |
| 1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method | 652,292.69 | |
| 2) Changes in the fair value of other debt investments | | |
| 3) Amount of financial assets reclassified and included in other comprehensive income | | |
| 4) Credit impairment reserves for other debt investment | | |
| 5) Cash flow hedging reserve | | |
| 6) Translation differences arising from translation of foreign currency financial statements | | -524,141.55 |
| 7) Others | | |
| 6. Total comprehensive income | 326,689,237.04 | 264,131,876.34 |
| 7. Earnings per share | | |
| (1) Basic earnings per share | | |
| (2) Diluted earnings per share | | |

(5) Consolidated Cash Flow Statement

Unit: RMB

| Item | Current period | Last period |
|---|------------------|------------------|
| 1. Cash flows from operating activities | | |
| Cash received from sales of goods or rendering of services | 1,011,319,548.55 | 1,087,371,067.68 |
| Refund of taxes and surcharges | 53,154,621.05 | 28,176,068.36 |
| Other cash receipts relating to operating activities | 16,229,141.38 | 8,801,935.01 |
| Sub-total of cash inflows from operating activities | 1,080,703,310.98 | 1,124,349,071.05 |
| Cash paid for goods and services | 698,219,411.67 | 552,625,962.57 |
| Cash paid to employees and paid on behalf of employees | 269,451,878.59 | 227,143,438.05 |
| Payments of taxes and surcharges | 145,552,493.27 | 124,830,966.71 |
| Other cash payments relating to operating activities | 80,756,301.44 | 47,574,694.72 |
| Sub-total of cash outflows from operating activities | 1,193,980,084.97 | 952,175,062.05 |
| Net cash flows from operating activities | -113,276,773.99 | 172,174,009.00 |
| 2. Cash flows from investing activities | | |
| Cash received from withdrawing investments | 2,671,947,000.00 | 1,423,456,384.65 |
| Cash received from investment income | 12,690,148.98 | 25,836,070.85 |
| Net cash received from disposal of fixed assets, intangible assets and other long term assets | 71,577.37 | 86,841.10 |
| Net cash received from disposal of subsidiaries and other operating units | | |
| Other cash receipts relating to investing activities | 653,071.00 | |
| Sub-total of cash inflows from investing activities | 2,685,361,797.35 | 1,449,379,296.60 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 50,657,542.50 | 10,091,182.49 |
| Cash paid to acquire investments | 2,987,517,000.00 | 1,058,410,000.00 |
| Net increase of mortgaged loans | | |
| Net cash paid to acquire subsidiaries and other operating units | | |
| Other cash payments relating to investing activities | | |
| Sub-total of cash outflows from investing activities | 3,038,174,542.50 | 1,068,501,182.49 |
| Net cash flows from investing activities | -352,812,745.15 | 380,878,114.11 |
| 3. Cash flows from financing activities | | |
| Cash received from capital contributions | 750,000.00 | |
| Thereof: Cash received by subsidiaries from minority shareholders' capital contributions | 750,000.00 | |

| | | |
|---|-----------------|-----------------|
| Cash received from borrowings | 14,930,000.00 | 28,830,000.00 |
| Other cash receipts from financing activities | | |
| Sub-total of cash inflows from financing activities | 15,680,000.00 | 28,830,000.00 |
| Cash repayments of borrowings | 23,130,000.00 | 32,130,000.00 |
| Distribution of dividends or profits and payments for interest expenses | 322,331.94 | 256,234,892.33 |
| Thereof: Cash payments for dividends or profit to minority shareholders by subsidiaries | | |
| Other cash payments relating to financing activities | 14,451,694.72 | 1,060,994.50 |
| Sub-total of cash outflows from financing activities | 37,904,026.66 | 289,425,886.83 |
| Net cash flows from financing activities | -22,224,026.66 | -260,595,886.83 |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | 1,179,500.90 | 922,452.27 |
| 5. Net increase in cash and cash equivalents | -487,134,044.90 | 293,378,688.55 |
| Add: Cash and cash equivalents at the beginning of period | 656,593,226.15 | 290,330,558.56 |
| 6. Cash and cash equivalents at the end of period | 169,459,181.25 | 583,709,247.11 |

Legal representative: Deng Xijun; Director of Finance: Sun Zhiqiang
Person in Charge of the Accounting Department: Wang Peihua

(6) Cash Flow Statement of Parent Company

Unit: RMB

| Item | Current period | Last period |
|--|------------------|------------------|
| 1. Cash flows from operating activities | | |
| Cash received from sales of goods or rendering of services | 862,024,761.46 | 944,606,308.01 |
| Refund of taxes and surcharges | 51,764,542.33 | 24,908,877.27 |
| Other cash receipts relating to operating activities | 13,583,289.05 | 6,920,097.79 |
| Sub-total of cash inflows from operating activities | 927,372,592.84 | 976,435,283.07 |
| Cash paid for goods and services | 742,843,537.79 | 500,875,979.72 |
| Cash paid to employees and paid on behalf of employees | 109,195,792.34 | 130,471,617.02 |
| Payments of taxes and surcharges | 107,762,891.51 | 115,637,958.66 |
| Other cash payments relating to operating activities | 59,787,937.50 | 28,383,872.04 |
| Sub-total of cash outflows from operating activities | 1,019,590,159.14 | 775,369,427.44 |
| Net cash flows from operating activities | -92,217,566.30 | 201,065,855.63 |
| 2. Cash flows from investing activities | | |
| Cash received from withdrawing investments | 2,234,212,000.00 | 1,302,165,929.92 |

| | | |
|---|------------------|------------------|
| Cash received from investment income | 11,164,882.38 | 25,622,816.62 |
| Net cash received from disposal of fixed assets, intangible assets and other long term assets | 23,789.76 | 192,841.10 |
| Net cash received from disposal of subsidiaries and other operating units | | |
| Other cash receipts relating to investing activities | 193,071.00 | |
| Sub-total of cash inflows from investing activities | 2,245,593,743.14 | 1,327,981,587.64 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 16,012,050.17 | 4,058,395.96 |
| Cash paid to acquire investments | 2,608,907,000.00 | 977,800,000.00 |
| Net cash paid to acquire subsidiaries and other operating units | | |
| Other cash payments relating to investing activities | 2,130,000.00 | 2,800,000.00 |
| Sub-total of cash outflows from investing activities | 2,627,049,050.17 | 984,658,395.96 |
| Net cash flows from investing activities | -381,455,307.03 | 343,323,191.68 |
| 3. Cash flows from financing activities | | |
| Cash received from capital contributions | | |
| Cash received from borrowings | | 5,000,000.00 |
| Other cash receipts from financing activities | | |
| Sub-total of cash inflows from financing activities | | 5,000,000.00 |
| Cash repayments of borrowings | | |
| Distribution of dividends or profits and payments for interest expenses | | 255,637,500.00 |
| Other cash payments relating to financing activities | | 9,707.74 |
| Sub-total of cash outflows from financing activities | | 255,647,207.74 |
| Net cash flows from financing activities | | -250,647,207.74 |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | -27,295.04 | 10,431.96 |
| 5. Net increase in cash and cash equivalents | -473,700,168.37 | 293,752,271.53 |
| Add: Cash and cash equivalents at the beginning of period | 558,631,758.10 | 231,342,219.86 |
| 6. Cash and cash equivalents at the end of period | 84,931,589.73 | 525,094,491.39 |

Board of Directors of HARBIN BOSHI AUTOMATION CO., LTD.

August 30th, 2023