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HARBIN BOSHI AUTOMATION CO.,LTD.

2023 SUMMARY OF ANNUAL REPORT

April 2024

HARBIN BOSHI AUTOMATION CO., LTD. Annual Report 2023

（Abstract）

Ⅰ. Important Notes

This Abstract is extracted from 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 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 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

Indicate by check mark if transferring capital reserve into common stock.

□Yes √No

The Company's common stock pre-arranged profit distribution plan approved by the ninth meeting of the fifth Board of Directors is as follows: based on 1,021,986,802 shares, which was the total share capital of the Shenzhen Stock Exchange closed on December 31st, 2023, deducting shares in buy-back account, the Company will pay a cash dividend of RMB 2.50 (tax included) for every 10 shares to all shareholders, and 0 bonus shares, and no increase of common stock through capital reserve.

According to the *Proposal on the Company's Public Offering of Convertible Corporate Bonds*, all shareholders (including those formed by the convertible bonds) registered on the date of registration of the dividend payment are equally entitled to participate in the current distribution of profits.

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		
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	
Fax	+86-451-84367022	+86-451-84367022	
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 follow-up of the investigation.

2. Key Financial Information

(1) Key accounting data and financial indicators in the past three years

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

√Yes □No

Retroactive adjustment or restatement reasons

In accordance with the *Accounting Standards Interpretation for Business Enterprises No. 16 (Finance and Accounting (2022) No. 31)* issued by the Ministry of Finance in November 2022, the Company adjusts the taxable temporary differences and deductible temporary differences arising from the lease liabilities and use rights assets recognized by the leasing business.

Unit: RMB

	2023	2022		Increase/decrease of 2023 over 2022	2021	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating Revenue	2,565,408,783.42	2,153,746,152.69	2,153,746,152.69	19.11%	2,112,954,813.09	2,112,954,813.09
Net profit attributable to parent company's shareholders	533,591,213.86	445,038,600.37	445,041,007.98	19.90%	490,327,299.72	490,327,299.72
Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company	485,726,824.70	414,143,401.62	414,145,809.23	17.28%	459,328,151.59	459,328,151.59
Net cash flow from operating activities	138,942,658.01	451,531,966.20	451,531,966.20	-69.23%	399,773,130.75	399,773,130.75
Basic earnings per share (RMB/share)	0.5218	0.4352	0.4352	19.90%	0.4795	0.4795
Diluted earnings per share(RMB/share)	0.5190	0.4352	0.4352	19.26%	0.4795	0.4795
Weighted average return on equity	16.22%	14.70%	14.70%	1.52%	18.02%	18.02%

	As of Dec.31, 2023	As of Dec.31, 2022		Increase/decrease of 2023 over 2022	As of Dec.31, 2021	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets	6,648,692,787.99	6,220,273,855.91	6,220,274,009.69	6.89%	4,901,945,419.82	4,901,945,419.82
Total equity attributable to shareholders of the parent company	3,450,338,131.69	3,169,585,012.94	3,169,582,981.14	8.86%	2,879,793,106.39	2,879,793,106.39

(2) Key accounting data by quarter

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	729,710,396.08	659,640,271.76	592,913,713.25	583,144,402.33
Net profit attributable to parent company's shareholders	210,214,585.50	125,251,218.77	99,131,174.72	98,994,234.87
Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company	198,069,179.12	111,794,584.53	91,961,860.39	83,901,200.66
Net cash flows from operating activities	-53,800,397.01	-59,476,376.98	107,849,374.04	144,370,057.96

Indicate by check mark if any material difference between the above financial indicators or their summations and those which have been disclosed in the Company's Quarterly or Interim report.

☐Yes √No

3. 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	23,932	Total number of shareholders of common stocks at previous month-end of this report's disclosure	33,596	Total number of shareholders of preferred stock with resumed voting right at the end of the reporting period	0	Total number of shareholders of preferred stock with resumed voting rights at previous month-end of this report's disclosure	0

Top 10 shareholders(Excluding shares lent in refinancing)

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	Others	14.20%	145,176,676		Not applicable	

Industrial Investment Partnership (Limited Partnership)						
Deng Xijun	Domestic natural person	9.41%	96,181,562	72,136,172	Not applicable	
Zhang Yuchun	Domestic natural person	8.09%	82,696,357	62,022,268	Not applicable	
Wang Chungang	Domestic natural person	5.61%	57,394,047	43,045,535	Not applicable	
Cai Zhihong	Domestic natural person	4.96%	50,677,029		Not applicable	
Cai Hegao	Domestic natural person	4.89%	50,000,000		Not applicable	
Harbin Institute of Technology Asset Management Co. Ltd	Domestic state-owned corporate	3.00%	30,678,500		Not applicable	
Cheng Fang	Domestic natural person	1.59%	16,261,358		Not applicable	
Tan Jianxun	Domestic natural person	1.39%	14,174,933		Not applicable	
China Life Insurance Company Limited - Traditional - General Insurance Products -005L-CT001 Shanghai	Others	1.19%	12,118,870		Not applicable	

Top 10 shareholders involved in refinancing shares lending

□Applicable √Not applicable

Changes in shares that the top 10 shareholders compared with the prior period

√ Applicable □Not applicable

Unit: shares

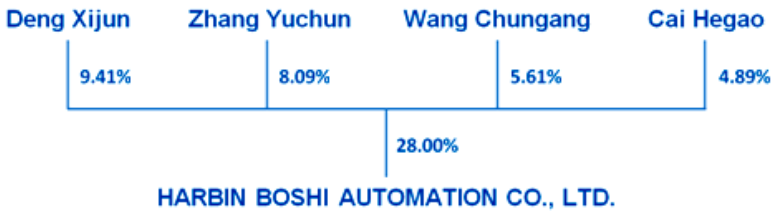
Changes in shares that the top 10 shareholders					
Full name of shareholder	Add/exit in this reporting period	Shares lent in refinancing and not yet returned at the period-end		Shares in the common account and credit account plus shares lent in refinancing and not yet returned at the period-end	
		Total shares	As % of total share capital	Total shares	As % of total share capital
China Life Insurance Company Limited - Traditional - General Insurance Products -005L-CT001 Shanghai	Add	0	0. 00%	0	0. 00%
Bank of China Co., Ltd.-China Merchant Ruiwen Hybrid Securities Investment Fund	Exit	0	0. 00%	0	0. 00%

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

□Applicable √Not applicable

During the reporting period, the Company did not have preferred stockholders holding shares.

(3) The ownership and controlling relationship between the Company and its actual controller in form of diagram



4. Bonds

(1) Bond profile

Bond name	Abbreviation	Bond code	Date of issue	Maturity	Balance (RMB'0,000)	Coupon rate
Convertible Corporate Bonds of Harbin Boshi Automation Co., Ltd.	Boshi Convertible Bonds	127072	Sep. 22nd, 2022	Sep. 21st, 2028	44,989.57	1st year 0.30% 2nd year 0.50% 3rd year 1.00% 4th year 1.50% 5th year 1.80% 6th year 2.00%
Bond redemption and interest payment during the reporting period	① Interest of the first year has been paid at par on Sep. 22nd, 2023. The interest is RMB 3.00 (inclusive of tax) for every 10 "Boshi Convertible Bonds"（Face value of RMB 1,000）. ② Claims registration date: Sep. 21st, 2023 ③ Ex-dividend date: Sep. 22nd, 2023 ④ Interest payment date: Sep. 22nd, 2023					

(2) Top 10 convertible bond holders

NO.	Name	Nature	Number of convertible bonds held at the period-end	Amount of convertible bonds held at the period end (RMB)	As % of convertible bonds held at the period end
1	China Galaxy Securities Co., Ltd	Domestic state-owned corporate	423,145	42,314,500.00	9.41%
2	China CITIC Bank Co., LTd.-Sino Credit Bond Securities Investment Fund	Others	363,000	36,300,000.00	8.07%
3	China Merchants Securities Asset	Others	222,178	22,217,800.00	4.94%

	Management-Harmony Health Insurance Co., Ltd.-Universal products-China Merchants Asset Management Anwin 202203 Single Asset Management Plan				
4	Cai Zhihong	Domestic natural person	198,009	19,800,900.00	4.40%
5	China Construction Bank Co., Ltd.-Huaxia Convertible Bond Enhanced Bond Securities Investment Fund	Others	185,639	18,563,900.00	4.13%
6	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%
7	China Merchants Bank Co., Ltd.-Huabao Convertible Bond Bond Securities Investment Fund	Others	137,320	13,732,000.00	3.05%
8	Industrial and Commercial Bank of China -Ping An Select Value-added NO.1 Hybrid Pension Product	Others	124,160	12,416,000.00	2.76%
9	Taiping Pension Eifeng fixed income pension products - Industrial and Commercial Bank of China Limited	Others	101,641	10,164,100.00	2.26%
10	Yi’an (Shanghai) Investment Co., Ltd.-Aijian - Yi’an Convertible Bond No. 2 Private Equity Investment Fund	Others	89,730	8,973,000.00	1.99%

(3) Latest rating and rating change

On June 26th, 2023, China Lianhe Credit Rating Co., Ltd. issued *the 2023 Credit Rating Report of Harbin Boshi Automation Co., Ltd.’s Public Issuance of Convertible Corporate Bonds*. The long-term credit rating of the Company maintained “AA”, the credit rating of this convertible corporate bond was “AA”, and the bond rating outlook was “stable”. The result of this tracking rating did not changed from the previous rating. The credit rating report mentioned above is available at *cninfo.com.cn*.

(4) Selected financial information of the Company for the past two years

Unit: RMB’0,000

Item	2023	2022	Increase/Decrease over last year	Explanation
Liability /asset ratio	45.89%	46.20%	-0.31%	
Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company	48,572.68	41,414.58	17.28%	
EBITDA/liability ratio	149.15%	122.32%	26.83%	
Interest cover (times)	43.40	104.76	-58.57%	Mainly due to interest expenses caused by convertible corporate bonds increased year-on-year.

Ⅲ.Important Issues

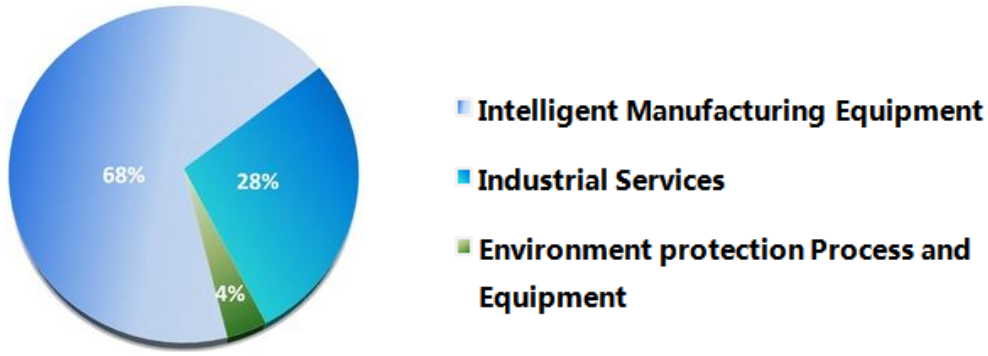
The Company held the sixth meeting of the fifth Board of Directors on November 1st, 2023, reviewed and passed *the Proposal on the Plan to Buyback Part of the Company's Shares*. As of December 31st, 2023, the Company has done 569,800 shares buy-back of the Company in total, accounting for 0.06% of the total Company's share capital, with the highest transaction price of RMB16.00 per share and the lowest price of RMB14.91 per share, with a total transaction amount of RMB 8,864,709.00 (excluding transaction fees). As of March 15th, 2024, the Company confirmed that this share buy-back plan has been completed, and the Company has done 7,203,019 shares buy-back of the Company in total, accounting for 0.70% of the total share capital, with the highest transaction price of RMB 17.88 per share and the lowest transaction price of RMB 10.58 per share. The total transaction amount is RMB 100,125,282.85 (excluding transaction fees).

IV. Management Discussion and Analysis

1. The Company's Industry Status during the Reporting Period

(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 96% 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." 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, Implementation Opinions on Promoting Innovative Development of Future Industries*, which established the high-end equipment manufacturing industry in the "14th Five-Year Plan" and 2035 long term goals, promoted the layout of future industrial innovation and development, provided clear guidelines and directions for accelerating the construction of a manufacturing power, a digital industry and a digital China and promoted the development of China's intelligent manufacturing and digital economy.

From the industry practice, large-scale Chinese manufacturing enterprises generally use automated product lines, however, a low percentage of them are digitized among them, not much data is shared among factories,

and fewer intelligent technologies are used. The overall level of intelligent manufacturing in China is still far away from the world's advanced level. It is foreseeable that 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 engaging in the field of intelligent equipment for a long time, with independent intellectual property rights of intelligent manufacturing equipment products, to help China's manufacturing promote quality and efficiency. Replacing imported equipment or industry-first applications to promote the technological progress of related industries with scientific and technological innovation. In recent years, the State actively advocates the implementation of industrial digitalization strategies. The Company has accelerated the accumulation application of digital and intelligent technologies mastered by the Company. Now it has the designing and implementation capability of digital workshops，intelligent factories and overall solutions in multiple product application fields.

The Company's intelligent manufacturing equipment are widely 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 promote the application and implementation of the overall smart factory solution. 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, 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 desirable 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, 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. In January 2023, the Company was selected into the "The Fourth Batch of Service-oriented Manufacturing Demonstration List" of the General Office of the Ministry of Industry and Information Technology. 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 actively develop the deep service needs of customers, after the Company undertakes and implements new production and operation industrial service projects, the service scale expansion is expected to accelerate.

During 2023, The Company's overall industrial services revenue exceeded RMB 700 million for the first time, reaching RMB 717 million, increase 12.21% year-on-year. The revenue of industrial services, an important source that constitutes the Company's revenue and profit, has grown year after year, this will enhance the whole Company's ability to resist risks. While serving its own product customers, the Company's industrial service network, service capabilities, with the ability to undertake industrial service market demand outside of the Boshi equipment, is expected to form a "industrial services plus" to empower the new direction of the industry of intelligent manufacturing equipment.

Environmental Protection Process and Equipment:

"The 14th Five-Year Plan" takes "achieving new progress in ecological civilization construction" as one of the main goals. The Company will continue to improve environmental quality and promote a comprehensive green transformation of economic and social development. 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, economic and environmental results. During this reporting period, the revenue of environmental protection process and equipment accounted for 4% 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, industry stabilized growth and other related industry planning and industry promotion policies to lead the development of the industry. The field of high-end intelligent manufacturing equipment is facing major development opportunities. At the same time, the technology accumulation and technological innovation of industry enterprises are constantly improved, with benefits from the promoting of national digital infrastructure construction, the project application and implementation ability is increasing. From the Company's long-term industrial practice in the field of intelligent manufacturing equipment industry, intelligent equipment, digitalization and intelligence are 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, jointly 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 August 2023, seven departments including the Ministry of Industry and Information Technology, jointly issued the *Petrochemical and Chemical Industry Growth Stabilization Work Program* pointed out that: the petrochemical and chemical industry is the national economy, basic, pillar-type industries, the total economic volume of the industry, the industry correlation is high, it is related to the stable growth of industry, the steady operation of the economy. The program to focus on promoting investment, expanding consumption, expanding foreign trade, stabilizing production, strong enterprises, excellent environment, to achieve effective improvement in quality and reasonable growth in quantity, to promote the petrochemical and chemical industry, stable operation, and consolidate the foundation of high-quality development of the industry as the guiding ideology; In order to expand effective investment, promote the development of high-end, green and intelligent development and other work initiatives, to promote the construction of major projects, and to increase the intensity of technological transformation. It will issue and implement guidelines for the construction of intelligent manufacturing standard systems in the petrochemical and chemical industries, formulate standards for the construction of intelligent factories, select typical application scenarios, construct intelligent manufacturing demonstration factories, cultivate characteristic industrial Internet platforms for key industries, and promote the intelligent upgrading of the industry.

In October 2023, the Ministry of Industry and Information Technology (MIIT) issued *the Guiding Opinions on the Innovative Development of Humanoid Robots*, pointed out that humanoid robots integrate artificial intelligence, high-end manufacturing, new materials and other advanced technologies, and are expected to become a disruptive product following computers, smart phones and new energy vehicles, which will profoundly change the way of production and life of human beings, and reshape the pattern of global industrial development. By 2025, a humanoid robot innovation system will be initially established, and breakthroughs will be made in a number of key technologies such as "brain, cerebellum and limb", ensuring the safe and effective supply of core components. The complete robot products will reach the international

advanced level and realize mass production, with demonstration applications in special, manufacturing and people's livelihood service scenarios, as well as exploring the formation of effective governance mechanisms and means. We will cultivate 2-3 ecological enterprises with global influence and a batch of specialized, special and new small and medium-sized enterprises, create 2-3 industrial development clusters, and cultivate and develop a batch of new businesses, modes and modes of operation. By 2027, the technological innovation capability of humanoid robots will be significantly improved, a safe and reliable industrial chain supply chain system will be formed, an industrial ecosystem with international competitiveness will be built, and the comprehensive strength will reach the world advanced level. The industry will accelerate the realization of large-scale development, the application scenarios will become richer, and the related products will be deeply integrated into the real economy, becoming an important new engine of economic growth.

In January 2024, seven departments including the Ministry of Industry and Information Technology jointly issued *the Implementation Opinions on Promoting Future Industrial Innovation and Development*. Opinions pointed out that: future industries are driven by cutting-edge technologies, currently in the incubation and development stage or the early stage of industrialization, and are forward-looking emerging industries with significant strategic, leading, disruptive and uncertainty. Vigorously developing future industries is a strategic choice to lead scientific and technological progress, drive industrial upgrading and cultivate new productivity. Opinions are clear: by 2025, future industry technology innovation, industry cultivation, security governance and other comprehensive development, some areas to reach the international advanced level, the scale of the industry steadily increased. We will build a number of future industry incubators and pilot zones, break through one hundred cutting-edge key core technologies, form one hundred iconic products, build one hundred leading enterprises, develop one hundred typical application scenarios, formulate one hundred key standards, cultivate one hundred professional service organizations, and initially form a future industry development model in line with China's actual situation. By 2027, the comprehensive strength of future industries will be significantly improved, and global leadership will be realized in some fields. Key core technologies have made major breakthroughs, a number of new technologies, new products, new business forms, new models have been generally applied, key industries to achieve large-scale development, to cultivate a number of ecologically dominant leading enterprises, to build a synergistic linkage between future industries and advantaged industries, emerging industries, traditional industries, the development pattern, the formation of a long-term mechanism for sustainable development, and to become the world's important source of the future of the industry. Opinions pointed out to grasp the global scientific and technological innovation and industrial development trends, focusing on promoting the future of manufacturing, the future of information, the future of materials, the future of energy, the future of space and the future of the health of the six major directions of industrial development.

In January 2024, nine departments including the Ministry of Industry and Information Technology jointly issued *the Work Plan for the Digital Transformation of the Raw Material Industry (2024-2026)* and *the Implementation Guide for the Digital Transformation of the Petrochemical and Chemical Industry*. It clearly interprets that petrochemical and chemical industry is an important pillar industry of the national economy and is a typical process manufacturing, with a wide variety of products, long process flow, mixed materials and physical properties, harsh working conditions, and mostly involves key supervision of dangerous chemical processes, key supervision of dangerous chemicals and major hazard sources, accelerating the penetration of new technologies such as artificial intelligence, big data, and mobile Internet. Under the new situation of increasing resource and environmental constraints and more urgent green and safe development tasks, digital transformation is an important means to build a solid green safety bottom line, and it is also an

inevitable choice to improve total factor productivity and create new competitive advantages. By 2026, the level of digital networking in the petrochemical and chemical industry will be significantly improved, the integration of data and reality will continue to deepen, and the intelligent manufacturing capability of enterprises will be significantly enhanced, with more than 20 new benchmark factories for digital transformation, about 10 benchmark 5G factories, more than 70 excellent scenarios for intelligent manufacturing, and 50 smart chemical parks. The solution supply capacity has reached a new level, and 3 to 5 comprehensive solution providers for digital transformation for the petrochemical and chemical industry have been cultivated.

In February 2024, the fourth meeting of the Financial and Economic Commission of the CPC Central Committee proposed that accelerating product replacement is an important measure to promote high-quality development, and it is necessary to encourage and guide a new round of large-scale equipment renewal and consumer goods for new. On March 7th, 2024, The State Council issued *the Action Plan for Promoting Large-scale Equipment Renewal and Replacing Old Consumer Goods with New Ones*, which pointed out that promoting large-scale equipment renewal and replacing old consumer goods with new ones is an important measure to accelerate the construction of a new development pattern and promote high-quality development, which will effectively promote investment and consumption, and benefit both the current and long-term. The plan proposes to accelerate the elimination of backward products and equipment, improve the level of safety and reliability, and promote the high-end, intelligent and green development of the industry, as well as upgrade and upgrade equipment in key industries. To promote a new type of industrialization, with energy conservation, carbon reduction, ultra-low emissions, safe production, digital transformation, and intelligent upgrading as important aspects, we will focus on key industries such as steel, nonferrous metals, petrochemicals, chemicals, building materials, electric power, machinery, aviation, shipping, textile, and electronics, and vigorously promote the upgrading and technological upgrading of production equipment, energy-using equipment, and transmission, transmission and distribution equipment.

The above national industry and industrial support policies, as well as stabilizing growth, boosting demand, and promoting investment and consumption policies and measures, combined with the national *"14th Five-Year Plan"* for the development of the digital economy, "14th Five-Year Plan" *for the development of intelligent manufacturing*, "14th Five-Year Plan" for the development of the robot industry, "14th Five-Year Plan" for the development of a deeper fusion of informationization and industrialization, etc., which clearly defines the direction of development, and boosts demand, will be conducive to promoting and facilitating the Company to achieve sustained, better, and faster development in the mid- and long-terms.

2. Company Main Businesses during the Reporting Period

(1) Main products, services application level and business model of the Company

Overall Solution for Intelligent Manufacturing Equipment and Intelligent Factory

Post-processing Intelligent Manufacturing Equipment for Solid Material	Post-processing Intelligent Manufacturing Equipment for Rubber
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 and transportation 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.	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.)
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.	Complete product line, covering natural rubber and synthetic rubber; It is the only supplier which can provide complete large-scale systems worldwide.
Robot Plus	**Intelligent Logistics, Warehousing Systems**
(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 operation robots and complete system solutions which can replace high-risk, harsh working conditions, and heavy manual labor.	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., which widely used in many industries of national economy, to help customers to build smart factory overall solutions.
(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.	Fully automatic loading machine has formed the first mover advantage of the scale of application, the market responded positively, the future demand in many fields and industries has great potential

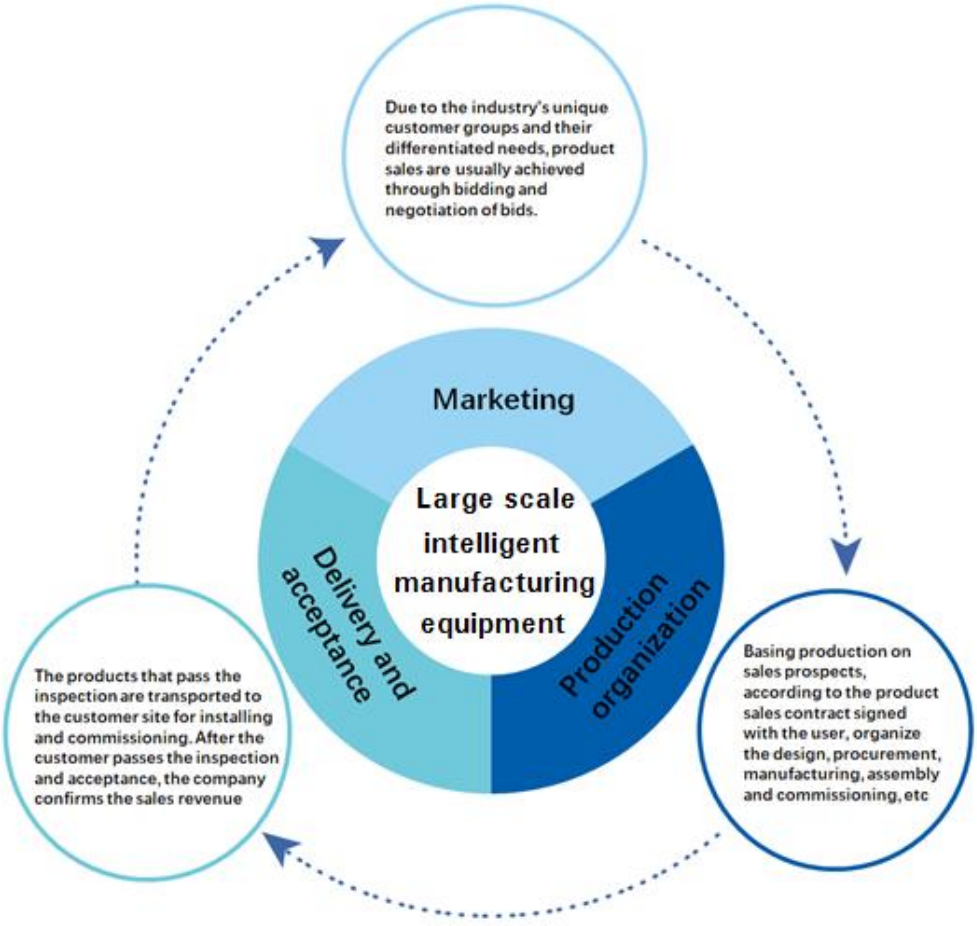
Industrial Services

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.

Adhering to the Company's technological leadership in the field of intelligent equipment, leading service capabilities and scale in the field

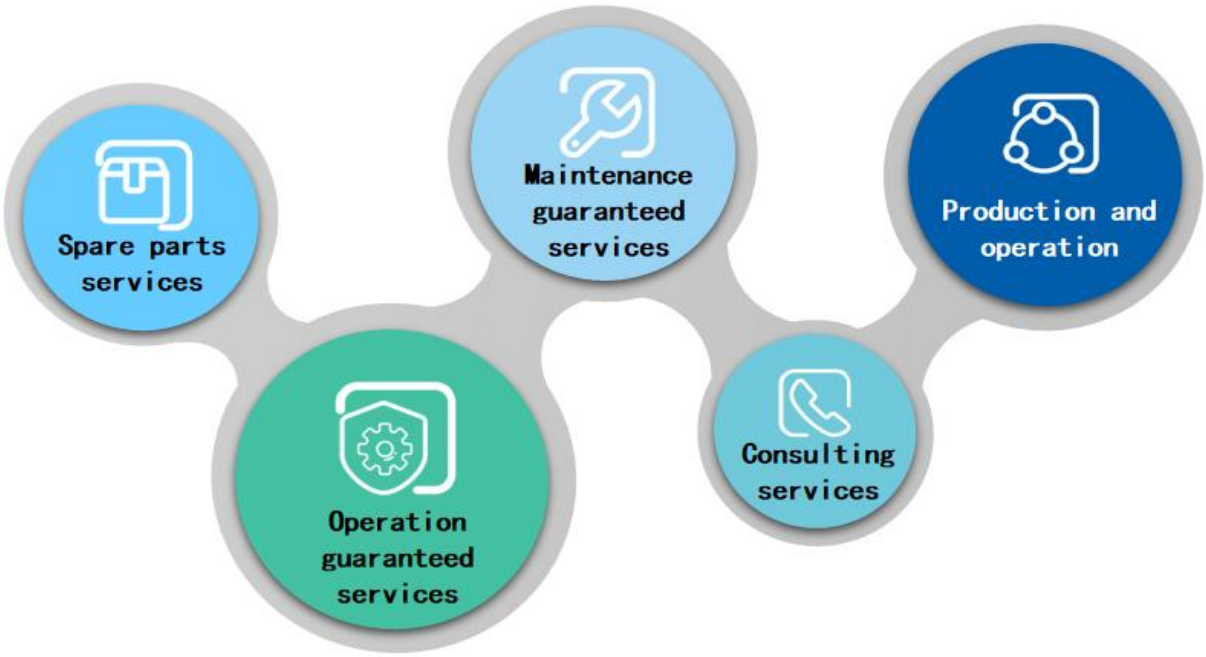
(2) Business mode

The business model of large-scale intelligent manufacturing equipment is summarized from sales, production organization, product delivery and acceptance, revenue recognition and other links, as shown in the following figure:



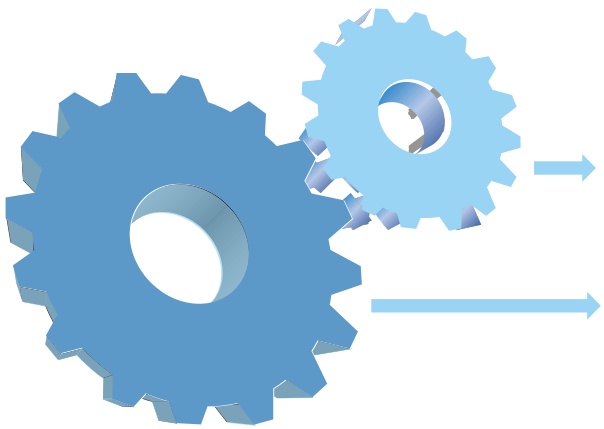
The content characteristics of the operation and maintenance aftermarket and complementary industrial services business models are summarized in the figure below:

Industrial Services——Operation 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.

The following environmental protection process equipment business is a useful complement to the Company's intelligent manufacturing equipment and industrial services, two of the Company's core growth businesses.

Energy saving, emission reduction and environmental protection process equipment field

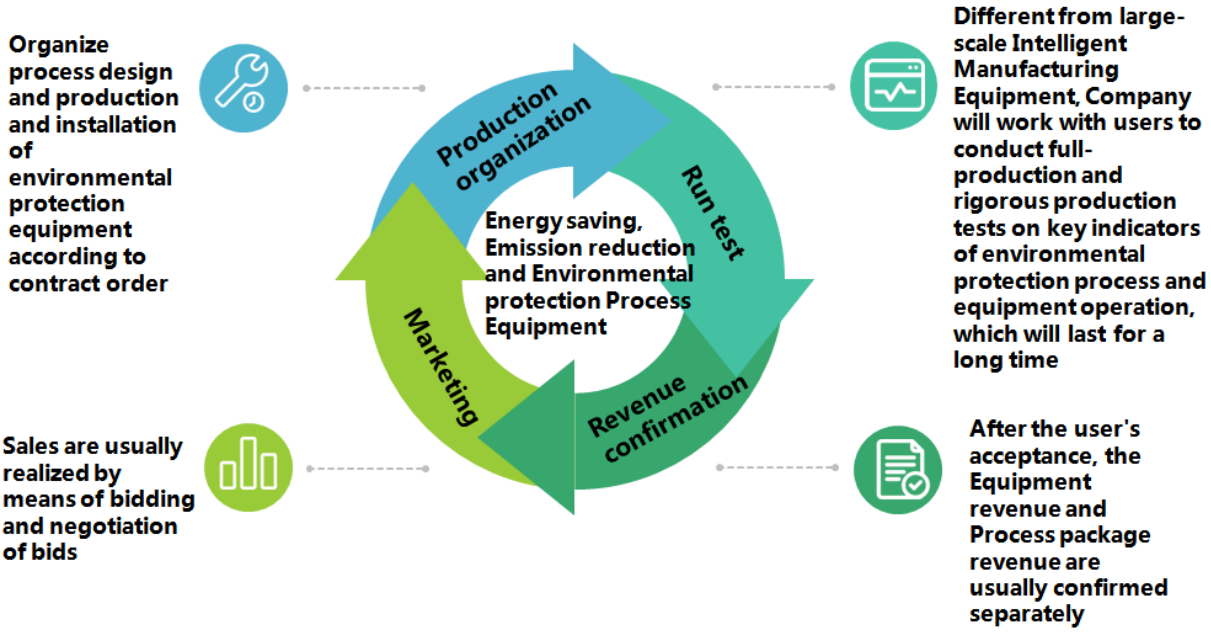
Industrial waste sulfuric acid, sulfur-containing acid gas

Collection → Catalysis → Heat exchange → Purification

High-purity sulfuric acid used for recycling production

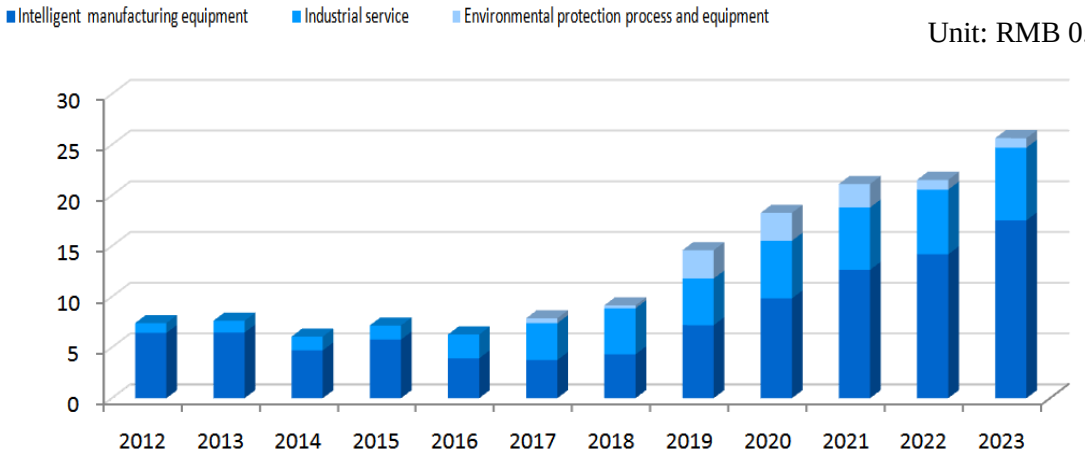
Harbin Boao Environmental Technology Co., Ltd is currently mainly engaged in the design, production, and sales of energy-saving, emission-reduction and environmental protection process equipment which is represented by industrial waste acid regeneration process and equipment. Industrial waste acid regeneration 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.

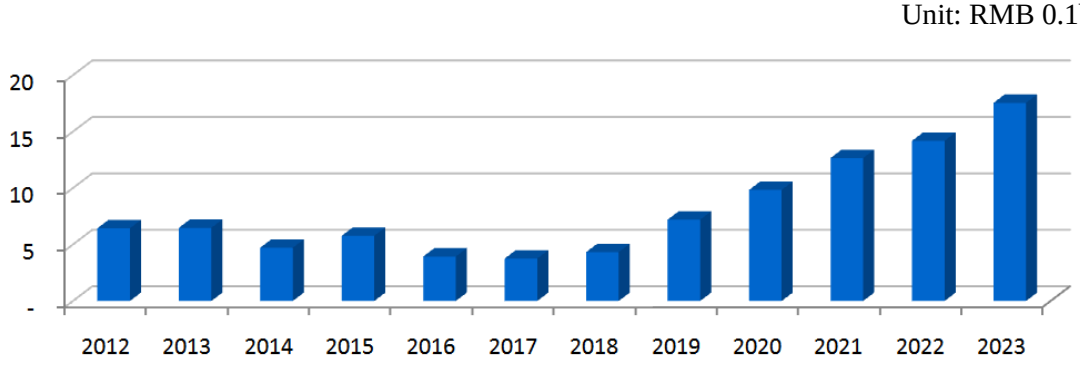


(3) Performance, returns and key performance driving factors

The following charts set out the trends in the operating results of the Company's major businesses since its IPO in 2012.

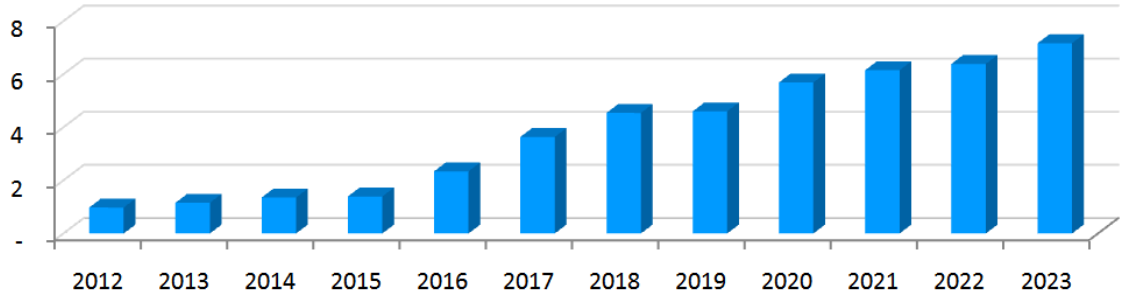


Legend：Schematic diagram of the Company's revenue and composition trends



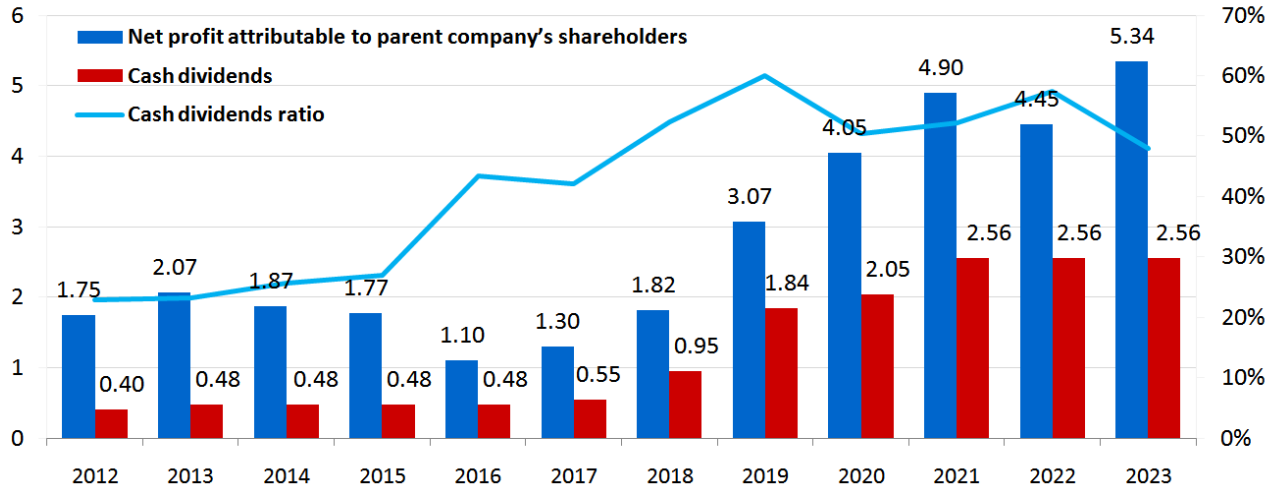
Legend：Schematic diagram of the Company's intelligent manufacturing equipment revenue trend

Unit: RMB 0.1billion



Legend：Schematic of the Company's industrial services revenue trend

Unit: RMB 0.1billion



Legend：Trends in the Company's net profit attributable to shareholders of the parent company, cash dividends and cash dividend ratio

(Note: Cash dividend ratio= cash dividends for the period/ net profit attributable to shareholders of the parent company for the period. Cumulative dividends from 2012 to 2023 amounted to RMB 1,537 million in 2023, the profit distribution plan adopted by the board of Directors has not yet been implemented; The estimated data for 2023 do not take the impact of corporate share buybacks into account)

Since 2017, the Company performance has grown well and rapidly, and in 2023, the Company's revenue exceeded RMB 2.5 billion for the first time, with net profit attributable to shareholders of the parent company of RMB 534 million, both of which hit the best level in history. The operating revenue of intelligent manufacturing equipment business realized a faster growth of 23.68%, and the operating revenue of industrial services continued to grow steadily, with the revenue scale exceeding RMB 700 million for the first time. The performance growth is mainly due 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 Company's technological innovation and the continuous R&D, application and promotion of new products have achieved the second curve to promote the Company

to continue its growth period. The Company's intelligent manufacturing equipment has experienced continuous technological innovation and the expansion process of continuous application of new technology and new products, which has brought the company strong growth in sales of post-processing intelligent manufacturing equipment for solid material. 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 including calcium carbide, ferrosilicon, silicon slugs, industrial silicon, etc. Contracts from "robots plus" quickly occupy an important marketing share, which strongly promote the rapid growth of the Company's overall performance; The industry first application of post-processing intelligent equipment for solid material in the field of new energy polysilicon raw materials expended the application of Company product in the field of post process intelligent manufacturing equipment for irregular solid material, 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 ornaments the Company's overall revenue.

(4)Developing new quality productivity and actively laying out future industries

In January 2024, seven departments including the Ministry of Industry and Information Technology jointly issued *the Implementation Opinions on Promoting Future Industrial Innovation and Development*. At present, a new round of scientific and technological revolution and industrial transformation is accelerating, major cutting-edge technologies and disruptive technologies continue to emerge, and the integration of scientific and technological innovation and industrial development is deepening, and vigorously cultivating future industries has become a strategic choice to lead scientific and technological progress, drive industrial upgrading, open up new tracks, and shape new quality productivity. China has a complete industrial system, a large industrial scale, rich application scenarios and other comprehensive advantages, providing a rich soil for the development of future industries. The Company will focus on the development of future manufacturing, realize intelligent manufacturing, break through key core technologies such as humanoid robots, meet the major strategic needs of the country and the needs of the people's better life, and strengthen future high-end equipment.

The future industry is driven by cutting-edge technologies. In recent years, with the rapid development, progress and iteration of 3D machine vision, force sensing and haptics, perception, human-machine interaction technology, composite materials, AI decision-making and other intelligent technologies as well as the industrial base industry chain of humanoid robot parts and key components, the development of humanoid robots has entered into the fast lane, also has attracted extensive attention from domestic and foreign academics and enterprises, and has begun the commercialization process. It is foreseeable that humanoid robots will play an increasingly important role in future production, service, medical care, education and other fields. As a leading enterprise in the field of intelligent manufacturing equipment and high-temperature special operation robots in the application of products, the Company is optimistic about this strategic development opportunity, and takes humanoid robots as one of the important strategic R&D directions of the Company. August 18th 2023, the Company and Harbin Institute of Technology (HIT) signed a *Strategic Cooperation Framework Agreement* to jointly set up a R&D project on the industrialization of key humanoid robots and principle prototypes, and jointly promote the industrialization of related technological achievements and products (Please refer to the Company's announcement No. 2023-042, published on August 19th, 2023 for details). At present, the Company is equipped with project team members

and HIT project team members to form a project team, closely cooperate with each other and work efficiently, the R&D projects are under intense and orderly development and testing. The project has built advantages in robot arm and smart hand, high energy density battery, high power density motor servo driver, whole body dynamic control algorithm, humanoid robot brain intelligent control technology and so on. The project team will release the technical achievements according to the development progress, and the Company will disclose the major progress in the subsequent announcement or regular report.

In the application field of the Company's intelligent manufacturing equipment products, it has realized the stage and capability of spanning from single machine and automated production line to digital factory, intelligent factory and overall solutions. Facing the national digitalization strategy and future industrial demand, the Company has invested heavily in the direction of intelligent factory. During the reporting period, the two calcium carbide intelligent factories (workshops) of Inner Mongolia Junzheng Chemical Co., Ltd. and Ningxia Yinglit Chemical Co., Ltd. implemented by the Company with a total amount about RMB360 million progressed as planned, and are expected to accept and revenue will be recognized in 2024. The Company will combine machine vision recognition, deep learning, robot control algorithms, expert control strategies and other cutting-edge technologies, with industrial Internet communication technology applied to the intelligent workshop, intelligent factory overall solutions, in order to maximize the possibility of realizing few people, unmanned workshop, which relying on intelligent production decision-making and management, as well as to help customers to produce safely and efficient, the development of the future of manufacturing, subversive changes in the calcium carbide sub-merged arc furnace of the traditional production process, to realize the industrial upgrading of intelligent manufacturing.

3. Core Competitiveness Analysis

As a technology innovation 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 competitive position in the field in which it is engaged over time. 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 has been greatly improved, and comprehensive competitiveness has been steadily enhanced.

(1) Industry status

The Company has a solid competitive advantage in the core growth business areas of intelligent manufacturing equipment and industrial services, and its main product, technology and application scale have 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

Technological innovation is the first driving force to lead the development of technology 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.

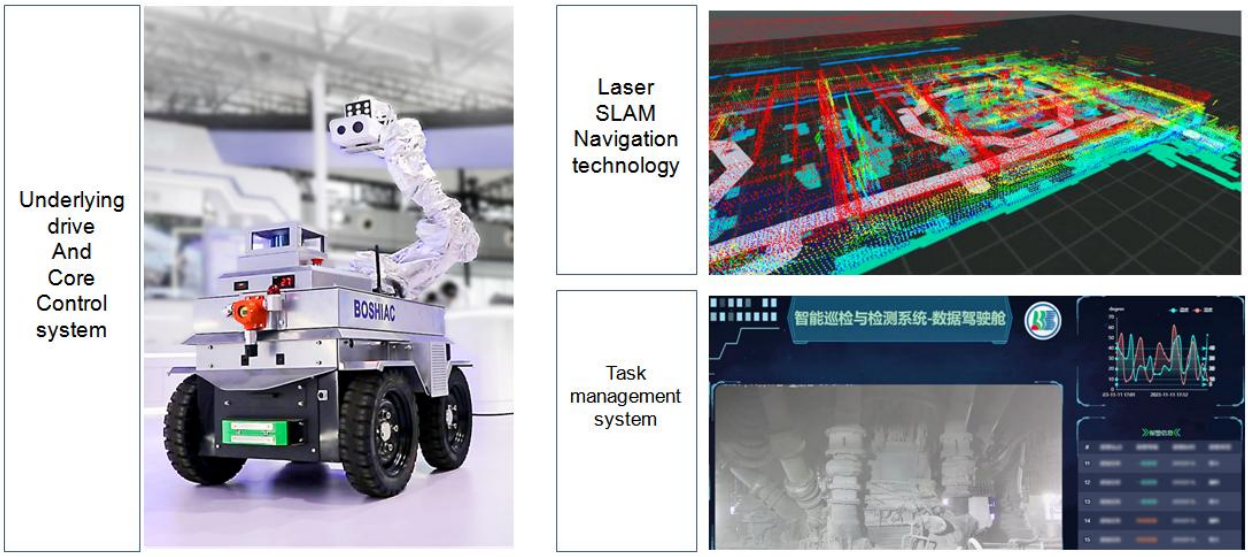
From the perspective of intelligent manufacturing equipment product line, the Company's intelligent equipment has advantageous technical features of accuracy and high operational reliability. It is a replacement of imported high-end equipment, suitable for the customer production environment with high efficiency and safety production requirements. In the domestic product application field, products and technology are at domestic leading level and international advanced 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 applies cutting-edge technologies such as machine vision recognition, deep learning, and robot control algorithms to innovative products in multiple categories, 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 workshop etc., help customers realize the digital and intelligent transformation and realize intelligent manufacturing.

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

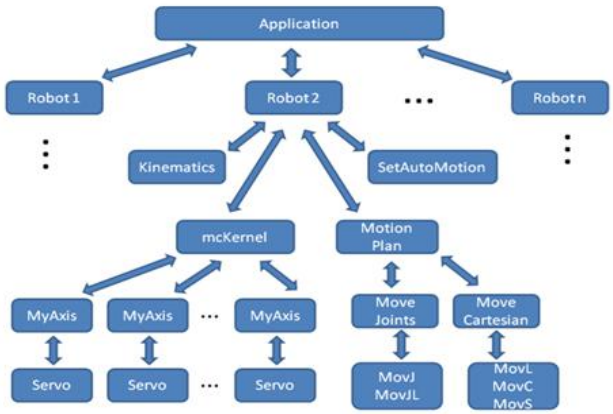
Mastering the underlying technology, algorithm and application platform technology can truly realize the independence and controllability of core technology, continuously promote the implementation of the

Company’s technology leading and differentiation strategy, and enhance the Company’s core competitiveness. Taking the accumulation and development and application of the Company’s technology in the field of robot plus as an example, mastering these capabilities can rapidly develop robot products of different models and different functions according to the needs of the industry. It will also provide strong support and guarantee for the R&D of humanoid robots in cooperation with HIT and the application of specific scenarios in the future. The core technology must be mastered to realize industrial digitalization.



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.

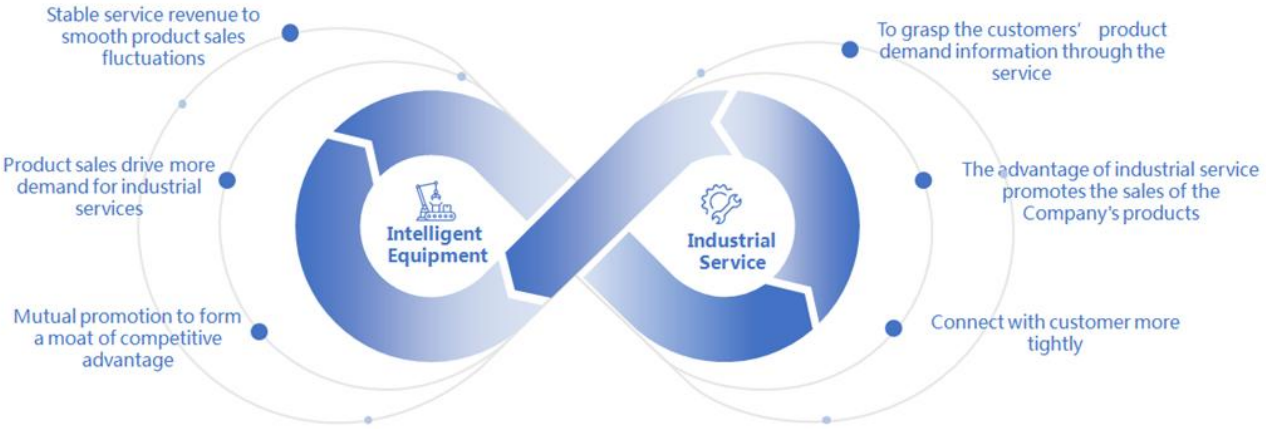
Legend：Motion control system

Legend：R&D platform of AI system based on artificial intelligence

Legend：Intelligent inspection and digital vision technology

(4) Performance-driven dual engines of two core growth businesses, “intelligent equipment” + “industrial service”.

The Company integrates technology leadership in intelligent equipment and advantages of scale in product applications with industrial service closely, 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. Intelligent equipment and industrial services promote each other, interact positively and develop together. During the reporting period, the Company’s industrial services revenue exceeded RMB 700 million for the first time, reaching RMB 717 million, and continued to maintain steady growth; “intelligent equipment” plus “industrial services” revenue accounted for 96% of the Company’s overall revenue, is the Company’s two core growth business, constituting the double engine driving the Company’s performance.



Legend: The positive interaction between intelligent equipment and industrial service

(5) "Point → Line → Whole", the efficient R&D pathway.

Throughout the Company's technology, product development and industrialization process, the Company enters new industries and new fields usually with key single unit equipment ("points"); 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 Company forms the ability to develop a total solution ("whole") for intelligent manufacturing in turn. This process of technological progress from "point → line → whole" helps the Company to concentrate resources, reduce technology development risks, improve the efficiency of R&D investment outputs, open the ceiling of growth with new products, new fields, new applications, new markets, 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 ("whole"), 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 subverts the traditional production operations of the industry ("whole"), realizing few men, unmanned factories and intelligent manufacturing.

(6) Based on the technological breakthroughs and accumulation of technology in a certain field, cross-industry "re-development" and "re-application" accelerate the Company's core competitiveness.

Based on the technological breakthrough and technology accumulation in the direction of special operation robots in calcium carbide high-temperature operation environment, the Company has carried out horizontal redevelopment for high temperature furnace operation environments of multiple submerged arc furnace, such as ferrosilicon, silicon manganese, industrial silicon, etc., also has achieved stage-by-stage application results and has signed orders for the products one after another. In the future, the Company can redevelop and reapply the technology formed in the overall solution of the intelligent factory of calcium carbide submerged arc furnace to the field of submerged arc furnace mentioned above, accelerate the enhancement of the Company's core competitiveness.

Legend：The product atlas of special operation robot in high temperature environment

(7) Smart workshops, smart factories, and overall solutions further enhance the Company's competitive advantages.

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 carbide finished product post-processing 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 the projects are successfully accepted and delivered in 2024, this typical application of this new type of productivity, firstly, 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, it is an innovative application that overturns the traditional way of craftsmanship; Secondly, the overall market space of the smart factory theoretically expected to form several times, ten times the potential market demand of the original high-temperature furnace operation robot. “whole” which is the ability of the overall smart factory solution, determines whether the Company can gain a greater competitive advantage in the future market competition.

Legend：Calcium carbide production intelligent workshop to achieve few people, unmanned production operations

(8) 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. 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 manufacturing equipment in the application industry and builds up a stable, cooperative and win-win customer base for a long time. High-quality customer resources and huge potential demand for intelligent manufacturing equipment is the source of the Company’s sustainable and rapid development.

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

During the reporting period, the Company obtained 50 patents approved by the State Intellectual Property Office, including 8 invention patents and 42 utility model patents; 15 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.)

(10) 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 can be widely used in intelligent manufacturing equipment such as automatic loading logistics system in many industries, 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 actively develops new quality productivity, the ability of 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.

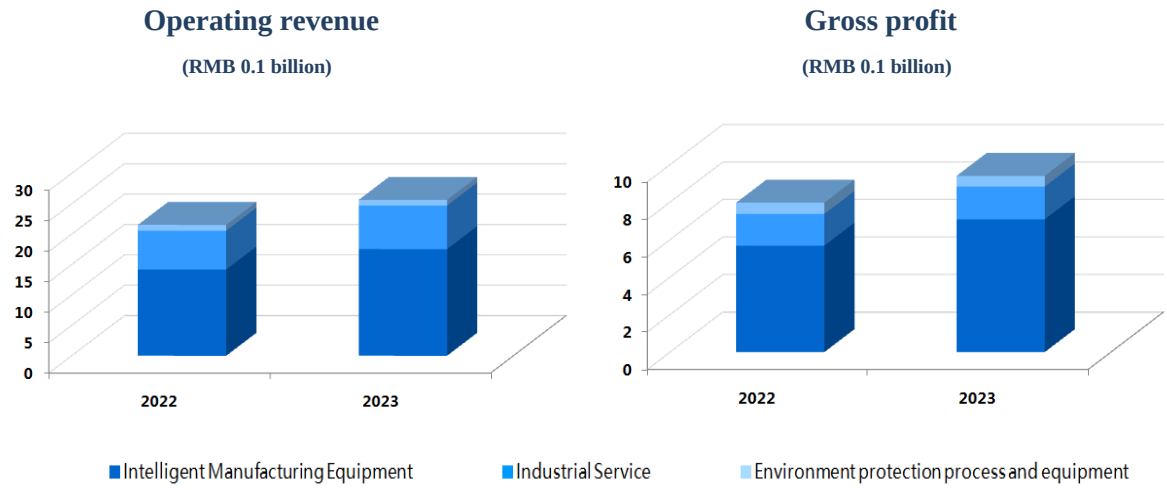
4. Main Businesses Analysis

(1) Overview

In 2023, facing the insufficient growth momentum external environment and unfavorable demand in the world economy, China actively responded to the complex and volatile international political and economic situation, gave full play to its own advantages, and the economy continued to rebound steadily. The state vigorously advocates the development of new quality productivity, promote the construction of modernized industrial system, accelerate the cultivation and growth of strategic emerging industries, and promote the development of the digital economy and the advanced manufacturing industry, the deep integration of modern service industry. The Company's intelligent manufacturing equipment products are widely used in many head customers of petrochemical and chemical industry, sub-merged arc furnace, new energy, food, animal feeds, building materials, medicine, food, port and other pillar industries of the national economy. In the future, the demand for industrial digitalization, intelligence, and equipment renewal in these fields is optimistic for a long time, providing the company with a stage for sustained and rapid development.

During the reporting period, driven by the two core growth businesses of intelligent manufacturing equipment and industrial services, the Company's revenue and profit hit a new high. In 2023, the Company realized operating revenue of RMB 2.565 billion, with a year-on-year growth of 19.11%; Net profit attributable to the parent company amounted to RMB 534 million, with a year-on-year growth of 19.90%; The Company's weighted average return on equity (ROE) was 16.22%. The Company faces the future needs of the industry, increases R&D inputs, enhance competitiveness, R&D investment of RMB146 million in the reporting period, an increase of 22.91% year-on-year, R&D expenses accounted for 5.69% of operating revenue. From the composition of operating revenue, the operating revenue of intelligent manufacturing equipment and industrial services occupy 68.40% and 27.95% of total revenue, 75.37% and 18.56% of overall gross profit respectively. Thanks to R&D path of "point → line → whole" in recent years, the

Company achieved good performance in the reporting period, realized multi-category expansion in products, continuous expansion in the application market, substantial increase in demand of intelligent manufacturing equipment, continuous improvements of industrial service.



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 main operating data and main financial indicators realized by the Company are listed as follows

Unit：RMB

Item	2023	2022	Year-on-year growth
Operating revenue	2,565,408,783.42	2,153,746,152.69	19.11%
Operating profit	633,603,259.16	514,097,879.71	23.25%
Total profit	638,059,931.66	512,038,672.63	24.61%
Net profit	552,949,392.85	447,751,710.09	23.49%
There of: Attributable to shareholders of the parent company	533,591,213.86	445,041,007.98	19.90%

(2) Operating revenue and cost of sales

① Breakdown of operating revenue

Unit：RMB

	2023		2022		Increase/Decrease over the same period of previous year
	Amount	Proportion of revenue	Amount	Proportion of revenue	
Total	2,565,408,783.42	100%	2,153,746,152.69	100%	19.11%
Categorized by industry					
Intelligent manufacturing equipment	1,754,845,282.12	68.40%	1,418,872,768.27	65.88%	23.68%
Industrial service	717,017,884.35	27.95%	639,013,258.02	29.67%	12.21%
Environmental protection process and equipment	93,545,616.95	3.65%	95,860,126.40	4.45%	-2.41%
Categorized by product					
Post-processing intelligent manufacturing equipment for solid material	1,372,204,429.15	53.49%	944,248,796.84	43.84%	45.32%
Intelligent logistics, warehousing systems	175,413,133.94	6.84%	57,275,871.17	2.66%	206.26%
Robots plus	134,576,925.32	5.25%	195,549,679.66	9.08%	-31.18%
Post-processing intelligent manufacturing equipment for rubber	72,650,793.71	2.83%	221,798,420.60	10.30%	-67.24%
Operation, maintenance and after-sales type industrial services	606,991,420.18	23.66%	530,485,359.25	24.63%	14.42%
Supplementary industrial services and others	110,026,464.17	4.29%	108,527,898.77	5.04%	1.38%
Environmental process and complete equipment	93,545,616.95	3.64%	95,860,126.40	4.45%	-2.41%
Categorized by region					
Region of east China	896,345,862.84	34.94%	880,640,289.07	40.89%	1.78%
Region of south China	300,459,581.67	11.71%	116,994,995.52	5.43%	156.81%
Region of central China	68,220,171.50	2.66%	50,027,352.95	2.32%	36.37%
Region of north China	400,478,345.88	15.61%	337,846,315.45	15.69%	18.54%
Region of northwest China	530,568,521.70	20.68%	505,048,427.65	23.45%	5.05%
Region of southwest China	130,943,956.98	5.10%	94,240,219.62	4.38%	38.95%
Region of northeast China	226,113,529.63	8.81%	155,254,832.09	7.21%	45.64%

Overseas	12,278,813.22	0.49%	13,693,720.34	0.63%	-10.33%
Categorized by sales model					
Direct sales	2,565,408,783.42	100.00%	2,153,746,152.69	100.00%	19.11%

②Industries, products, regions or distribution model 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	1,754,845,282.12	1,046,300,125.32	40.38%	23.68%	22.96%	0.35%
Industrial service	717,017,884.35	542,516,401.53	24.34%	12.21%	15.36%	-2.06%
Environmental protection process and equipment	93,545,616.95	36,498,530.27	60.98%	-2.41%	2.90%	-2.02%
Categorized by product						
Post-processing intelligent manufacturing equipment for solid material	1,372,204,429.15	775,899,381.34	43.46%	45.32%	30.83%	6.27%
Intelligent logistics, warehousing systems	175,413,133.94	144,686,023.91	17.52%	206.26%	235.45%	-7.17%
Robots plus	134,576,925.32	79,797,554.14	40.70%	-31.18%	-24.92%	-4.95%
Post-processing intelligent manufacturing equipment for rubber	72,650,793.71	45,917,165.93	36.80%	-67.24%	-57.68%	-14.28%
Operation, maintenance and after-sales type industrial services	606,991,420.18	443,169,450.42	26.99%	14.42%	18.22%	-2.35%
Supplementary industrial services and others	110,026,464.17	99,346,951.11	9.71%	1.38%	4.12%	-2.37%
Environmental process and complete equipment	93,545,616.95	36,498,530.27	60.98%	-2.41%	2.90%	-2.02%
Categorized by region						
Region of east China	896,345,862.84	580,630,231.88	35.22%	1.78%	10.79%	-5.27%

Region of south China	300,459,581.67	173,522,594.83	42.25%	156.81%	132.52%	6.04%
Region of central China	68,220,171.50	51,977,927.58	23.81%	36.37%	82.15%	-19.15%
Region of north China	400,478,345.88	251,268,258.81	37.26%	18.54%	17.26%	0.68%
Region of northwest China	530,568,521.70	345,045,172.71	34.97%	5.05%	-1.86%	4.58%
Region of southwest China	130,943,956.98	76,349,052.27	41.69%	38.95%	22.36%	7.90%
Region of northeast China	226,113,529.63	139,553,180.12	38.28%	45.64%	51.41%	-2.35%
Overseas	12,278,813.22	6,968,638.93	43.25%	-10.33%	-23.19%	9.50%
Categorized by sales model						
Direct sales	2,565,408,783.42	1,625,315,057.12	36.64%	19.11%	19.80%	-0.37%

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:

During the reporting period, the Company's two core growth business, intelligent manufacturing equipment and industrial services, whose revenue realized a year-on-year growth of 23.68% and 12.21% respectively, operating revenue of RMB 1.755 billion and RMB 717 million respectively, both hit the best level in history. The revenue of environmental process and complete equipment was close to the previous year, occupied 3.65% of overall revenue, the gross profit rate continued to maintain a high level of 60.98%, which ornamented the overall performance.

Intelligent manufacturing equipment:

Post-processing intelligent manufacturing equipment for solid material: Due to the centralized delivery and revenue recognition of the post-processing intelligent manufacturing equipment for powder and granule represented by FFS (form-fill-seal full-automatic packaging equipment) and post-processing intelligent equipment for polysilicon. The operating revenue of post-processing intelligent manufacturing equipment for solid material increased significantly by 45.32% year-on-year, reached RMB 1.372 billion. This operating revenue level is close to the overall revenue scale of intelligent manufacturing equipment in 2022;

Benefited from the year-on-year improvement of the profit level of post-processing intelligent manufacturing equipment for powder and granule and post-processing intelligent equipment for polysilicon, as well as the performance and delivery and revenue recognition of high gross profit rate contract orders, the gross profit of post-processing intelligent manufacturing equipment for solid material was 43.46%, an increase of 6.27% year-on-year, which was a new high in recent years and reflected the core competitiveness of the Company's products.

Intelligent logistics, warehousing systems: Due to the centralized delivery and revenue recognition, during the reporting period, the operating revenue increased sharply by 206.26% year-on-year, realized operating revenue of RMB175 million, exceeded RMB 100 million for the first time. Due to some of projects revenue confirmed in the current period executed longer and expenditures increased due to improvement, the direct cost of the project was higher, and the gross profit rate was only 17.52%. From the perspective of the market competition pattern, the gross profit rate of the intelligent logistics and warehousing system in the next two years is expected about 20-30%.

Robots plus: Affected by the reduction of installation of (High temperature) operation robot for submerged arc furnace and two projects of calcium carbide smart factory has not confirmed, the operating revenue was RMB 135 million, decreased 31.18% year-on-year; The gross profit rate also declined, but the overall level remained at a good level of 40.70%.

Post-processing intelligent manufacturing equipment for rubber: The delivery and acceptance decreased during the reporting period, and the operating revenue was RMB 73 million, decreased 67.24% year-on-year; The gross profit rate of projects confirmed was lower in the current period, with an average of 36.80%;

In summary, during the reporting period, the overall performance of the Company’s intelligent manufacturing equipment was outstanding, the Company achieved revenue of RMB 1.755 billion, and the gross profit rate increased to 40.38%, in 2024, there is still room for better performance.

Industrial services: Industrial services continued growing this period, the operating revenue of this kind was RMB 717 million, an increase of 12.21% year-on-year, and closed to the Company’s overall revenue level in 2017. Affected by the centralized maintenance of some production operation and maintenance integration projects and the negative factors of service performance cost fluctuations, the gross profit rate of industrial services was under pressure to 24.34%, which was higher than that of medium-term. Compared with China’s huge capacity scale, production operation and maintenance integration potential market, the Company’s industrial service business has a long-term development space in the direction of the integration of modern service industry and advanced manufacturing industry, which is actively advocated by the state.

Environmental process and complete equipment: During the reporting period, the revenue of this kind was RMB 94 million, and the gross profit rate was maintained at an excellent level of 60.98%, contributing nearly RMB 20 million to the net profit attributable to parent company’s shareholders, which constituted a beneficial supplement to the Company’s overall performance.

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.

(3) Cash Flows

Unit: RMB

Item	2023	2022	Change (%)
Sub-total of cash inflows from operating activities	2,417,361,797.41	2,519,478,243.51	-4.05%
Sub-total of cash outflows from operating activities	2,278,419,139.40	2,067,946,277.31	10.18%
Net cash flows from operating activities	138,942,658.01	451,531,966.20	-69.23%
Sub-total of cash inflows from investing activities	5,636,466,482.27	2,476,439,835.45	127.60%
Sub-total of cash outflows from investing activities	5,808,835,108.54	2,751,087,752.50	111.15%
Net cash flows from investing activities	-172,368,626.27	-274,647,917.05	37.24%
Sub-total of cash inflows from financing activities	33,120,286.94	493,090,000.00	-93.28%
Sub-total of cash outflows from financing activities	327,086,068.16	309,612,826.81	5.64%
Net cash flows from financing activities	-293,965,781.22	183,477,173.19	-260.22%
Net increase in cash and cash equivalents	-326,267,521.07	366,262,667.59	-189.08%

Explanation of why any of the data above varies significantly:

√Applicable □Not applicable

①Net cash flows from operating activities during the current period decreased by 69.23% compared with the same period of last year, mainly due to the performance of contracts and the increase of operating cash outflow from production inputs and procurement during the reporting period, at the same time, contract payments received from customers decreased year-on-year.

②Net cash flows from investing activities for the current period increased by 37.24% compared to the same period last year, mainly due to the impact of cash management activities;

③Net cash flows from financing activities in the current period decreased by 260.22% compared with the same period last year, mainly due to the arrival of funds raised by the Company’s issuance of convertible corporate bonds in the previous period;

④The net increase in cash and cash equivalents for the current period was -326.2675 million, a decrease of 189.08% year-on-year, which was jointly affected by the net cash flow from operating activities, investment activities and financing activities.

Explanation of why net cash flows from operating activities vary significantly from net profit for the reporting period:

√Applicable □Not applicable

The difference between the net cash flows from operating activities during the reporting period and the net profit in the current year was RMB 414 million, mainly due to the following reasons: The impact of contract performance, the Company prepared for production, production input, procurement and other operating cash outflows increased, while the contract money received from the customers decreased year-on-year.

5. Analysis of Assets and Liabilities

(1)Significant Changes in Asset Composition

Unit: RMB

	Dec 31, 2023		Jan 1, 2023		Increase/ Decrease in proportion	Major changes
	Amount	Proportion of total asset	Amount	Proportion of total asset		
Cash at bank and on hand	332,216,413.35	5.00%	659,606,109.17	10.60%	-5.60%	Mainly due to the impact on cash management activities.
Accounts receivable	1,004,337,478.08	15.11%	856,529,854.29	13.77%	1.34%	Due to the increase in operating revenue.
Contract assets	119,436,138.29	1.80%	124,651,440.99	2.00%	-0.20%	
Inventories	2,405,309,228.52	36.18%	1,912,047,999.38	30.74%	5.44%	In order to fulfill the contract, increased production organization inputs, and the scale of inventory.
Investment properties	11,771,642.38	0.18%	6,373,135.42	0.10%	0.08%	Due to the increase in renting out the real estate which vacant temporarily.
Long-term equity investments	404,005,942.77	6.08%	397,830,998.40	6.40%	-0.32%	
Fixed assets	229,647,272.08	3.45%	192,561,428.46	3.10%	0.35%	
Construction in progress	74,985,542.78	1.13%	27,241,137.26	0.44%	0.69%	Capital construction investment.
Right-of-use assets	4,912,571.51	0.07%	2,349,347.56	0.04%	0.03%	Due to the increase in the lease of factory of subsidiaries.
Short-term borrowings	23,872,075.01	0.36%	31,830,000.00	0.51%	-0.15%	
Contract liabilities	1,763,411,436.97	26.52%	1,725,223,007.33	27.74%	-1.22%	
Leased liabilities	1,374,283.98	0.02%		0.00%	0.02%	Due to the increase in the lease of factory of subsidiaries this period.

Assets overseas account for a relatively high proportion.

□Applicable √Not applicable

(2) Assets and liabilities measured at fair value

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	8,454,005.90	17,408,744.33		3,077,230,000.00	3,551,560,000.00		802,248,744.33
Investments in other equity instruments	57,477,364.10	-1,045,306.70	28,905,741.40			988,328.83		55,443,728.57
Financing receivables	111,064,333.27						-38,531,072.90	72,533,260.37
Sub-total of the above	1,436,666,435.80	7,408,699.20	46,314,485.73		3,077,230,000.00	3,552,548,328.83	-38,531,072.90	930,225,733.27
Financial liabilities	0.00	0.00	0.00		0.00	0.00	0.00	0.00

Note: the financial asset held for trading above-mentioned are monetary fund and structural bank deposits, for cash management of temporarily unused self-owned and raised funds, 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

(3)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	1,883,408.27	Bank deposit held on letter of guarantee.
Cash at bank and on hand	7,300.00	Minimum deposit of ETC toll bank account.
Intangible assets	4,392,605.67	Land use right used for mortgaged bank loans of holding subsidiary.
Fixed assets	12,955,232.75	Real estate is used as collateral for bank loans of holding subsidiary.
Total	**19,238,546.69**	

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
404,005,942.77	397,830,998.40	1.55%

The investments above are all investments made by the Company in associates or joint ventures.

(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

①Securities investments

□Applicable √Not applicable

No such cases in the reporting period.

②Derivatives investments

□Applicable √Not applicable

No such cases in the reporting period.

(5) Use of Raised Funds

① Overall usage of funds raised

Unit: RMB'0,000

Year	Way of raising	Total funds raised	Net funds raised	Total funds used in the Current Period	Accumulative fund used	Total funds with usage changed	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	45,000	44,341.86	12,380.35	30,459.20	0	0	0.00%	14,596.96	The Company should conduct special account management and cash management for the funds not yet used.	0
Total	--	45,000	44,341.86	12,380.35	30,459.20	0	0	0.00%	14,596.96	--	0
Explanation of overall usage of funds raised											
As of December 31st, 2023, the Company raised fund has used a total amount of RMB 304.592 million (excluding the deducted issuance expenses of RMB 6.5814 million), and the raised funds has not used of RMB 145.9696 million (including income from the cash management of the raised fund RMB 7.143 million.)											

② Commitment projects of fund raised

Unit: RMB'0,000

Committed investment project and super raise fund arrangement	Committed investment amount	Investment amount after adjustment (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.	16,000	6,425.31	7,926.29	49.54%	September 30th,2024
2. Sub-merged arc furnace smelting robot and its intelligent factory R & D demonstration project.	9,000	9,000	3,307.53	6,150.47	68.34%	June 30th,2025
3.Project of technology innovation and service center (R&D center)	7,000	7,000	2,647.51	4,040.58	57.72%	November 30th,2023
4.Supplementary working capital	12,341.86	12,341.86	0	12,341.86	100.00%	Not applicable
Total	**44,341.86**	**44,341.86**	**12,380.35**	**30,459.2**	--	--

③ Re-purposed raised funds

□Applicable √Not applicable

No such cases in the reporting period.

(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 more than RMB 60 million of project investment returns and profit distribution, the earnings are good.

③The Progress of enterprises invested by the Company declare to IPO

Shanghai Bloom Technology Co., Ltd., which is invested by the Company, was listed on the main board of Shanghai Stock Exchange on January 10th, 2024, with the stock abbreviation: Bloom Technology, stock code: 603325. The total share capital of Bloom Technology after the initial public offering is 66,670,000 shares. The Company, as a non-controlling shareholder, holds 14.40% of the total share capital of Bloom Technology after the initial public offering.

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.

V. The Company's Outlook for Future Development

1. Developing new productivity and actively laying out future industries.

The essence of new quality productivity is advanced productivity, which is led by innovation, free from the traditional mode of economic growth and productivity development path, characterized by high technology, high efficiency and high quality, and in line with the new development concept. The new quality of productive forces is generated by revolutionary breakthroughs in technology, innovative allocation of production factors, and in-depth transformation and upgrading of industries. China has the comprehensive advantages of a complete industrial system, a large industrial scale, and rich application scenarios, which provide a rich soil for future industrial development. Efforts will be made to develop future manufacturing, realize intelligent manufacturing, break through key core technologies such as humanoid robots, and strengthen future high-end equipment in the face of the country's major strategic needs and the people's needs for a better life.

The development of new quality productivity coincides with the Company's efforts to promote the integration of advanced manufacturing and information technology, and empower the digital, intelligent and green development of manufacturing in recent years. In the application field of intelligent manufacturing equipment, the Company has realized the stage and capability of spanning from single machine and automated production line to digital workshop, intelligent factory and overall solutions. The Company will apply cutting-edge technologies such as machine vision recognition, force sensing technology, deep learning, robot control algorithm, and expert control strategy, combined with 5G and industrial Internet communication technology, to digital workshop, intelligent factory and overall solutions, scientific, optimization, innovation and transformation of traditional production processes and methods, to achieve a significant increase in total factor productivity, to help users to achieve high quality, efficient and green production.

In the new round of scientific and technological revolution and industrial transformation to accelerate the evolution of the opportunity, major cutting-edge technologies and disruptive technologies continue to emerge, scientific and technological innovation and industrial development integration is deepening, vigorously cultivating future industries has become a strategic choice to lead scientific and technological progress, drive industrial upgrading, open up a new track, and shape new quality productivity. As a leading technology enterprise in the early independent R&D and application of industrial robot technology, and the deep application of special robots in multi-field sub-merged arc furnace, the Company signed t*he Strategic Cooperation Framework Agreement* with HIT on August 18th, 2023, in the face of the humanoid robot, a typical symbol of the future industry of new quality productivity. Jointly set up a humanoid robot key technology and principle prototype industrialization R&D project, the future principle prototype will face application scenarios, continuous progress and iteration, and ultimately committed to the commercial application of general artificial intelligence humanoid robots. The Company will actively continue to further promote this strategic development direction.

2. Focus on the intelligent manufacturing industry direction

"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", "The 14th Five-Year Plan" *Intelligent Manufacturing Development Plan*, the*"*14th Five-Year Plan*" Robot Industry Development* and *Plan Implementation Plan of the "robot plus" Application Action* have set China's industrial planning goals by 2025 and 2035. Manufacturing enterprises have broad space for digital, networked and intelligent production, and the robot industry is also facing unprecedented vigorous development opportunities.
Since the foundation of the Company in 1997, the Company has been committed to the revitalization and development of the national equipment industry for a long period. The Company successfully developed the handling robot in the early stage of its establishment, and realized the industrial application as early as 2005.The Company has applied industrial robot technology to the field of industrial automation. The Company has independent intellectual property rights of the complete intelligent equipment products to make positive contributions for the large-scale industrial production of customers and the localization of major equipment in the main application fields. The Company's products successfully replacing imported products have realized the independent, controllable, efficient, safe and reliable operation of China's major equipment industry. Over the years, the Company's products are widely used in many industries, has become the first choice of backbone enterprises in the industry.

Entering the 21st century, especially in recent years, a new round of scientific and technological revolution and industrial transformation has occurred rapidly. 5G communication network, industrial Internet information technology, new materials, big data, cloud computing, deep learning, artificial intelligence and other digital technologies have advanced by leaps and bounds, which provide reliable technical support and the possibility of scale application for the Company to accelerate the development of products from "automation" to "digital" and "intelligent". The Company grasps the opportunity of the times, integrates advanced manufacturing and information technology, and enables the digital, intelligent and green development of manufacturing industry. In recent years, the Company's main products have realized the expansion from intelligent manufacturing equipment to the digital workshop and intelligent factory, opening the ceiling of the industry growth, marketing work has repeatedly achieved the good results, and the Company's intelligent manufacturing equipment business has great potential.

Looking forward to the future, the Company will adhere to the market demand oriented, drive technology leading by innovation, ensure the core technology security with independent and controllable means, integrate with social resources, accelerate the Company's R&D in intelligent manufacturing equipment and expand industrial service business; Replace manual operation under high-risk and heavy environment, realize intelligent manufacturing production requirement of fewer people, unmanned, safe, efficient and environmental in intelligent equipment application scenarios , drive labor production civilization progress; Contribute to society, return for shareholders, bring well-being for employees, and strive to achieve good and rapid development of the Company.

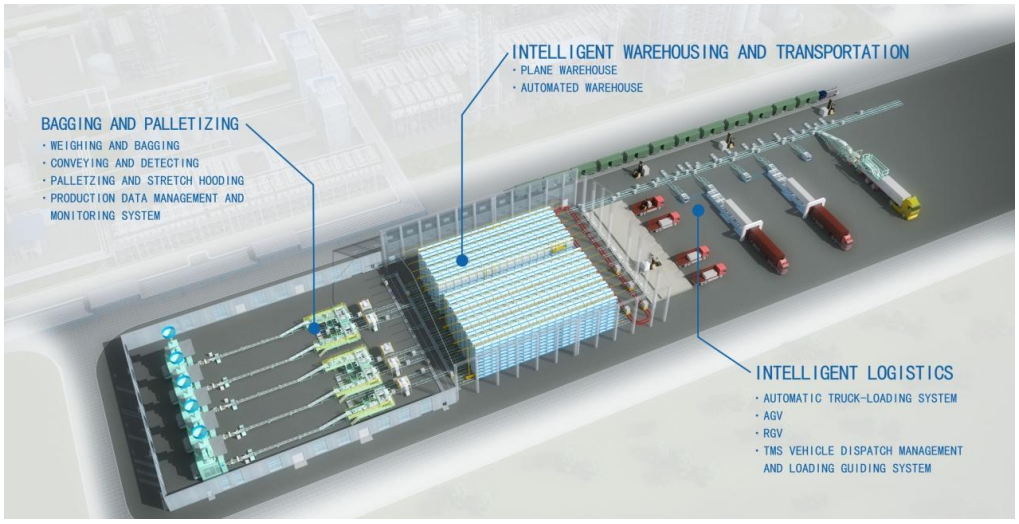
In the direction of focused development in the field of intelligent manufacturing equipment, the Company actively carried out the R&D, application and promotion of new technologies and products. The following areas will become the power engine that will continue to drive the synergistic development of the Company's various businesses.

(1) Digital intelligent manufacturing equipment based on 5G and industrial Internet technology

China is a major manufacturing country, and high-quality industrial development is imminent. Changing the

development mode, optimizing the economic structure and transforming the growth drivers have entered a critical period. China has the comprehensive advantages of a complete industrial system, a large industrial scale, and rich application scenarios, which provide a rich soil for the development of new quality productivity. With years of technical accumulation and industrial practical experience in the field of large-scale intelligent manufacturing equipment, the Company focuses on the following areas, empowering customers to accelerate intelligent manufacturing.

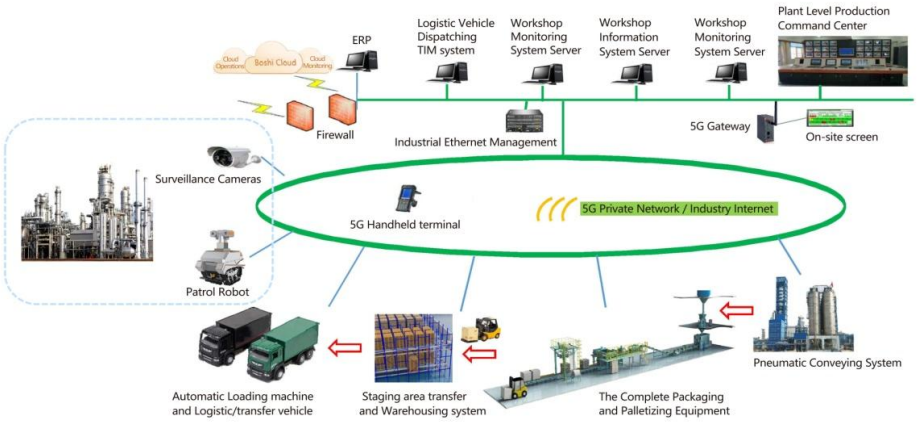
① Overall solution of post-processing intelligent manufacturing equipment for solid material.



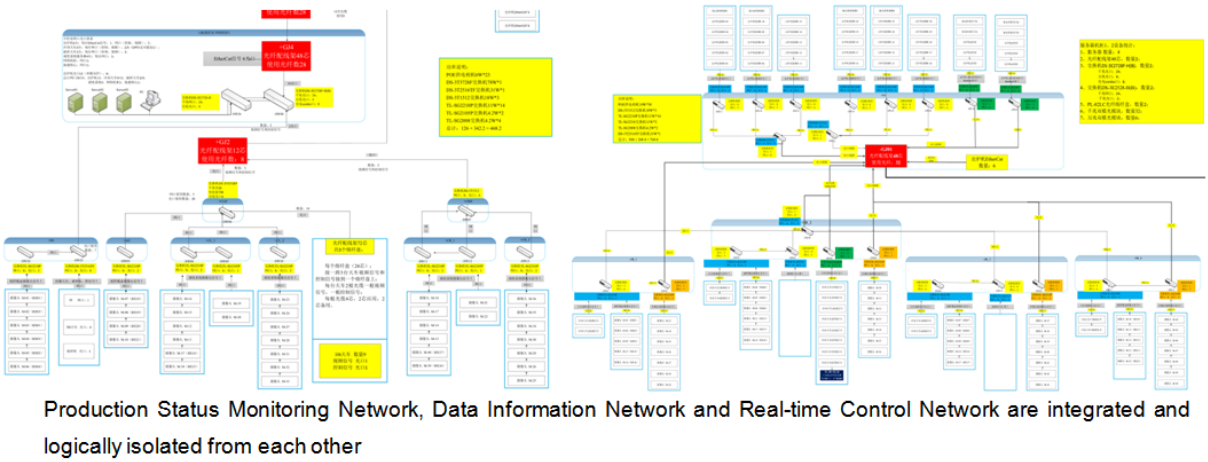
Legend: Schematic diagram for overall solution of post-processing intelligent manufacturing equipment for solid material

The overall solution of post-processing intelligent manufacturing for solid material includes weighing, packaging, palletizing, film hooding, digital outbound & inbound, intelligent loading, and control system and other modules for general and sub-unit operation management, can be widely used in the post-processing application scenarios of powdery materials, granular materials and irregular materials (such as polycrystalline silicon raw materials in the new energy industry), and help the intelligent and efficient production and digital upgrading of relevant industries.

② Overall solution of intelligent factory.



Legend: Schematic diagram for overall solution of intelligent factories



Legend: Digital workshop network system diagram

The overall solution of intelligent factory, using multi-disciplinary technology, with intelligent production management decision-making system as the core control unit, helps customers' digital transformation, realizes fewer people, unmanned factories, improves the level and efficiency of intelligent manufacturing, and achieves scientific, independent, economic, safe, efficient, green production progress.

③Intelligent manufacturing equipment and intelligent plant solutions covering all categories of polysilicon.

Solar energy is a clean, safe and reliable source of energy that can be used for grid-connected power generation as well as stored in a variety of ways, such as through energy storage and hydrogen production, and can theoretically almost stably meet China's future energy needs. In the past two years, geo-military conflicts in Europe have led to tensions in energy supply, and the advantages of distributed solar photovoltaic power generation have emerged, and solar energy has developed into an important part of the future energy strategy of some countries. China is full of light, the distribution of light energy resources is more uniform, the State has formulated a "Carbon peak and Carbon neutral" dual carbon strategy, for the photovoltaic industry to provide a broad space for development. In the huge demand expectation, in recent years, China's photovoltaic industry polysilicon raw materials field ushered in large-scale expansion, with intelligent equipment to improve production efficiency is the industry preferred choice.

Since 2019, the industry's first block polysilicon packaging equipment products developed by the Company have been synchronously applied to the production field of Daqo Energy and new special energy polysilicon raw materials, the Company has continued to increase R&D inputs, and has formed a series of products with a variety of unit combinations such as gross weight, net weight, prefabricated bag and FFS homemade bag in block monocrystalline silicon, block polysilicon and granular polysilicon within multiple plates. The Company combines the unit system equipment products with the reduction of silicon rod crushing, screening magnetic separation, AGV directional transportation, measurement and plastic packaging, factory logistics and other processes, through digitalization and information enabling, has the ability of crystal silicon smart factory overall solution. The Company has extensive cooperation with GCL Group, Tongwei Group, Yongxiang Shares, Daqo Energy, Xinte Energy, Asia Silicon,, Tianhong Ruike, Qinghai Lihao, Runyang

Shares, Baofeng Energy, Hongyuan Energy, Xinjiang Qiya, Eastern Hope, Red Lion Semiconductor and many other domestic new energy enterprises, the Company's competitiveness is outstanding in this field.

Legend: Schematic diagram for intelligent manufacturing equipment and intelligent plant solutions covering all categories of polysilicon.

(2) "Robot plus" -manual substitution under high-risk, heavy and harsh working environment.

In January 2023, the Ministry of Industry and Information Technology, 17 departments jointly issued the *Implementation Plan of the "Robot Plus" Application Action.* According to the plan, by 2025, the density of manufacturing robots will double compared with 2020, the application depth and breadth of service robots and special robots will be significantly improved, and the ability of robots to promote high-quality economic and social development will be significantly enhanced. The State will focuse on the top 10 key application areas led by the manufacturing industry, break through more than 100 kinds of robot innovative application technologies and solutions, promote more than 200 typical robot application scenarios with high technical level, innovative application mode and significant application results, and create a number of "robot plus" application benchmarking enterprises.

Under the environment of high risk, heavy and harsh working conditions, the hidden trouble of safety production is large. Under the impact of the digital economy model in the service industry, there is a structural supply and demand dislocation in human resources, and employment problems raised by manufacturing enterprises. Enterprises in the industry are limited by outdated technology, manual production, and they are generally faced with difficult problems such as high safety production cost, low degree of operation standardization, unstable product quality, high operation risks and insufficient capacity utilization rate. The Company's high-temperature special operation robots represented by sub-merged arc robots, tamping robots and inspection robots and scale applications in the direction of intelligent factories for the post-processing of calcium carbide sub-merged arc furnace, etc., can effectively solve the pain points of the industry and achieve scientific and technological empowerment.

① Calcium carbide high temperature special operation robot plus

Legend: Schematic diagram of Sub-merged arc robot and tamping robot replacing manual operation replacing manual operation

The application effect of the Company's self-innovated and developed (high temperature) operation robot and its peripheral system in the field of sub-merged arc furnace of calcium carbide is remarkable, It can solve many pain points that cannot be solved by manual operation in traditional discharging link completely, to realize fewer people, unmanned, safe, efficient, environmental intelligent manufacturing production requirements, truly realize the transformation of traditional industries with high-technology, and drive the industrial upgrading of intelligent manufacturing.

② Post-processing intelligent factory for calcium carbide sub-merged arc furnace

Legend: Few people on the production site and unmanned of calcium carbide sub-merged arc furnace intelligent factory during implementation of the project

During the reporting period, in the direction of electric stone furnace smart factory, the company actively implemented and signed intelligent factory/workshop contracts for calcium carbide finished product post-processing with Inner Mongolia Junzheng Chemical Co., Ltd. and Ningxia Yingli Chemical Co., LTD., with a total contract value of about RMB 360 million. At present, the project has realized ignition operation and is progressing smoothly. This is the first domestic innovative application of replacing the original manual work process with the new quality productivity in the field of calcium carbide production, which greatly realizes the production and operation of fewer people, unmanned, digital and intelligent production and operation. It is the technological change of transforming the traditional industry with advanced productivity and changing the production and life by science and technology, as well as the epoch-making innovative practice of liberating the productive forces and improving the well-being of the workers' safety production.

Technology enterprises are given by the mission of change, in this application field, the Company has great potential in the future.

③"Special operation robot plus" facing other high temperature operation environment of sub-merged arc furnace.

Based on the successful development of high-temperature special operation robots in the field of calcium carbide sub-merged arc furnace and the application of intelligent factory technology, the Company has continued to research and develop high-temperature special operation robots and other intelligent equipment for the field of sub-merged arc furnace such as ferrosilicon, silicon manganese, and industrial silicon furnaces. The Company has made the following positive progress and has successively achieved milestones.

Ferrosilicon sub-merged arc furnace field: Ferrosilicon disk casting system has entered the subsequent market promotion stage, and small-batch orders have been signed, meanwhile got positive feedback from the demand field; Ferrosilicon high-temperature special operation (out of the furnace) robots, has started the R&D of new models.

Silicon manganese sub-merged arc furnace field: Following the completion of customer acceptance and of the first silicon manganese high-temperature special operation furnace robot the R&D of the new version of the silicon manganese furnace robot with more advantageous has made positive progress.

Industrial silicon sub-merged arc furnace field: After customer's test and acceptance of the first industrial silicon high-temperature special operations discharging robot, currently, the series of products have been successively promoted and applied to improve the cost-effective at the same time to provide customers with more application options.

"High temperature calcium carbide sub-merged arc robot→ calcium carbide tamping robot→ calcium inspection robot→ post-processing intelligent workshop for calcium carbide finished products." This course of technological progress has opened the ceiling of industry growth while realizing the transformation of traditional industries with high-tech products. Similarly, the R&D path of "high temperature environment of calcium carbide sub-merged arc furnace → high temperature furnace robots of silicon manganese,

ferrosilicon and industrial silicon furnace", realize R&D, demonstration and promotion and application of "robot plus" better.

④Overall solution of plant intelligent logistics

Legend: Partial photos for automatic vehicle loading system

The Company's intelligent logistics system takes the automatic loading system as the core unit, with the visual identification system, data Information interface system, logistics dispatching system, transfer system and the like as the auxiliary, carries on the logistic operation of batch transportation, the stacking, the split, the combination, the loading and the like to many kinds of bags, boxes, bulk materials and so on. Overall solution of intelligent logistics, to achieve seamless connection between production lines or warehouses and transport vehicles, can be widely used in many fields of national economy, which is helpful for customers to concentrate resources, improve their logistics automation ability, improve production efficiency and release production potential. Advantages are more obvious under the conditions of labor shortage and in poor working conditions, etc., and customers' feedback and market development continue to improve.

(3) Industrial service of intelligent equipment and "industrial service plus"

The Company's the integrated business strategy of products and service, which is formulated and implemented predictably, has achieved remarkable results. The Company's intelligent manufacturing equipment and industrial services have developed into an important source of revenue and profit for the Company. Intelligent equipment industrial service is the national key support to encourage the modern service industry. In March 2021, the National Development and Reform Commission, Ministry of Science and Technology, Ministry of Industry and Information Technology,etc. totaling thirteen departments jointly issued *Opinions on Accelerating the High-quality Development of the Manufacturing and Service Industry*. From the strategic planning level, the State put forward that by 2025, the manufacturing service industry will play a significantly enhanced role in improving the quality, benefit, innovation ability and resource allocation efficiency of the manufacturing industry, play a more prominent supporting and leading role in the high-quality development of the manufacturing industry, and realize the coupling symbiosis and integration

and development of the manufacturing industry and the manufacturing service industry.

On the one hand, industrial service revenue will increase with the growth of sales and production operation base of intelligent manufacturing equipment; On the other hand, the Company will accelerate incremental uplift of service revenue after undertaking new large-scale production and operation and maintenance service projects. The Company's industrial service business responds positively to customers' deep-level service needs, which will bring continuous, long-term and steady growth of the overall industrial service revenue scale. The Company's integrated industrial services and intelligent manufacturing equipment sales form a benign interaction, promote each other, enhance customer loyalty, and effectively extend the industrial chain. During the reporting period, the Company's industrial service revenue reached RMB 717 million, compared with the Company's huge potential customer scale in China, the penetration rate of production integration operation services is still very low, and the future growth potential is huge.

The Company actively strives to complete the national task of "Pilot unit for integrated development of advanced manufacturing and modern service industry", explores new models and new paths, accumulates experience, and promotes the rapid development of "integration of two industries" in China with performance.

The Company's industrial services have covered all regions except Hong Kong, Macau, Taiwan and Tibet, with an industrial service network and industrial service capacity of more than 3,000 service personnel. At present, the Company's industrial service network mainly serves the Company's product customers. While contributing considerable revenue and profits to the Company, the commercial value of the Company's industrial service network resources is paid attention by industry enterprise groups. The Company's industrial service network and service capability, have the possibility to undertake industrial service business opportunities other than the Company's products to achieve the "industrial service plus", the future is worth expecting.

3.Business Outlook in 2024

Since 2017, the Company has continued to increase inputs in R&D, achieved multi-category expansion of products, and expanded the market application field; The Company strengthens the construction of industrial service network, and continuously improves the service capacity; The Company actively develops new quality productivity, and has made great progress in the direction of digitalization and intelligence; Also has well cultivated and developed the intelligent manufacturing equipment market, leading the market demand, and the Company's operating performance has shown sustained good and rapid growth, its operating revenue has steadily stood on the level of RMB 1 billion, 1.5 billion, 2 billion and 2.5 billion, showing desirable profitability.

Looking forward to 2024, the Company in the direction of industrial digitalization, based on the existing market demand for intelligent manufacturing equipment and industrial services, superimposed the favorable factors of the national *Action Plan to Promote Large-scale Equipment Renewal and Consumer Goods for New Ones*, combined with the scale of orders in hand, the Company has the foundation, ability and confidence to achieve growth in business performance.

4.Possible Risks in the Company's Operations

(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 workshop 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 market prospect, if the Company cannot expand the application field of new technology in time, lead, guide and respond to the market demand in product development, or the industrialization process is less than expected, the Company may miss demand bonus, 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.

(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 etc., 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 ability of intelligent manufacturing in the future. 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.

(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. The Company's products cover the top customers in the application field. The Company will face many development opportunities in the

future. However, global inflation remains high, trade protection is still severe, world economic and trade growth is weak, and domestic demand needs to be boosted urgently. These factors or other unforeseen factors are not excluded, which will affect China's future demand for high-end intelligent manufacturing equipment and constitute one of the risk factors restricting the Company's medium and long-term performance.

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

Industrial service is the buffer and booster of the Company's revenue and profit growth. Over the years, the Company's industrial service business has continued to grow steadily, during the reporting period, the revenue has exceeded RMB 700 million. In terms of the number of potential target customers and room for growth in the industrial services production operation and maintenance business, 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 cannot continue to 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.

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

As early as 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. At the same time, the Company actively develops special operation robots for high temperature environment such as ferrosilicon, silicon manganese and industrial silicon sub-merged arc furnace, and has successively succeeded in pilot tests and obtained small batch orders. 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 accelerate the promotion of technical achievements in new areas to expand the market, it is one of risk factors affecting the medium to long-term competitiveness of the Company.

(6) The risk that the R&D of humanoid robots less than expected.

In the new round of scientific and technological revolution and industrial change to accelerate the evolution of major cutting-edge technologies, disruptive technologies continue to emerge, the Company as intelligent manufacturing equipment, high temperature special operation robots in the field of product application of the leader, optimistic about the field of humanoid robots major development opportunities, 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 HIT to jointly establish a humanoid robot key technology and principle prototype industrialization R&D project, and jointly promote the industrialization of related technological achievements and products. The future industry of humanoid robots is driven by cutting-edge

technologies, and the relevant R&D industrialization investment is inevitably accompanied by greater risks.The field of humanoid robots, different from the Company's intelligent manufacturing equipment, high-temperature furnace operation robots and other industrial fields, is a new, cutting-edge, highly challenging field of technological innovation, therefore, so there is uncertainty about future success. In cooperation with HIT, the Company has complementary advantages, multi-disciplinary crossover and multi-department participation, which is systematic, complex, phased and long-term. Whether and when the expected results can be achieved in R&D is highly uncertain, which constitutes one of the risk factors. In the implementation process, whether the phased results can meet the expectations, whether it has the advanced level, and whether there is market demand, there is a great uncertainty, which constitutes one of the risk factors; In the process of implementation, even if there are expected R&D results, there is great uncertainty about whether industrialization can be smoothly carried out in the future, whether industrialization has comprehensive advantages, and whether it can quickly obtain market share, which constitutes one of the risk factors. The implementation of the project has long-term characteristics and cannot have a positive impact on the Company's financial data in the short term. In the specific process of promotion, there are unforeseen factors that will affect the progress of R&D and the transformation of results and constitute one of the risk factors. Due to the pioneering nature of the project, it will be subject to the limitations of the industry and the scientific and technological level of the industry. If there are key technologies yet to be improved in the industry as a whole, it will affect the R&D progress or industrialization process and constitute one of the risk factors. Considering the above risks, it is inevitable that in the implementation process of humanoid robot projects, there are still other unforeseen risk factors, which constitute one of the risk factors that the company needs to face.

(7) 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 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.

VI. Financial statements

(1) Consolidated Balance Sheet

Prepared by HARBIN BOSHI AUTOMATION CO., LTD. Unit: RMB

Item	Dec 31, 2023	Jan 1, 2023
Current assets:		
Cash at bank and on hand	332,216,413.35	659,606,109.17
Financial assets held for trading	802,248,744.33	1,268,124,738.43
Derivative financial assets		
Bills receivable	273,519,045.87	307,322,625.28
Accounts receivable	1,004,337,478.08	856,529,854.29
Financing receivables	72,533,260.37	111,064,333.27
Prepayments	77,455,740.98	139,594,005.25
Other receivables	30,774,548.13	29,316,161.67
Thereof: Interest receivable		
Dividend receivable	2,601,281.28	2,601,281.28
Inventories	2,405,309,228.52	1,912,047,999.38
Contract assets	119,436,138.29	124,651,440.99
Assets held for sale		
Non-current assets due within one year	4,434,380.89	
Other current assets	615,166,444.19	8,781,928.47
Total current assets	5,737,431,423.00	5,417,039,196.20
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	16,425,314.82	
Long-term equity investments	404,005,942.77	397,830,998.40
Other equity instruments investments	55,443,728.57	57,477,364.10
Other non-current financial assets		
Investment properties	11,771,642.38	6,373,135.42
Fixed assets	229,647,272.08	192,561,428.46
Construction in progress	74,985,542.78	27,241,137.26
Productive biological assets		

Oil and gas assets		
Right-of-use assets	4,912,571.51	2,349,347.56
Intangible assets	53,974,953.86	57,090,300.02
Development costs		
Goodwill	401,878.10	1,120,909.26
Long-term deferred expenses	106,486.62	84,955.75
Deferred tax assets	36,471,682.14	40,346,163.61
Other non-current assets	23,114,349.36	20,759,073.65
Total non-current assets	911,261,364.99	803,234,813.49
Total assets	6,648,692,787.99	6,220,274,009.69
Current liabilities:		
Short-term loans	23,872,075.01	31,830,000.00
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable		
Accounts payable	337,812,103.72	227,581,839.47
Advances from customers	96,750.00	96,750.00
Contract liabilities	1,763,411,436.97	1,725,223,007.33
Employee benefits payable	76,649,155.81	70,475,565.86
Taxes payable	20,117,689.42	54,028,725.59
Other payables	30,001,942.32	3,035,031.46
Thereof: Interest payable		
Dividend payable	24,500,000.00	
Liabilities held for sale		
Non-current liabilities due within one year	2,470,313.79	2,097,594.87
Other current liabilities	163,555,006.18	119,463,543.08
Total current liabilities	2,417,986,473.22	2,233,832,057.66
Non-current liabilities:		
Long-term loans		
Bonds payable	431,953,084.05	415,824,511.11
Thereof: Preference shares		
Perpetual debts		
Lease liabilities	1,374,283.98	
Long-term payable		

Long-term employee benefits payable		
Provisions	7,137,432.08	5,195,263.40
Deferred income	4,023,518.90	4,781,549.13
Deferred tax liabilities	16,429,627.86	14,379,548.84
Other non-current liabilities	172,145,404.60	199,568,192.56
Total non-current liabilities	633,063,351.47	639,749,065.04
Total liabilities	3,051,049,824.69	2,873,581,122.70
Shareholders' equity：		
Share capital	1,022,556,602.00	1,022,550,000.00
Other equity instruments	32,096,067.08	32,103,507.97
Thereof: Preference shares		
Perpetual debts		
Capital reserve	236,467,353.62	226,083,353.77
Less: treasury shares	8,865,506.80	
Other comprehensive income	22,252,223.39	22,852,245.26
Specific reserve	28,883,002.75	29,243,725.77
Surplus reserve	355,000,124.41	300,521,872.89
General risk reserve		
Retained earnings	1,761,948,265.24	1,536,228,275.48
Total equity attributable to shareholders of the parent company	3,450,338,131.69	3,169,582,981.14
Minority shareholder equity	147,304,831.61	177,109,905.85
Total shareholders' equity	3,597,642,963.30	3,346,692,886.99
Total liabilities and shareholders' equity	6,648,692,787.99	6,220,274,009.69

Legal representative: Deng Xijun Director of Finance: Sun Zhiqiang Prepared by: Wang Peihua

(2) Balance Sheet of Parent Company

Unit: RMB

Item	Dec 31, 2023	Jan 1, 2023
Current assets:		
Cash at bank and on hand	169,835,957.63	558,638,558.10
Financial assets held for trading	705,945,509.61	1,067,854,254.08
Derivative financial assets		
Bills receivable	243,137,102.77	247,221,244.29
Accounts receivable	928,973,179.55	799,216,696.68

Financing receivables	27,958,555.18	89,925,115.89
Prepayments	69,555,358.51	110,843,454.45
Other receivables	75,073,941.10	22,537,149.02
Thereof: Interest receivable		
Dividend receivable	52,839,189.55	2,601,281.28
Inventories	2,111,364,564.22	1,594,443,554.27
Contract assets	114,524,287.72	123,540,319.09
Assets held for sale		
Non-current assets due within one year	4,434,380.89	
Other current assets	607,681,665.24	14,227,088.07
Total current assets	5,058,484,502.42	4,628,447,433.94
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	16,425,314.82	
Long-term equity investments	749,170,942.77	740,518,264.70
Other equity instruments investments	24,231,515.74	27,117,364.10
Other non-current financial assets		
Investment properties	5,791,346.16	
Fixed assets	191,493,021.03	152,430,504.15
Construction in progress		21,429,854.11
Productive biological assets		
Oil and gas assets		
Right-of-use assets		441,271.74
Intangible assets	37,370,956.92	37,605,591.40
Development costs		
Goodwill		
Long-term deferred expenses	106,486.62	84,955.75
Deferred tax assets	30,148,563.57	24,156,362.90
Other non-current assets	20,618,931.75	11,463,555.05
Total non-current assets	1,075,357,079.38	1,015,247,723.90
Total assets	6,133,841,581.80	5,643,695,157.84
Current liabilities:		
Short-term loans	3,872,075.01	

Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable		
Accounts payable	500,594,175.64	264,814,384.36
Advances from customers		0.00
Contract liabilities	1,502,597,287.71	1,571,364,637.48
Employee benefits payable	53,301,214.79	48,097,569.96
Taxes payable	13,220,192.52	37,236,011.40
Other payables	12,339,507.40	7,650,725.57
Thereof: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	620,757.74	802,551.69
Other current liabilities	149,242,100.10	104,756,129.31
Total current liabilities	2,235,787,310.91	2,034,722,009.77
Non-current liabilities:		
Long-term loans		
Bonds payable	431,953,084.05	415,824,511.11
Thereof: Preference shares		
Perpetual debts		
Lease liabilities		
Long-term payable		
Long-term employee benefits payable		
Provisions	6,115,243.65	4,667,743.14
Deferred income	4,023,518.90	4,781,549.13
Deferred tax liabilities	8,658,825.27	7,781,001.35
Other non-current liabilities	101,331,890.97	117,066,270.00
Total non-current liabilities	552,082,562.84	550,121,074.73
Total liabilities	2,787,869,873.75	2,584,843,084.50
Shareholders' equity：		
Share capital	1,022,556,602.00	1,022,550,000.00
Other equity instruments	32,096,067.08	32,103,507.97
Thereof: Preference shares		
Perpetual debts		

Capital reserve	235,710,594.29	225,950,067.05
Less: treasury shares	8,865,506.80	
Other comprehensive income	5,996,554.15	7,976,982.26
Specific reserve	23,403,880.47	24,341,652.67
Surplus reserve	355,000,124.41	300,521,872.89
Retained earnings	1,680,073,392.45	1,445,407,990.50
Total shareholders' equity	3,345,971,708.05	3,058,852,073.34
Total liabilities and shareholders' equity	6,133,841,581.80	5,643,695,157.84

(3) Consolidated Income Statement

Unit: RMB

Item	2023	2022
1. Total revenue	2,565,408,783.42	2,153,746,152.69
Thereof : Operating revenue	2,565,408,783.42	2,153,746,152.69
2. Total cost	2,015,413,207.79	1,692,891,233.52
Thereof : cost of sales	1,625,315,057.12	1,356,712,204.34
Taxes and surcharges	16,924,224.90	23,327,068.38
Selling and distribution expenses	128,475,705.01	94,505,120.53
General and administrative expenses	96,992,703.88	112,797,769.70
Research and development expenses	145,882,428.99	118,689,704.65
Financial expenses	1,823,087.89	-13,140,634.08
Thereof : Interest expenses	11,405,000.23	4,058,577.85
Interest income	10,412,922.62	12,172,849.27
Add: Other income	85,643,578.27	62,253,301.72
Investment income ("-" for losses)	26,994,068.77	6,439,111.38
Thereof: Income from investment in associates and joint ventures	8,251,046.84	4,918,671.51
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)	11,606,250.52	5,644,531.71
Credit impairment losses ("-" for losses)	-21,890,207.35	-517,545.77
Impairment losses ("-" for losses)	-18,740,330.69	-20,456,984.96
Gains from assets disposal ("-" for losses)	-5,675.99	-119,453.54

3. Operating profit ("-" for losses)	633,603,259.16	514,097,879.71
Add: Non-operating income	7,012,229.86	10,006.77
Less: Non-operating expenses	2,555,557.36	2,069,213.85
4. Profit before income tax ("-" for losses)	638,059,931.66	512,038,672.63
Less: Income tax expenses	85,110,538.81	64,286,962.54
5. Net profit for the year ("-" for net losses)	552,949,392.85	447,751,710.09
(1) Classification according to operation continuity		
Net profit from continuing operations(loss is stated with “-”)	552,949,392.85	447,751,710.09
Net profit from discontinued operations(loss is stated with “-”)		
(2) Classified by ownership of the equity		
Attributable to shareholders of the parent company	533,591,213.86	445,041,007.98
Minority interests	19,358,178.99	2,710,702.11
6. Other comprehensive income, net of tax	1,645,867.30	570,551.72
Other comprehensive income attributable to shareholders of the Parent Company, net of tax	1,645,867.30	1,568,830.37
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss	1,173,324.31	2,239,186.05
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	1,173,324.31	2,239,186.05
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	472,542.99	-670,355.68
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	472,542.99	368,669.04
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		-1,039,024.72

7)Others		
Other comprehensive income attributable to minority shareholders, net of tax		-998,278.65
7. Total comprehensive income	554,595,260.15	448,322,261.81
Attributable to shareholders of the parent company	535,237,081.16	446,609,838.35
Minority interests	19,358,178.99	1,712,423.46
8. Earnings per share		
(1) Basic earnings per share	0.5218	0.4352
(2) Diluted earnings per share	0.5190	0.4352

Legal representative: Deng Xijun Director of Finance: Sun Zhiqiang Prepared by: Wang Peihua

(4)Income Statement of Parent Company

Unit: RMB

Item	2023	2022
1. Total revenue	2,323,098,777.41	1,932,734,317.76
Less: cost of sales	1,502,368,407.41	1,234,004,746.10
Taxes and surcharges	11,332,635.40	19,866,883.67
Selling and distribution expenses	118,687,932.10	83,597,686.21
General and administrative expenses	71,949,853.74	66,493,794.43
Research and development expenses	119,748,592.86	93,261,725.64
Financial expenses	7,826,833.34	-6,772,167.40
Thereof : Interest expenses	16,236,210.73	4,425,200.49
Interest income	10,197,233.72	12,013,931.84
Add: Other income	75,962,326.92	59,251,335.18
Investment income ("-" for losses)	79,672,868.99	19,273,052.93
Thereof: Income from investment in associates and joint ventures	8,251,046.84	4,918,671.51
Gain from derecognition of financial assets measured at amortized cost		
Net exposure hedging gains ("-" for losses)		
Gains from changes in fair value ("-" for losses)	10,150,247.04	5,290,952.07
Credit impairment losses ("-" for losses)	-30,992,975.64	1,116,645.57
Impairment losses ("-" for losses)	-19,356,941.41	-10,042,924.16
Gains from assets disposal ("-" for losses)	182.60	-154,906.34
2. Operating profit ("-" for losses)	606,620,231.06	517,015,804.36

Add: Non-operating income	6,924,990.68	2.87
Less: Non-operating expenses	2,171,751.47	1,943,035.51
3. Profit before income tax ("-" for losses)	611,373,470.27	515,072,771.72
Less: Income tax expenses	66,590,955.05	64,780,991.53
4. Net profit for the year ("-" for net losses)	544,782,515.22	450,291,780.19
Net profit from continuing operations (loss is stated with “-”)	544,782,515.22	450,291,780.19
Net profit from discontinued operations (loss is stated with “-”)		
5. Other comprehensive income, net of tax	-1,980,428.11	2,607,855.09
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss	-2,452,971.10	2,239,186.05
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	-2,452,971.10	2,239,186.05
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	472,542.99	368,669.04
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	472,542.99	368,669.04
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		
7)Others		
6. Total comprehensive income	542,802,087.11	452,899,635.28
7. Earnings per share		
(1) Basic earnings per share		
(2) Diluted earnings per share		

(5) Consolidated Cash Flow Statement

Unit: RMB

Item	2023	2022
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,303,445,511.93	2,440,433,896.16
Refund of taxes and surcharges	74,693,918.54	47,645,190.27
Other cash receipts relating to operating activities	39,222,366.94	31,399,157.08
Sub-total of cash inflows from operating activities	2,417,361,797.41	2,519,478,243.51
Cash paid for goods and services	1,347,715,035.13	1,256,546,781.63
Cash paid to employees and paid on behalf of employees	513,230,975.10	442,729,532.89
Payments of taxes and surcharges	256,215,475.15	245,464,627.58
Other cash payments relating to operating activities	161,257,654.02	123,205,335.21
Sub-total of cash outflows from operating activities	2,278,419,139.40	2,067,946,277.31
Net cash flows from operating activities	138,942,658.01	451,531,966.20
2. Cash flows from investing activities		
Cash received from withdrawing investments	5,602,895,604.80	2,365,387,000.00
Cash received from investment income	31,519,842.45	31,586,059.33
Net cash received from disposal of fixed assets, intangible assets and other long term assets	239,456.02	132,632.26
Net cash received from disposal of subsidiaries and other operating units		78,281,750.36
Other cash receipts relating to investing activities	1,811,579.00	1,052,393.50
Sub-total of cash inflows from investing activities	5,636,466,482.27	2,476,439,835.45
Cash paid to acquire fixed assets, intangible assets and other long-term assets	103,285,472.54	54,027,752.50
Cash paid to acquire investments	5,704,938,000.00	2,697,060,000.00
Net increase of mortgaged loans		
Net cash paid to acquire subsidiaries and other operating units		
Other cash payments relating to investing activities	611,636.00	
Sub-total of cash outflows from investing activities	5,808,835,108.54	2,751,087,752.50
Net cash flows from investing activities	-172,368,626.27	-274,647,917.05
3. Cash flows from financing activities		
Cash received from capital contributions	4,260,000.00	1,130,000.00
Thereof: Cash received by subsidiaries from minority shareholders' capital contributions	4,260,000.00	1,130,000.00

Cash received from borrowings	28,860,286.94	490,760,000.00
Other cash receipts from financing activities		1,200,000.00
Sub-total of cash inflows from financing activities	33,120,286.94	493,090,000.00
Cash repayments of borrowings	27,260,000.00	44,060,000.00
Distribution of dividends or profits and payments for interest expenses	260,107,071.13	256,689,520.45
Thereof: Cash payments for dividends or profit to minority shareholders by subsidiaries	2,450,000.00	
Other cash payments relating to financing activities	39,718,997.03	8,863,306.36
Sub-total of cash outflows from financing activities	327,086,068.16	309,612,826.81
Net cash flows from financing activities	-293,965,781.22	183,477,173.19
4. Effect of foreign exchange rate changes on cash and cash equivalents	1,124,228.41	5,901,445.25
5. Net increase in cash and cash equivalents	-326,267,521.07	366,262,667.59
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	330,325,705.08	656,593,226.15

Legal representative: Deng Xijun Director of Finance: Sun Zhiqiang Prepared by: Wang Peihua

(6)Cash Flow Statement of Parent Company

Unit: RMB

Item	2023	2022
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,006,180,159.20	2,148,043,331.85
Refund of taxes and surcharges	68,873,667.90	43,162,727.79
Other cash receipts relating to operating activities	31,135,168.13	26,555,939.19
Sub-total of cash inflows from operating activities	2,106,188,995.23	2,217,761,998.83
Cash paid for goods and services	1,497,845,243.47	1,184,007,023.31
Cash paid to employees and paid on behalf of employees	197,427,939.12	209,365,212.27
Payments of taxes and surcharges	184,014,198.50	216,922,898.68
Other cash payments relating to operating activities	126,705,618.37	76,617,869.20
Sub-total of cash outflows from operating activities	2,005,992,999.46	1,686,913,003.46
Net cash flows from operating activities	100,195,995.77	530,848,995.37
2. Cash flows from investing activities		
Cash received from withdrawing investments	4,856,452,275.96	2,067,057,000.00
Cash received from investment income	30,136,048.51	31,324,837.21

Net cash received from disposal of fixed assets, intangible assets and other long term assets	189,889.53	318,432.26
Net cash received from disposal of subsidiaries and other operating units		
Other cash receipts relating to investing activities	193,071.00	1,032,393.50
Sub-total of cash inflows from investing activities	4,886,971,285.00	2,099,732,662.97
Cash paid to acquire fixed assets, intangible assets and other long-term assets	39,437,083.81	29,466,374.75
Cash paid to acquire investments	5,071,758,000.00	2,463,800,000.00
Net cash paid to acquire subsidiaries and other operating units		
Other cash payments relating to investing activities	2,741,636.00	2,800,000.00
Sub-total of cash outflows from investing activities	5,113,936,719.81	2,496,066,374.75
Net cash flows from investing activities	-226,965,434.81	-396,333,711.78
3. Cash flows from financing activities		
Cash received from capital contributions		
Cash received from borrowings	3,930,286.94	455,000,000.00
Other cash receipts from financing activities		
Sub-total of cash inflows from financing activities	3,930,286.94	455,000,000.00
Cash repayments of borrowings		
Distribution of dividends or profits and payments for interest expenses	257,048,129.54	255,637,500.00
Other cash payments relating to financing activities	8,865,506.80	6,600,006.95
Sub-total of cash outflows from financing activities	265,913,636.34	262,237,506.95
Net cash flows from financing activities	-261,983,349.40	192,762,493.05
4. Effect of foreign exchange rate changes on cash and cash equivalents	-50,312.03	11,761.60
5. Net increase in cash and cash equivalents	-388,803,100.47	327,289,538.24
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	169,828,657.63	558,631,758.10

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

April 27th, 2024