

HARBIN BOSHI AUTOMATION CO.,LTD.

2023 SUMMARY OF
THE THIRD QUARTER REPORT



October 2023

HARBIN BOSHI AUTOMATION CO., LTD. Interim Report for The Third Quarter 2023

The Company and whole members of the Board of Directors guarantee that the information disclosed is factual, accurate and complete, and there is no false record, misleading statement or material omission.

Important content reminder:

1.The Board of Directors, the Board of Supervisors as well as all the directors, supervisors and senior managers of HARBIN BOSHI AUTOMATION CO., LTD. (hereinafter referred to as “the Company”) warrant the factuality, accuracy and completeness of this Report and there is no false record, misleading statement or material omission. And they will be severally and jointly liable for this Report.

2.The person in charge of the Company, the person in charge of accounting work of the Company, and the person in charge of accounting department of the Company warrant that the financial information in this Report is factual, accurate and complete.

3. Whether this Third Interim Report has been audited by auditing firm or not?

Yes No

I. Main financial data**1. Main accounting data and financial indicators**

Indicate by check mark if there is any retrospectively restated accounting data of previous years.

Yes No

	Current period	Increase/decrease in the period compared with the same period of the previous year	Year-begin to period-end	Increase/decrease from year-begin to period-end compared with the same period of the previous year
Operating Revenue (RMB)	592,913,713.25	-15.16%	1,982,264,381.09	14.79%
Net profit attributable to parent company's shareholders (RMB)	99,131,174.72	-39.28%	434,596,978.99	1.63%
Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company (RMB)	91,961,860.39	-41.65%	401,825,624.04	-0.74%
Net cash flow from operating activities (RMB)	—	—	-5,427,399.95	-102.29%
Basic earnings per share (RMB /share)	0.0969	-39.32%	0.4250	1.63%
Diluted earnings per share (RMB /share)	0.0969	-39.32%	0.4220	0.91%
Weighted average return on equity	3.00%	-2.42%	13.26%	-0.80%
	End of the current reporting period	End of previous year	Increase/decrease at the period-end compared with the end of the previous year	
Total assets (RMB)	6,425,382,750.96	6,220,273,855.91	3.30%	
Total equity attributable to shareholders of the parent company (RMB)	3,359,223,783.66	3,169,585,012.94	5.98%	

2. Non-recurring gains and losses√ Applicable Not applicable

Unit: RMB

Item	Amount for the period	Amount from year-begin to period-end	Note
Profit or loss from disposal of non-current assets (including the write-off of accrued for impairment of assets)	1,845.56	-8,374.20	
Governmental subsidy reckoned into current gains or losses (excluding the subsidy enjoyed in quota or ration according to the national policy regulations and certain standards, which are closely relevant to enterprise's business)	3,928,838.21	11,669,745.57	
Except for effectively hedging business related to normal business operations of the Company, profit or loss arising from the changes in the fair value of financial assets held for trading, financial liabilities held for trading, as well as investment income from the disposal of financial assets held for trading, financial liabilities held for trading, and investments in other debt obligations	6,598,911.23	21,250,391.06	Income from cash management
Other non-operating income and expenses other than the above	-1,988,088.60	4,439,934.81	
Other gain/loss items that qualified the definition of non-recurring profit (gains)/losses	488,047.62	1,318,559.56	
Less: Impact on income tax	1,531,345.48	5,341,907.67	
Impact on minority shareholders' equity (after tax)	328,894.21	556,994.18	
Total	7,169,314.33	32,771,354.95	--

Other gain/loss items that qualified the definition of non-recurring profit (gains)/losses:

√ Applicable Not applicable

Other gain/loss items that qualified the definition of non-recurring profit (gains)/losses: Income from treasury reverse repos (cash management).

Explanation on those non-recurring gain/loss listed in the "Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss" defined as recurring gain/loss.

 Applicable √ Not applicable

The Company does not have the non-recurring gain/loss listed in the “*Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*” defined as recurring gain/loss.

3. Particulars about changes in items of main accounting data and financial index and explanations of reasons.

Consolidated Balance Sheet items	Sep 30,2023	Dec 31,2022	Change	Reasons for the changes
	(RMB)	(RMB)		
Cash and cash equivalent	190,207,295.84	659,606,109.17	-71.16%	Mainly due to the impact on cash management activities.
Other current assets	404,780,398.61	8,781,928.47	4,509.24%	Mainly due to the impact on cash management activities.
Investment real estate	11,946,517.84	6,373,135.42	87.45%	Due to the increase in renting out the real estate vacant temporarily.
Construction in progress	103,936,626.05	27,241,137.26	281.54%	Capital construction investment.
Short-term loans	16,000,000.00	31,830,000.00	-49.73%	Due to the decrease in short-term bank financing borrowings of subsidiary.
Employee benefits payable	21,004,386.47	70,475,565.86	-70.20%	The year-end bonus of 2022 accrued at the end of the previous period, which was paid in Jan, 2023, and the balance decreased.
Taxes payable	21,326,996.40	54,028,725.59	-60.53%	Due to the decrease of taxes payable at the period end.
Other payables	18,321,940.65	3,035,031.46	503.68%	Mainly due to increase in payable caused by decrease of capital of the subsidiary during this period.
Other current liabilities	182,677,047.66	119,463,543.08	52.91%	Due to the increase in undue endorsed bank acceptance bills, which were not terminated.
Other non-current liabilities	276,415,232.56	199,568,192.56	38.51%	Due to increase in prepayments from customers over one year.
Consolidated Income Statement items from the beginning of the year to the end of the reporting period	Jan 1 to Sep 30,2023	Jan 1 to Sep 30, 2022	Change	Reasons for the changes
	(RMB)	(RMB)		
Selling expenses	85,229,051.95	59,998,665.66	42.05%	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	64,034,974.28	81,482,790.07	-21.41%	Mainly due to the entities consolidated changed compared with base reporting period. Overseas company sold was no longer consolidated.
Research and development expenses	108,579,721.64	71,501,574.87	51.86%	Due to the increase in the R&D inputs.

HARBIN BOSHI AUTOMATION CO., LTD. Interim Report for the Third Quarter 2023

Financial expenses	-490,595.60	-7,885,743.35	93.78%	Due to interest expenses from convertible bond, deducted from interest revenue.
Other income	64,004,359.76	42,101,143.44	52.03%	The value-added tax refund received from sales of product with software increased compared with which of the same period of last year.
Investment income (loss is stated with “-”)	4,289,834.84	17,164,499.25	-75.01%	The investment income accrued in associates decreased compared with which of the same period of last year..
Gains from changes in fair value (loss is stated with “-”)	8,915,503.57	1,727,503.34	416.09%	Due to the impact on cash management activities.
Credit impairment losses (loss is stated with “-”)	-28,508,702.98	-4,691,571.35	507.66%	Due to the impact on the provision for bad debts accrued increased.
Non-operating income	6,878,543.11	10,002.70	68,666.86%	Income from contract liquidated damages.
Consolidated Cash Flow Statement items from the beginning of the year to the end of the reporting period	Jan 1 to Sep 30,2023	Jan 1 to Sep 30, 2022	Change	Reasons for the changes
	(RMB)	(RMB)		
Net cash flows from operating activities	-5,427,399.95	237,352,418.49	-102.29%	With the performance of contract, operating cash outflows such as production inputs, procurement etc., increased during the reporting period.
Net cash flows from investing activities	-184,260,513.13	205,055,247.99	-189.86%	Mainly due to the impact on cash management activities and investment in capital construction.
Net cash flows from financing activities	-279,519,211.45	179,170,076.14	-256.01%	Mainly due to the insurance of 450 million convertible bond in Sep 2022.

II. Shareholders Information**1. Total number of common shareholders and preference shareholders with voting rights recovered and top ten common shareholders**

Unit: Share

Total number of shareholders of common stocks at the end of the reporting period	19,699	Total preference shareholders with voting rights recovered at end of reporting period	0			
Top 10 shareholders						
Name	Nature	Ownership	Amount of shares held	Amount of restricted shares held	Pledged, marked, or frozen stocks	
					Status	Amount
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 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			
Cheng Fang	Domestic natural person	1.39%	14,174,358			
Tan Jianxun	Domestic natural person	1.36%	13,863,433			
China Life Insurance Company Limited - Traditional - General Insurance Products -005L-CT001 Shanghai	Others	1.08%	11,010,370			
Top 10 shareholders with unrestricted shares held						
Name	Amount of unrestricted shares held	Type and amount of shares				
		Type	Amount			
Unicom Kaixing Equity Investment Management (Zhuhai Hengqin) Limited - Lianchuang Weilai (Wuhan) Intelligent Manufacturing Industrial Investment Partnership (Limited Partnership)	145,176,676	RMB ordinary shares	145,176,676			
Harbin Institute of Technology Asset Management Co. Ltd	51,127,500	RMB ordinary shares	51,127,500			

Cai Zhihong	50,677,029	RMB ordinary shares	50,677,029
Cai Hegao	50,000,000	RMB ordinary shares	50,000,000
Deng Xijun	24,045,390	RMB ordinary shares	24,045,390
Zhang Yuchun	20,674,089	RMB ordinary shares	20,674,089
Wang Chungang	14,348,512	RMB ordinary shares	14,348,512
Cheng Fang	14,174,358	RMB ordinary shares	14,174,358
Tan Jianxun	13,863,433	RMB ordinary shares	13,863,433
China Life Insurance Company Limited - Traditional - General Insurance Products -005L-CT001 Shanghai	11,010,370	RMB ordinary shares	11,010,370

2.The total number of preferred shareholders and the top 10 preferred shareholders' shareholdings of the Company

Applicable Not applicable

III. Other Significant Events

Applicable Not applicable

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

Prepared by HARBIN BOSHI AUTOMATION CO., LTD.

Sep 30, 2023

Unit: RMB

Item	Sep 30,2023	Jan 1, 2023
Current assets:		
Cash and cash equivalent	190,207,295.84	659,606,109.17
Financial assets held for trading	1,033,121,635.48	1,268,124,738.43
Derivative financial assets		
Notes receivable	260,702,232.31	307,322,625.28
Accounts receivable	1,004,099,746.47	856,529,854.29
Financing receivable	86,861,096.29	111,064,333.27
Advance payment	117,043,772.49	139,594,005.25
Other receivables	32,644,822.95	29,316,161.67
Thereof: Interest receivable		
Dividend receivable	2,601,281.28	2,601,281.28
Inventories	2,279,346,244.82	1,912,047,999.38
Contract assets	119,089,690.01	124,651,440.99
Assets held for sale		
Non-current assets due within one year		
Other current assets	404,780,398.61	8,781,928.47
Total current assets	5,527,896,935.27	5,417,039,196.20
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivable	20,675,655.36	
Long-term equity investment	387,663,745.69	397,830,998.40
Investment in other equity instruments	61,563,794.93	57,477,364.10
Other non-current financial assets		
Investment real estate	11,946,517.84	6,373,135.42
Fixed assets	176,157,993.33	192,561,428.46

Construction in progress	103,936,626.05	27,241,137.26
Productive biological assets		
Oil and gas assets		
Right-of-use assets	5,758,022.76	2,349,347.56
Intangible assets	53,818,171.34	57,090,300.02
Development expenditure		
Goodwill	1,120,909.26	1,120,909.26
Long-term deferred expenses	85,970.24	84,955.75
Deferred income tax assets	50,637,721.97	40,734,119.14
Other non-current assets	24,120,686.92	20,759,073.65
Total non-current assets	897,485,815.69	803,622,769.02
Total assets	6,425,382,750.96	6,220,661,965.22
Current liabilities:		
Short-term loans	16,000,000.00	31,830,000.00
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	297,565,910.46	227,581,839.47
Advance from customers	193,500.00	96,750.00
Contract liabilities	1,597,277,444.96	1,725,223,007.33
Employee benefits payable	21,004,386.47	70,475,565.86
Taxes payable	21,326,996.40	54,028,725.59
Other payables	18,321,940.65	3,035,031.46
Thereof: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,019,281.36	2,097,594.87
Other current liabilities	182,677,047.66	119,463,543.08
Total current liabilities	2,156,386,507.96	2,233,832,057.66
Non-current liabilities:		
Long-term loans		
Bonds payable	427,912,891.01	415,824,511.11
Thereof: Preferred stock		
Perpetual debt		
Lease liabilities	1,528,027.63	

Long-term payables		
Long-term employee benefits payable		
Estimated liabilities	6,623,830.58	5,195,263.40
Deferred income	2,705,526.45	4,781,549.13
Deferred income tax liability	17,194,180.93	14,903,697.98
Other non-current liabilities	276,415,232.56	199,568,192.56
Total non-current liabilities	732,379,689.16	640,273,214.18
Total Liabilities	2,888,766,197.12	2,874,105,271.84
Shareholders' equity:		
Share capital	1,022,556,281.00	1,022,550,000.00
Other equity instruments	32,096,423.79	32,103,507.97
Thereof: Preferred stock		
Perpetual debt		
Capital reserve	233,776,984.32	226,083,353.77
Minus: treasury shares		
Other comprehensive income	26,075,395.57	22,852,245.26
Special reserve	29,146,626.98	29,243,725.77
Surplus reserve	300,522,057.11	300,522,057.11
General risk reserve		
Retained earnings	1,715,050,014.89	1,536,091,897.65
Total equity attributable to shareholders of parent company	3,359,223,783.66	3,169,446,787.53
Minority shareholder equity	177,392,770.18	177,109,905.85
Total shareholders' equity	3,536,616,553.84	3,346,556,693.38
Total liabilities and shareholders' equity	6,425,382,750.96	6,220,661,965.22

Legal representative: Deng Xijun

Director of Finance: Sun Zhiqiang

Prepared by: Wang Peihua

(2) Consolidated Income Statement (from the year-begin to the period-end)

Unit: RMB

Item	Current period	Last period
1. Total revenue	1,982,264,381.09	1,726,933,928.75
Thereof: Operating revenue	1,982,264,381.09	1,726,933,928.75
2. Total cost	1,502,853,525.07	1,270,081,645.10

Thereof: Cost of sales	1,233,296,151.56	1,048,855,432.04
Taxes and surcharges	12,204,221.24	16,128,925.81
Selling expenses	85,229,051.95	59,998,665.66
General and administrative expenses	64,034,974.28	81,482,790.07
Research and development expenses	108,579,721.64	71,501,574.87
Financial expenses	-490,595.60	-7,885,743.35
Thereof : Interest expenses	8,342,075.54	1,341,481.22
Interest income	9,006,178.08	8,892,090.20
Add: Other income	64,004,359.76	42,101,143.44
Investment income (loss is stated with “-”)	4,289,834.84	17,164,499.25
Thereof: Investment income from associates and joint ventures	-9,363,612.21	3,930,094.04
Gain from the derecognition of the financial assets measured at amortized cost		
Exchange income (Loss is listed with “-”)		
Net exposure hedging gains (“-” for losses)		
Gains from changes in fair value (loss is stated with “-”)	8,915,503.57	1,727,503.34
Credit impairment losses (loss is stated with “-”)	-28,508,702.98	-4,691,571.35
Asset impairment losses (loss is stated with “-”)	-7,918,363.38	-7,020,613.46
Gains from disposal of assets (loss is stated with “-”)	-8,374.20	-124,736.92
3. Operating profit (loss is stated with “-”)	520,185,113.63	506,008,507.95
Add: Non-operating income	6,878,543.11	10,002.70
Less: Non-operating expenses	2,438,608.30	2,006,878.17
4. Total profit (loss is stated with “-”)	524,625,048.44	504,011,632.48
Less: Income tax expenses	65,535,949.00	64,755,677.87
5. Net profit (loss is stated with “-”)	459,089,099.44	439,255,954.61
(1) Classified by continuity of operations		
Net profit from continuing operations(loss is stated with “-”)	459,089,099.44	439,255,954.61
Net profit from discontinued operations(loss is stated with “-”)		
(2) Classified by ownership of the equity		
Attributable to shareholders of the Parent Company	434,596,978.99	427,635,504.26
Minority interests	24,492,120.45	11,620,450.35
6. Other comprehensive income, net of tax	3,223,150.31	-4,264,112.53
Other comprehensive income attributable to shareholders of the Parent Company, net of tax	3,223,150.31	-2,384,705.47
(1) Other comprehensive income items which will not be	3,064,823.12	

reclassified subsequently to profit or loss		
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	158,327.19	-2,384,705.47
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	158,327.19	
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		-2,384,705.47
7) Others		
Other comprehensive income attributable to minority shareholders, net of tax		-1,879,407.06
7. Total comprehensive income	462,312,249.75	434,991,842.08
Attributable to shareholders of the Parent Company	437,820,129.30	425,250,798.79
Minority interests	24,492,120.45	9,741,043.29
8. Earnings per share		
(1) Basic earnings per share	0.4250	0.4182
(2) Diluted earnings per share	0.4220	0.4182

Legal representative: Deng Xijun

Director of Finance: Sun Zhiqiang

Prepared by: Wang Peihua

(3) Consolidated Cash Flow Statement (from the year-begin to the period-end)

Unit: RMB

Item	Current period	Last period
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,703,590,738.01	1,692,515,714.32
Refund of taxes and surcharges	63,464,496.91	36,792,855.10
Other cash receipts relating to operating activities	21,903,956.89	19,721,312.99
Sub-total of cash inflows from operating activities	1,788,959,191.81	1,749,029,882.41
Cash paid for goods and services	1,073,881,310.04	914,474,850.41
Cash paid to employees and paid on behalf of employees	387,631,625.11	331,300,462.24
Payments of taxes and surcharges	208,747,338.47	181,200,514.91
Other cash payments relating to operating activities	124,126,318.14	84,701,636.36
Sub-total of cash outflows from operating activities	1,794,386,591.76	1,511,677,463.92
Net cash flows from operating activities	-5,427,399.95	237,352,418.49
2. Cash flows from investing activities		
Cash received from withdrawing investments	3,968,708,440.38	1,905,561,417.02
Cash received from investment income	23,357,432.93	27,498,794.20
Net cash received from disposal of fixed assets, intangible assets and other long term assets	92,495.56	106,240.67
Net cash received from disposal of subsidiaries and other operating units		
Other cash receipts relating to investing activities	653,071.00	2,812,977.50
Sub-total of cash inflows from investing activities	3,992,811,439.87	1,935,979,429.39
Cash paid to acquire fixed assets, intangible assets and other long-term assets	84,038,953.00	27,164,181.40
Cash paid to acquire investments	4,093,013,000.00	1,703,760,000.00
Net increase of mortgaged loans		
Net cash paid to acquire subsidiaries and other operating units		
Other cash payments relating to investing activities	20,000.00	
Sub-total of cash outflows from investing activities	4,177,071,953.00	1,730,924,181.40
Net cash flows from investing activities	-184,260,513.13	205,055,247.99
3. Cash flows from financing activities		
Cash received from capital contributions	1,590,000.00	
Thereof: Cash received by subsidiaries from minority shareholders' capital contributions	1,590,000.00	

Cash received from borrowings	17,930,000.00	481,760,000.00
Other cash receipts from financing activities		
Sub-total of cash inflows from financing activities	19,520,000.00	481,760,000.00
Cash repayments of borrowings	24,260,000.00	38,060,000.00
Distribution of dividends or profits and payments for interest expenses	257,440,719.33	256,475,456.09
Thereof: Cash payments for dividends or profit to minority shareholders by subsidiaries		
Other cash payments relating to financing activities	17,338,492.12	8,054,467.77
Sub-total of cash outflows from financing activities	299,039,211.45	302,589,923.86
Net cash flows from financing activities	-279,519,211.45	179,170,076.14
4. Effect of foreign exchange rate changes on cash and cash equivalents	921,209.91	2,287,555.38
5. Net increase in cash and cash equivalents	-468,285,914.62	623,865,298.00
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	188,307,311.53	914,195,856.56

2. Adjustments to financial report at the beginning of the year relating to the initial adoption of the new accounting standards since 2023.

In 2022, the Ministry of Finance promulgated *the Accounting Standards for Business Enterprises Interpretation No.16*, which requires enterprises listed in China to implement it from January 1st, 2023. The Company has implemented the national accounting policy changes in a unified manner, and has implemented *the Accounting Standards for Business Enterprises Interpretation No.16* since January 1st, 2023.

The Company adjusted the amount of the relevant items in the financial statements of the beginning of 2023 in accordance with the first implementation of *the Accounting Standards for Business Enterprises Interpretation No.16*.

Consolidated Balance Sheet

Unit: RMB

Item	Dec 31,2022	Jan 1,2023	Adjustment
Assets:			
Deferred income tax assets	40,346,009.83	40,734,119.14	388,109.31
Total non-current assets	803,234,659.71	803,622,769.02	388,109.31
Total assets	6,220,273,855.91	6,220,661,965.22	388,109.31
Liabilities:			
Deferred income tax liability	14,377,363.26	14,903,697.98	526,334.72
Total non-current liabilities	639,746,879.46	640,273,214.18	526,334.72
Total Liabilities	2,873,578,937.12	2,874,105,271.84	526,334.72
Shareholders' equity:			
Retained earnings	1,536,230,123.06	1,536,091,897.65	-138,225.41
Total equity attributable to shareholders of parent company	3,169,585,012.94	3,169,446,787.53	-138,225.41
Total shareholders' equity	3,346,694,918.79	3,346,556,693.38	-138,225.41
Total liabilities and shareholders' equity	6,220,273,855.91	6,220,661,965.22	388,109.31

3. Auditor's report

Whether this Third Interim Report has been audited by auditing firm or not?

Yes No

The Third Interim Report has not been audited by auditing firm.

Board of Directors

HARBIN BOSHI AUTOMATION CO., LTD.

October 28th, 2023