

HARBIN BOSHI AUTOMATION CO.,LTD.

2020 SUMMARY OF
ANNUAL REPORT

April 2021

HARBIN BOSHI AUTOMATION CO., LTD. Annual Report 2020 (Abstract)

I . Important Notes

This Abstract is extracted from Annual Report. 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 2020 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 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 profit distribution plan approved by the Board of Directors is as follows: based on 1,022,550,000 shares issued outstanding, the company will pay a cash dividend of 2.00 Yuan (tax included) for every 10 shares to all shareholders, and 0 bonus shares, and no increase of common stock through capital reserve.

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

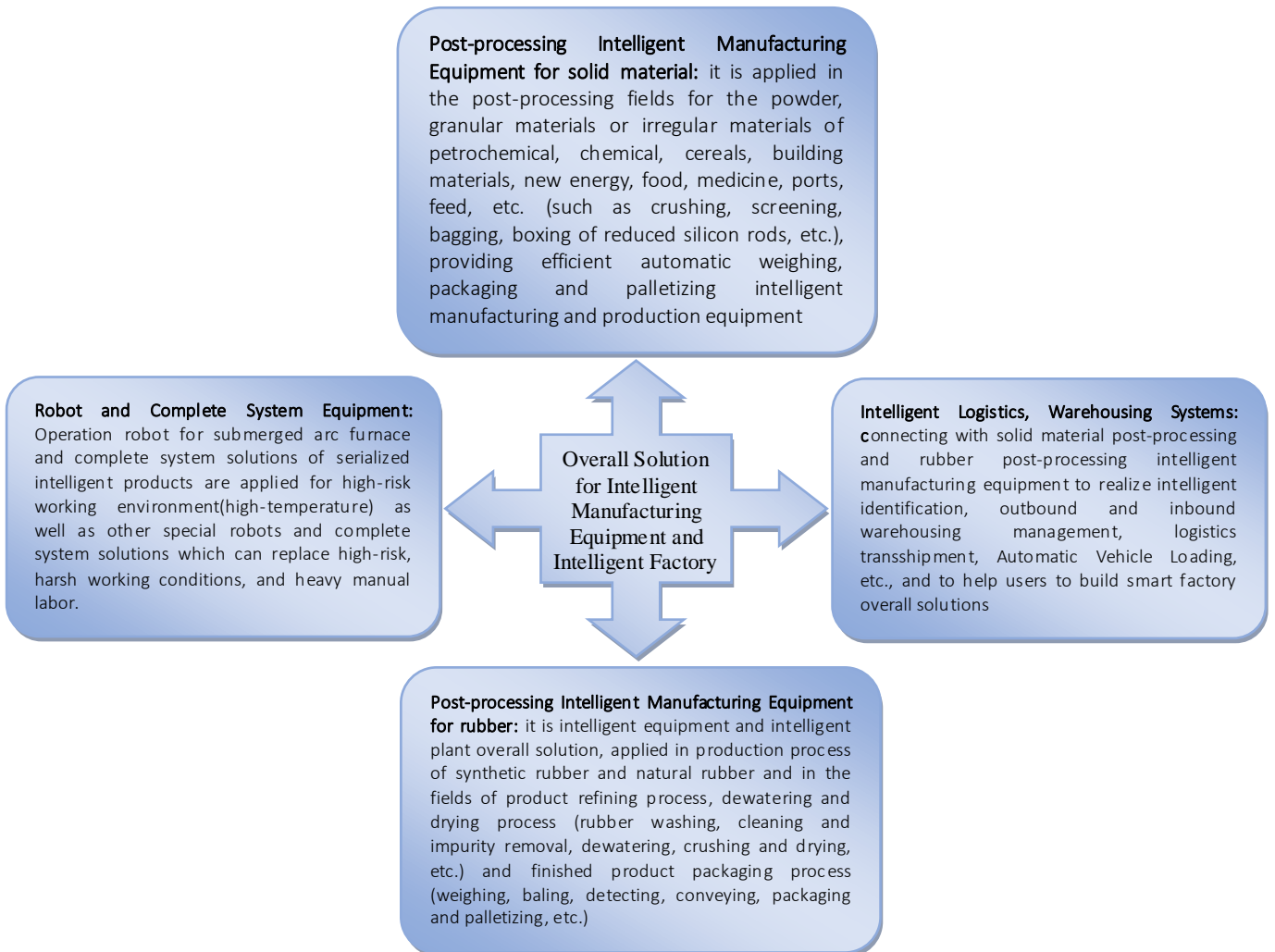
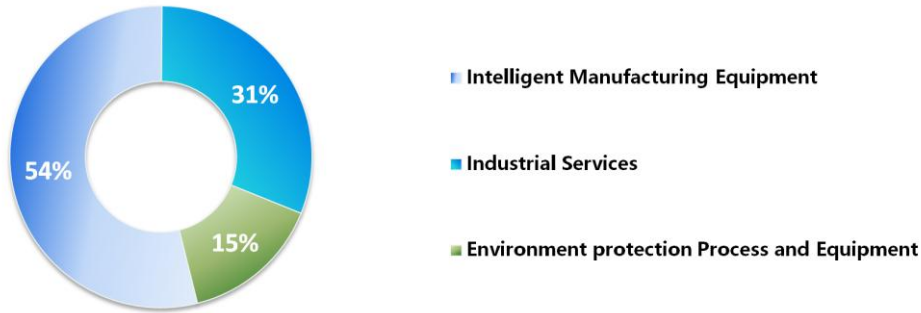
1. Company Profile

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, Heilongjiang province, China	9 Donghu Street, Concentration Zone of Yingbin Road, Harbin Development Zone, Heilongjiang province, China	
Tel	+86-451-84367021	+86-451-84367021	
Email	ir@boshi.cn	zhangjh@boshi.cn	

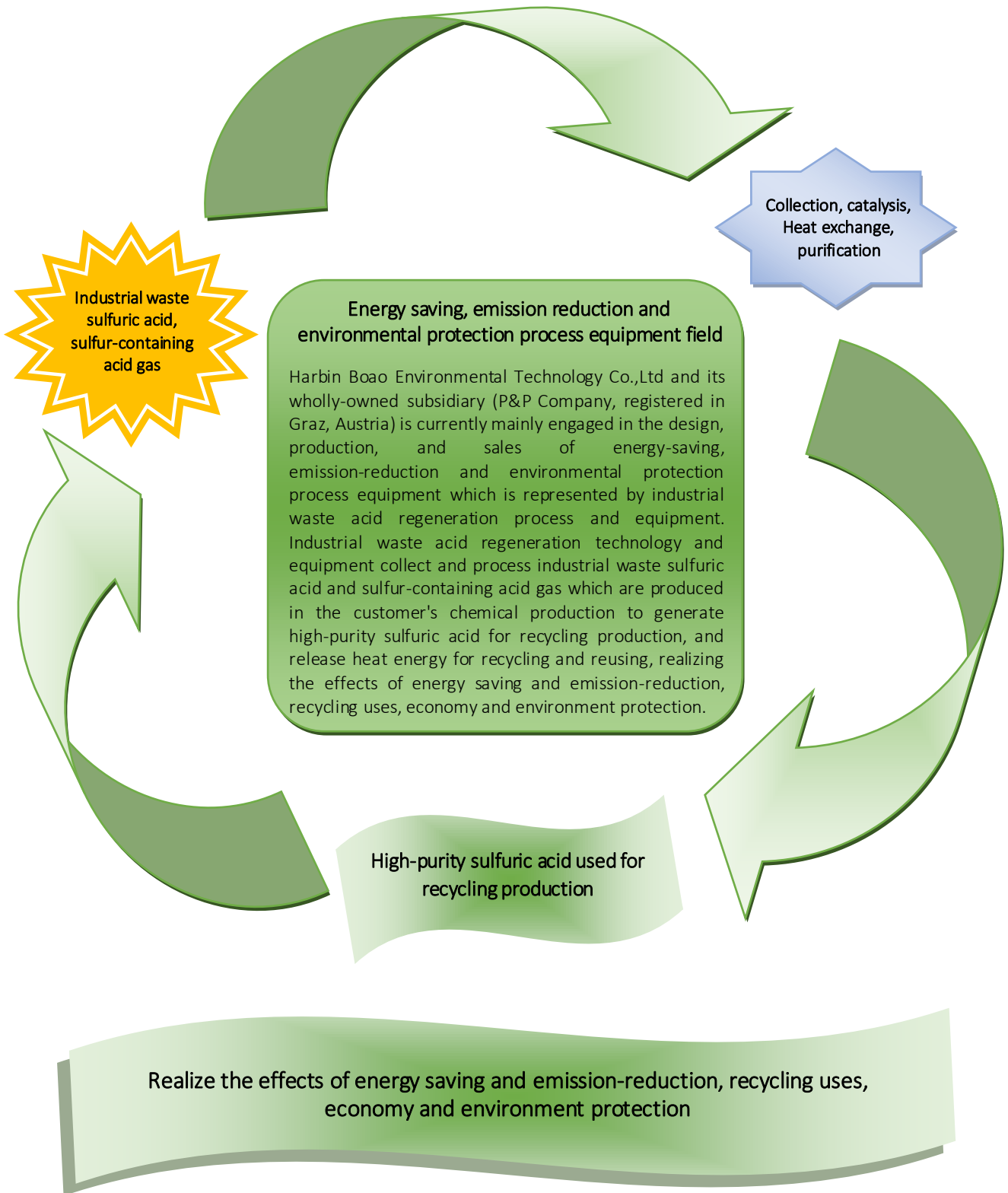
2. Company main business during the reporting period

(1) Main businesses, main products and applications

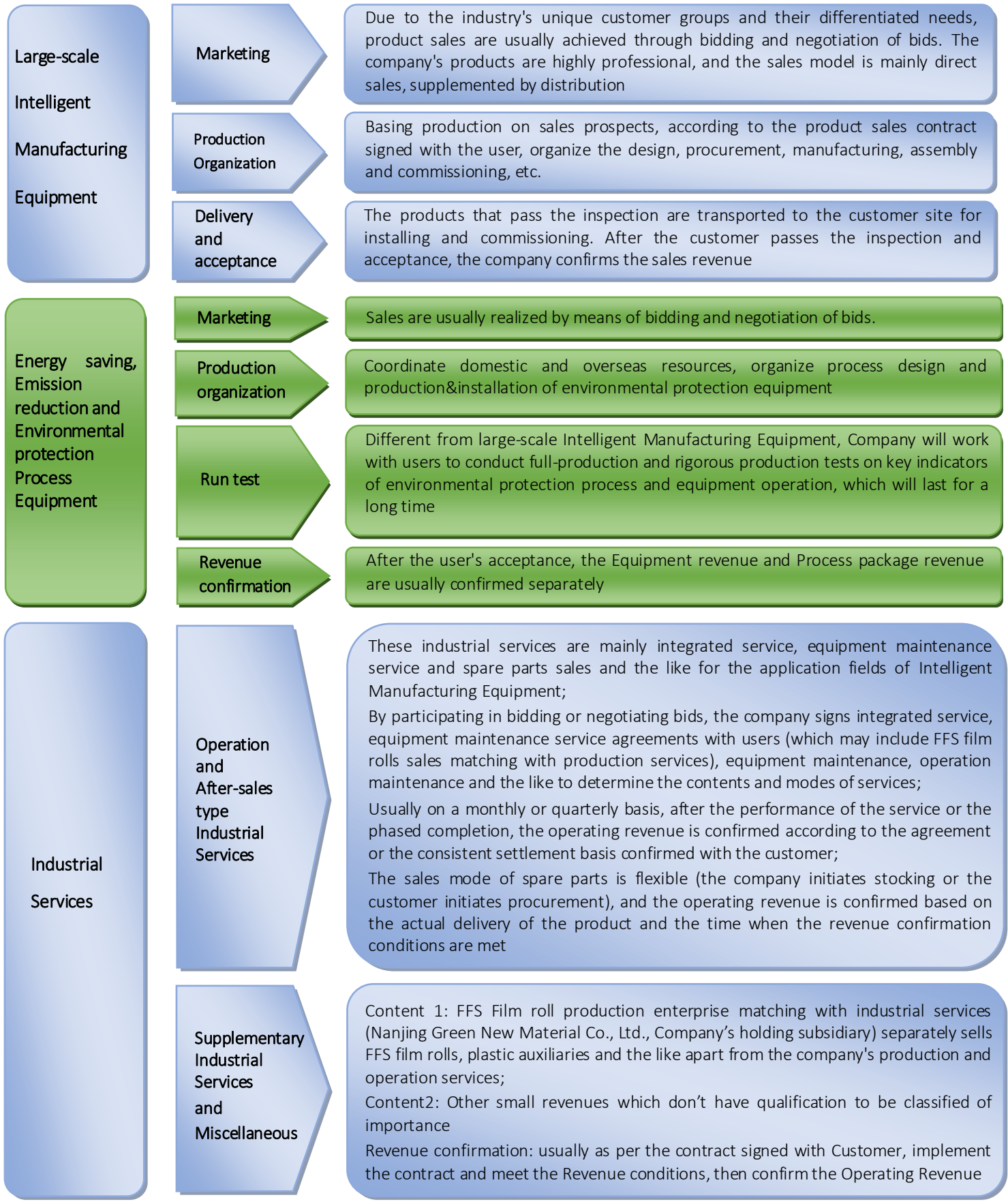
According to the proportion of revenue during the reporting period, the company's main businesses are shown in the following figure:



The industrial services, rooted in the above-mentioned related fields of Intelligent Manufacturing Equipment, are mainly integrated service, equipment maintenance and spare parts sales and the like facing the operation in the application fields of Intelligent Manufacturing Equipment, After-sales Industrial Service, and Supplementary Industrial Service.

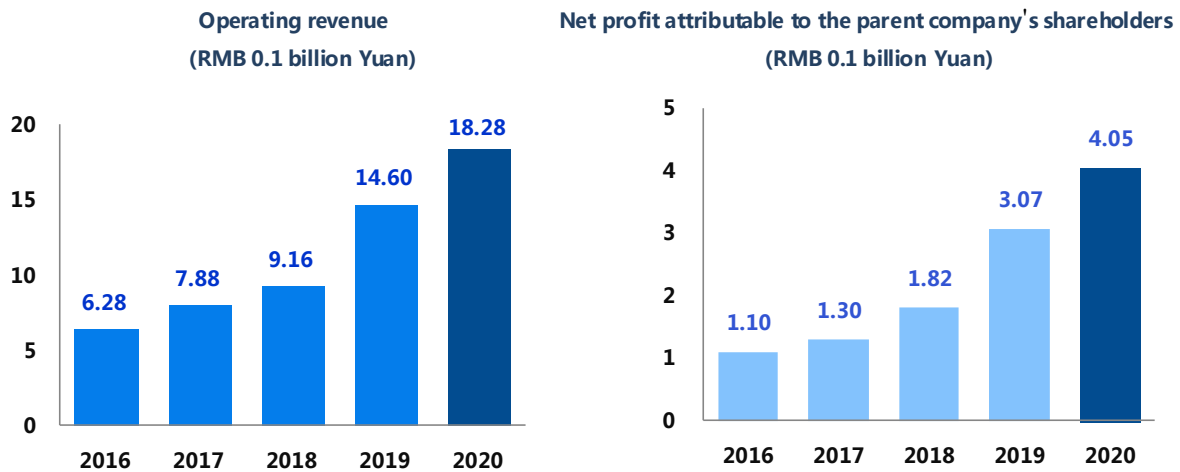


(2)Business mode



(3) Key Performance Driving Factors

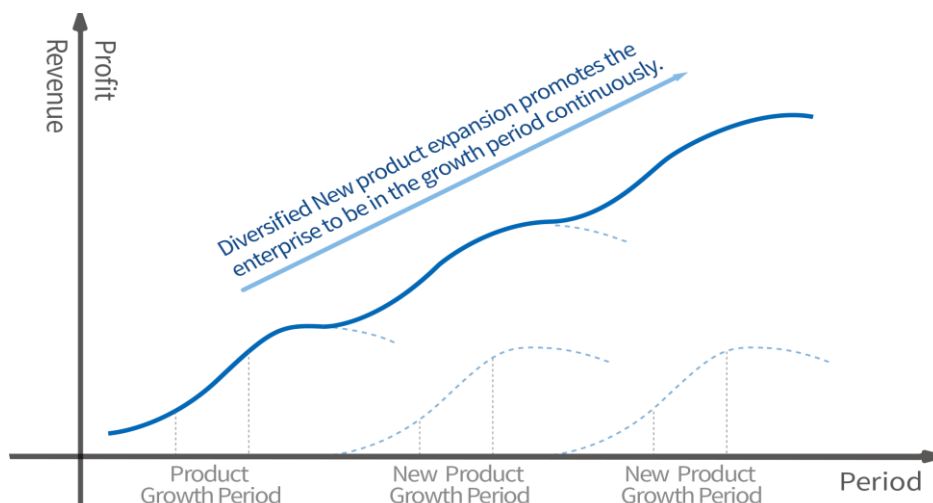
The Company's Operating revenue and net profit attributable to the parent company's shareholders in recent years are shown in the figure below:



The compound growth rate of the Company's operating revenue and net profit attributable to the parent company in the past three years are 32.37% and 46.27% respectively. The weighted average return on net assets for the year of 2020 is 16.83%, which is the best level in recent years. In recent years, the company's performance continues to grow better and faster. The main driving factors are as follows:

- ① Benefiting from the strong demand for Intelligent Manufacturing Equipment from the intelligent manufacturing upgrade in China and strong support from the Company's diversified Products expansion, the Company's Intelligent Manufacturing Equipment business continues to exert strength. Especially manual substitution in the field of high-risk, harsh, and heavy working conditions has promoted the company's overall performance growth;
- ② The synergy between Industrial Services and Intelligent Manufacturing Equipment and steady growth for service revenue improves the Company's ability to resist risks, and enhance the Company's overall performance;
- ③ In terms of the new business direction, in mid-2017, the energy saving, emission reduction and environmental protection business was consolidated in financial report, the business and the company's intelligent manufacturing equipment achieved a good synergy in the application field, and entered the payback period in 2019, bringing better performance contributions.

As shown in the figure below, technological innovation and new products constant applications help to promote the continuous growth or prolong growth period of the company.



The company's intelligent manufacturing equipment has undergone continuous technological innovation and an optimization process of continuous application of new technologies and new products. Currently, the Company has ability to provide users with Overall solutions for Smart Factories in the main product application fields, which helps the Company to be in a better business competition pattern in the market, and its comprehensive competitiveness continues to increase. For details, please refer to the part of "Core Competitiveness Analysis" of the third section.

3. Key Financial Information

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

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

Yes No

Unit: RMB Yuan

	2020	2019	Increase/decrease of 2020 over 2019	2018
Operating Revenue	1,827,912,892.55	1,459,741,076.77	25.22%	915,574,863.37
Net profit attributable to parent company's shareholders	405,370,652.33	307,106,182.72	32.00%	182,075,842.44
Net profit attributable to parent company's shareholders excluding non-recurring gains and losses	375,832,168.49	279,151,858.98	34.63%	157,896,604.74
Net cash flows from operating activities	147,006,474.65	352,391,698.09	-58.28%	223,747,834.88
Basic EPS (RMB Yuan /share)	0.3964	0.3003	32.00%	0.1781
Diluted EPS (RMB Yuan /share)	0.3964	0.3003	32.00%	0.1781
Weighted average ROE	16.83%	14.17%	2.66%	9.15%
	As of Dec.31, 2020	As of Dec.31, 2019	Increase/decrease of 2020 over 2019	As of Dec.31, 2018
Total assets	4,576,810,168.61	4,041,154,116.28	13.26%	3,443,482,471.16
Net assets attributable to parent company's shareholder	2,568,750,413.53	2,290,352,360.75	12.16%	2,065,055,033.71

(2) Key accounting data by quarter

Unit: RMB Yuan

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating Revenue	486,509,069.88	446,123,605.55	424,421,709.88	470,858,507.24
Net profit attributable to parent company's shareholders	114,809,150.06	111,545,988.44	103,640,405.92	75,375,107.91
Net profit attributable to parent company's shareholders excluding non-recurring gains and losses	108,408,672.06	106,604,136.75	102,219,255.26	58,600,104.42
Net cash flows from operating activities	-71,169,052.04	98,264,516.12	14,306,905.83	105,604,104.74

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

4. Capital and Shareholders

(1) Number of common stockholders and preferred stockholders with voting rights restored and the shareholding conditions of the top 10 shareholders

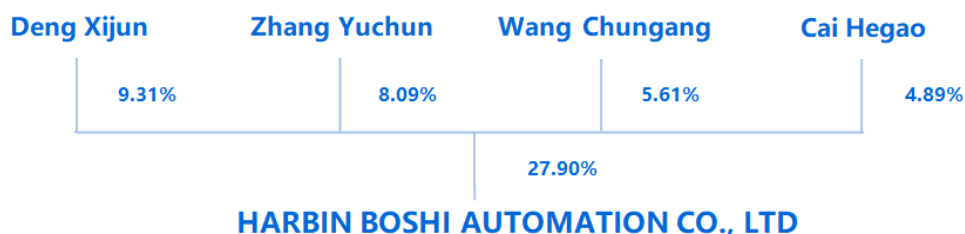
Total number of shareholders of common stocks at the end of the reporting period	27,298	Total number of shareholders of common stocks at previous month-end of this report's disclosure	26,887	Total number of shareholders of preferred stock with resumed voting right at the end of the reporting period	0	Total number of shareholders of preferred stock with resumed voting rights at previous month-end of this report's disclosure	0
Top 10 shareholders							
Name	Nature	Ownership	Quantity of stocks	Quantity of restricted stocks held	Pledged or frozen stocks		
					Status	Quantity	
Harbin Institute of Technology Asset Investment Management Co. Ltd	Domestic state-owned corporate	22.11%	226,135,000				
Deng Xijun	Domestic natural person	9.31%	95,206,362	77,479,772			
Zhang Yuchun	Domestic natural person	8.09%	82,696,357	65,772,268	Pledged	16,053,400	
Wang Chungang	Domestic natural person	5.61%	57,394,047	47,695,535			
Cai Zhihong	Domestic natural person	4.96%	50,677,029				
Cai Hegao	Domestic natural person	4.89%	50,000,000	37,500,000			
Sealand Securities - SPDB - Guohai Securities Lvyuan No. 1058 Collective Asset Management Plan	Others	2.00%	20,450,000				
Cheng Fang	Domestic natural person	1.52%	15,572,985				
Tan Jianxun	Domestic natural person	1.51%	15,432,533				
Li Xianglan	Domestic natural person	1.10%	11,254,409				
Explanation on the above-mentioned shareholders' affiliated relationship or concerted action	Among the above-mentioned shareholders, Deng Xijun, Zhang Yuchun, Wang Chungang, and Cai Hegao keep concerted action through the <i>Concert Action Agreement</i> and jointly control the company at the end of the reporting period; Cai Zhihong is the son of Cai Hegao, he independently exercised shareholder rights based on his personal wishes, he has not signed concerted action agreement or reached a similar agreement or arrangement with Cai Hegao, nor has other concerted action plan, they are not persons acting in concert; Cheng Fang and Tan Jianxun are the sponsors of shareholders. Cheng Fang is the sister of Wang Chungang's wife. In addition, the company is not made aware whether there is any affiliated relationship between the above-mentioned shareholders or whether they are persons acting in concert as defined in <i>Administrative Measures for the Acquisition of Listed Companies</i> .						
Explanation on the shareholders that are engaged in margin trading business (In case)	Li Xianglan holds 10,690,080 shares through Credit account except 564,329 shares through General securities account, holds 11,254,409 shares in total.						

(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



5. Bonds

Does the Company have any corporate bond that are publicly issued and listed on the stock exchange and that are not matured or not fully redeemed as of the approved issuance date of the Annual Report?

Yes No

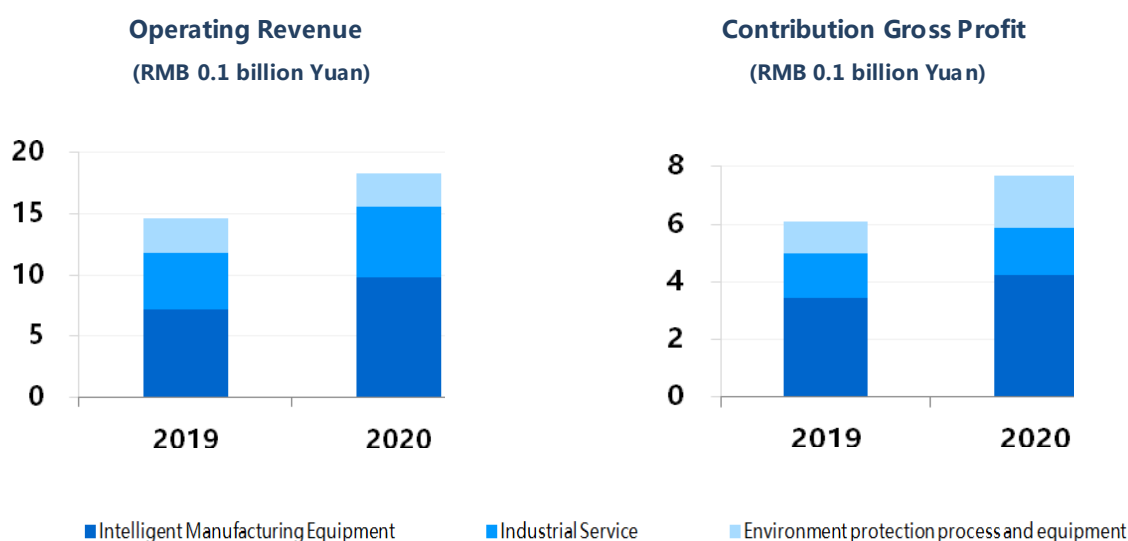
III. Operating Performance Discussion and Analysis

1. Brief introduction of Business of the Reporting Period

In 2020, in the face of the sudden outbreak of the pandemic, China responds well to the pandemic, actively pay equal attention to pandemic prevention and resumption of production, the annual economic performance is brilliant alone in the world. “Made in China” relying on strong resilience and comprehensive competitiveness continues to export commodities and pandemic prevention materials to the world and bring confidence and vitality to the world economy. During the Reporting Period, the Company overcame the adverse effects of the pandemic situation, actively organized production, completed product delivery and service performance, seized the opportunity of strong demand for intelligent equipment made in China and comprehensively promoted the capacity of R&D, design and manufacturability, revenue, profit targets and operating data for the Overall Solution of Intelligent Manufacturing.

During the Reporting Period, the Company achieved operating revenue of RMB 1.828 billion Yuan, an increase of 25.22% year on year, and net profit attributable to the parent Company’s shareholders of RMB 405 million Yuan, an increase of 32% year on year. The weighted average return on net assets was 16.83%, the best level in recent years. The profitability of the Company's products and services has been continuously enhanced.

From the overall revenue composition, the Company's revenue of Intelligent Manufacturing Equipment, Industrial Services, Environmental Protection Process and Equipment and contribution gross profit structure as shown below.



Note: in the above figure, Contributing Gross profit= Operating revenue of corresponding business – Operating cost

Boshi brand and Customer base have a good synergy at the customer’s level for the above business composition. From the revenue-driven level, intelligent equipment demand, industrial service demand and environmental protection standards, emission reduction and efficiency requirements of the revenue-driven are different; the Company's overall business has a good complementarity, of which business risk-resistant ability is improved, and is less affected by the industry boom fluctuations.

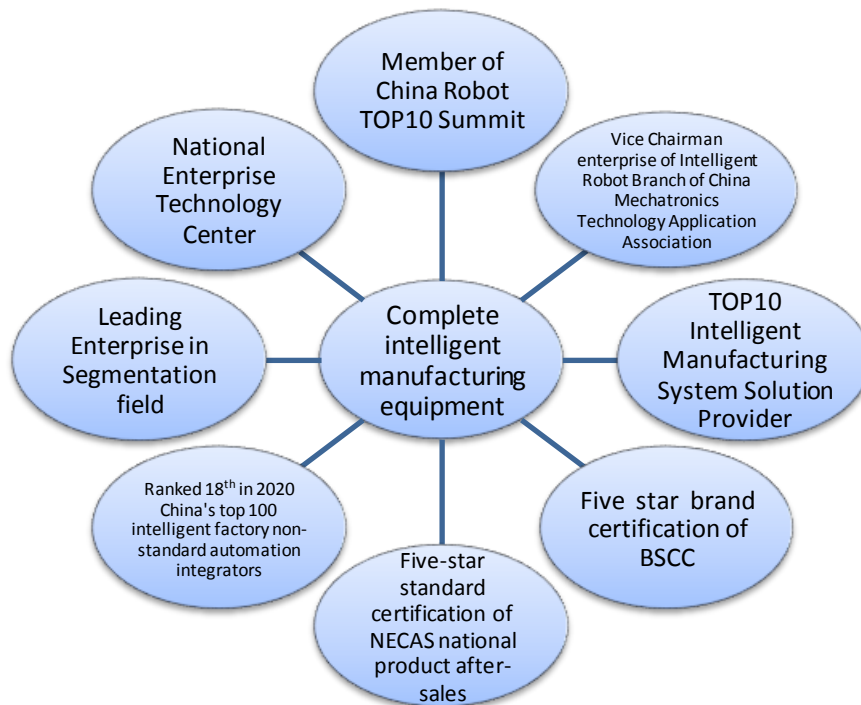
From the point of view of product structure, following the continuous improvement of the competitiveness of the Company in the Post-processing Intelligent Equipment for powder and granules, the Company applies the related technology to the field of irregular materials such as polysilicon raw materials in the New Energy industry. During the Reporting Period, the revenue of this category of solid material Post-processing

Intelligent Manufacturing Equipment increased 52.64% year on year, and the revenue scale accounted for about 2/3 of the Company's Intelligent Manufacturing Equipment, accounting for the highest proportion in the overall revenue of the Company. Robot and Complete System Equipment, Environmental Process and Complete Equipment continue to maintain high revenue levels after business explosion in 2019. Affected by less than expected progress in overseas installation and commissioning, Rubber Post-processing Intelligent Manufacturing Equipment increased slightly year on year. Driven by the Automatic Vehicle Loading machine, the revenue of Intelligent Logistics and Warehousing system is growing rapidly and has good potential. In Industrial Services, Operation and After-sales type Industrial Services achieved a year-on-year growth of 18.18%, maintaining the momentum of continuous growth.

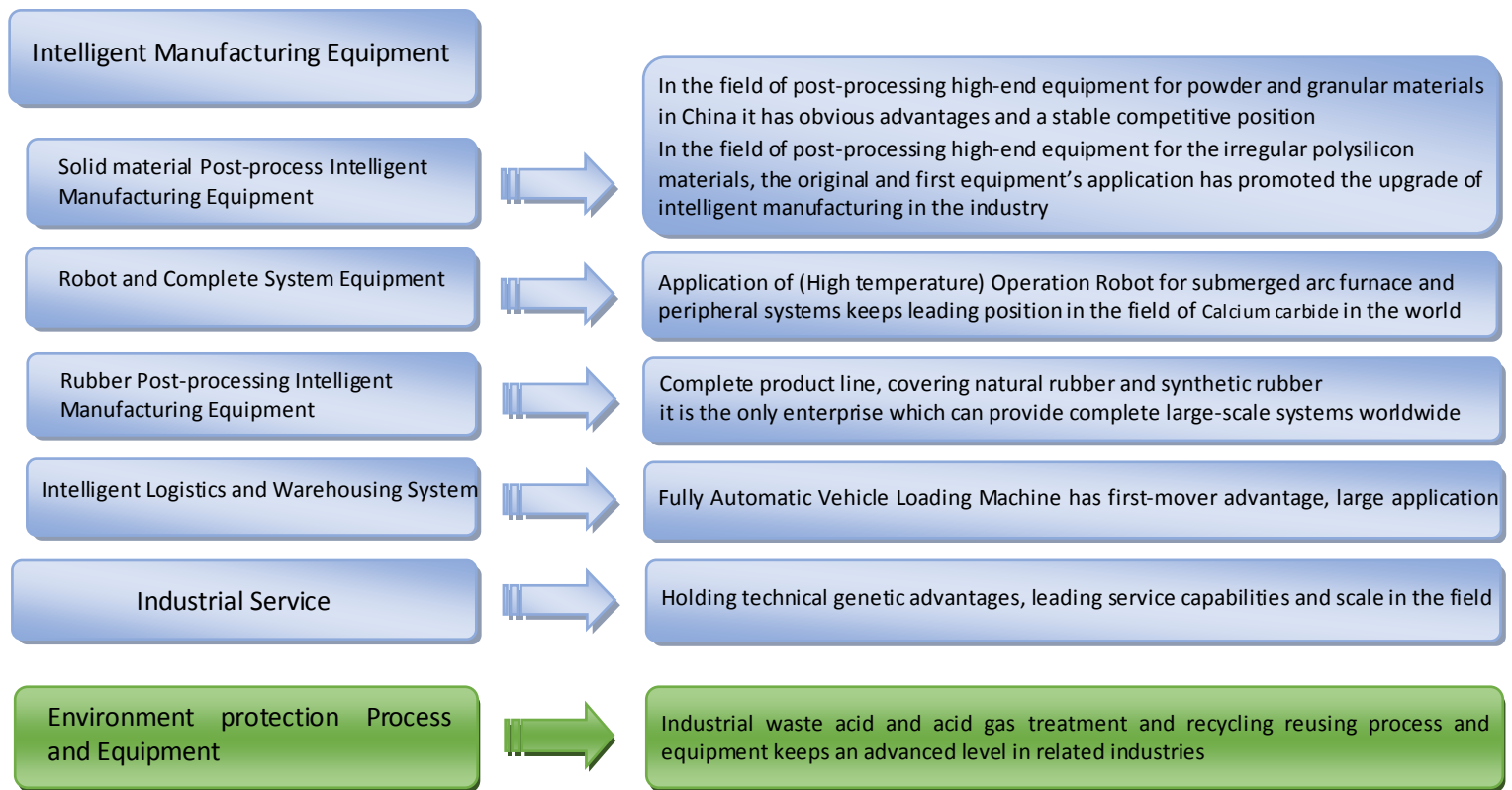
2. Core Competitiveness Analysis

As a technology-based enterprise, Boshi adheres to a differentiated competitive strategy of leading technology, and relies on a deep understanding of China's automation field and practical experience in industrial applications to maintain a long-term competitive position in the field it is engaged in. Boshi's Intelligent Manufacturing Equipment, Environmental protection Process Equipment, and Industrial Service businesses are effectively synergized and industrially linked. The business scale is growing rapidly, the profitability is enhanced, and the comprehensive competitiveness is stable.

(1) Industry status



(2) Market Classification of Products and Service



The Company's brand enjoys constant leading in popularity, reputation and customer loyalty in the above-mentioned domestic market

(3) Technology and Product R&D

Innovation is the first driving force to lead the development of an enterprise and technological leadership 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, the company has been playing a leading role in the field of product application for a long time, with outstanding technological leadership advantage and a competitive position in the industry.

(4) Advantages of the main business structure of "Intelligent Manufacturing Equipment" + "Environmental protection Process Equipment"

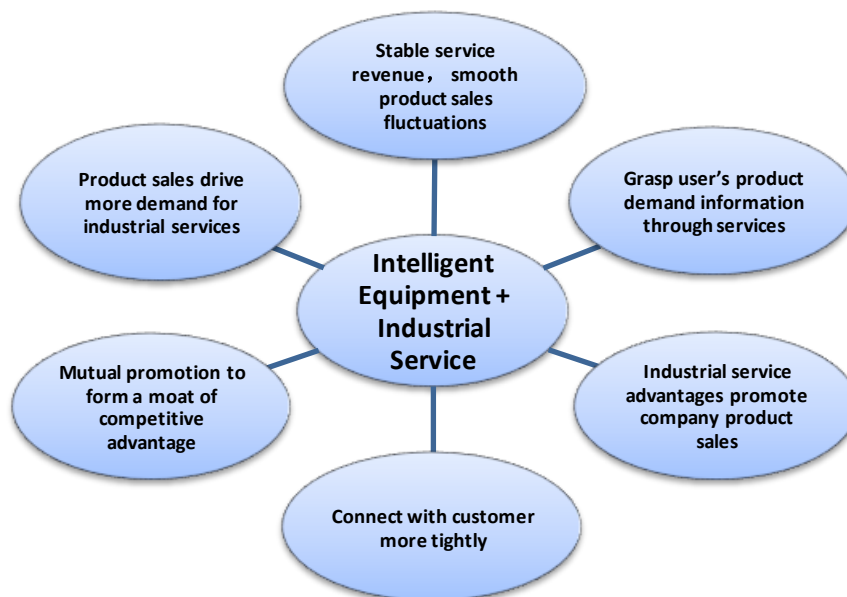
Through the industrial waste acid and acid gas treatment and recycling projects implemented by the holding subsidiary Harbin Boao Environmental Technology Co.,Ltd and its overseas wholly-owned P&P company, the Company can collect and process industrial waste sulfuric acid and sulfur-containing acid gas in chemical production to generate high-purity sulfuric acid for recycling production, achieving the effects of energy saving, emission reduction, environmental protection and economy.

The positive interaction and synergy between the company's "intelligent manufacturing equipment" and "environmental protection process equipment" are significant. In mid-2017, Harbin Boao Environmental Technology Co.,Ltd completed the acquisition of the Austrian P&P company. After the environmental

protection business achieved financial consolidation, it continues to make important market progress. Since 2019, The Environmental protection Process and Equipment have started the industry payback period. During the reporting period, it achieved sales revenue of RMB 275 million Yuan, contributing considerable profit to the Company. The main business structure of "Intelligent Manufacturing Equipment" + "Environmental protection Process Equipment" broadens the company's business fields, enhances the company's business scale, strengthens the company's ability to resist risks and consolidates the advantage of the company's competition in related business fields.

(5) Competitive advantage of two-wheel drive of "Intelligent Equipment" + "Industrial Service"

The Company fully integrates product application advantage, technological leading advantage and industrial service, actively promotes the strategy of industrial service integration and achieves rapid development. The company's professional, high-quality and efficient industrial service 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. During the reporting period, the company's industrial service achieved revenue of RMB 569 million Yuan, of which operating and after-sales industrial services achieved revenue of RMB 415 million Yuan, achieving 18.18% year-on-year growth, which contributes stable profit to the Company.



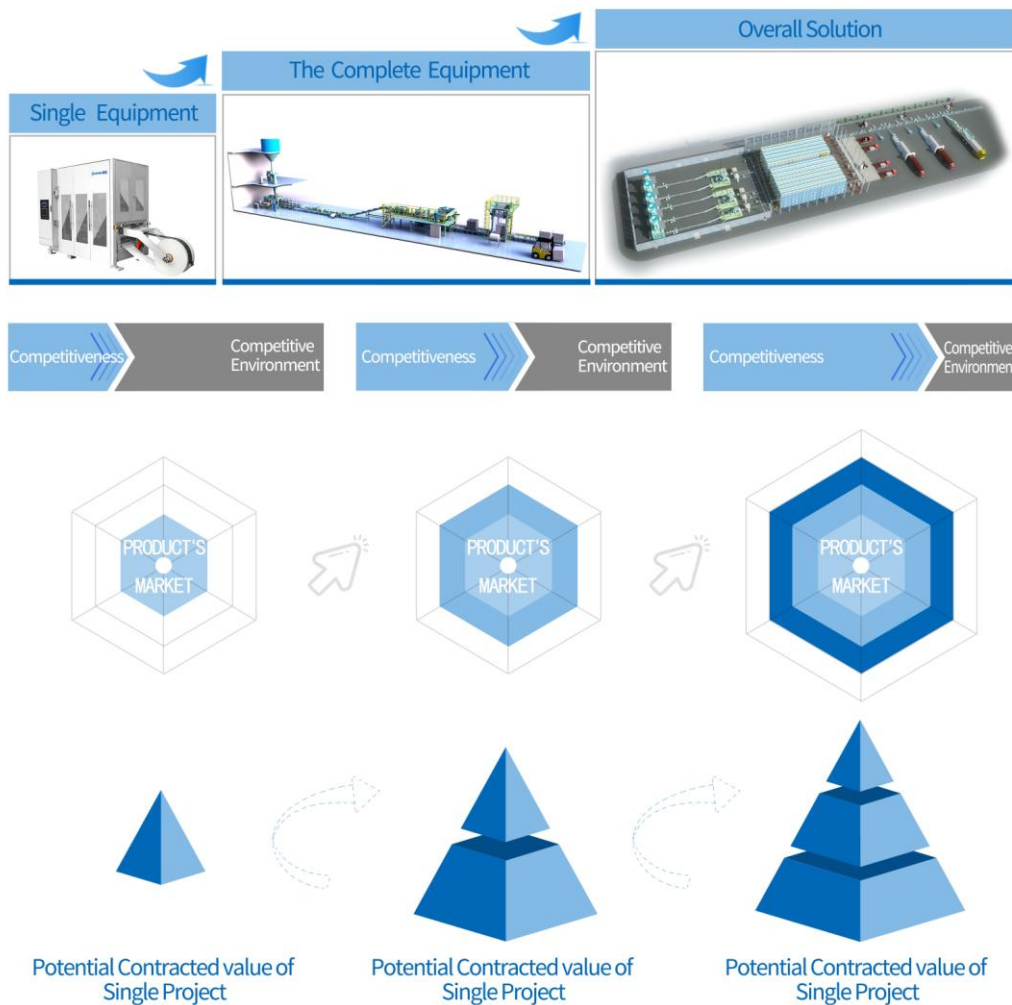
Legend: Schematic diagram, the positive interaction between Intelligent Equipment and Industrial Service

(6) The Overall Solution of Intelligent Manufacturing enhances the Company's Competitiveness

Throughout the company's technology, product development and industrialization process, the company enters new industries and new fields usually with key single unit equipment ("point"); after breakthrough in solving industry pain points, quickly form an automated production line ("line"); With the accumulation of technology and the in-depth understanding of the industry, the Overall Solution ("surface") of intelligent manufacturing is completed to help users realize the upgrade to Digital and Intelligent Factories. This process of technological progress from "point → line → surface" helps the company to concentrate resources, reduce technology development risks, open the ceiling for industry growth, and comprehensively enhance the company's core competitiveness.

As shown in the figure below, compared with a Single Unit Equipment and Automation Production Line, the Overall Solution of Intelligent Manufacturing helps the Company face a more potential product market and

be in a better competitive environment, which can stimulate the potential contract value of a single customer, which is expected to be multiplied.



Legend: Schematic diagram of the competitive environment and potential market opportunities of Single Unit Equipment, Automation Production Line and Overall Solution of Intelligent Manufacturing

(7) 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 Automatic Vehicle Loading machine which is widely used in the national economy field and (high temperature) operation robot for submerged arc furnace in the Calcium carbide industry are of great significance to replace manual operations in high-risk or heavy manual working conditions to achieve safe production, improve production efficiency and have a significant economical benefit, which have a transformative impact on the production field of “3D” work scenes (Dangerous, Dirty, Dull).

In this successful domestic fight against the COVID-19 pandemic, one of the major problems encountered by enterprises in resuming work and production is difficulty in hiring employees. Continuous anti-epidemic and complex social and psychological factors have restricted the movement of the people. If intelligent manufacturing equipment is applied in production, it will show higher efficiency and save more resources in recovery of production. The company's large-scale intelligent manufacturing equipment can provide one-stop solutions for customers in the product application field, realize safe and efficient production for users, fundamentally solve labor difficulties 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 enterprise at the same time.

(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 and intelligent manufacturing for customers and achieve win-win cooperation. The Company's brand enjoys a constant leading in popularity, high reputation and customer loyalty in the main domestic product application fields. The company pursues excellence, leads the development of intelligent equipment in the application industry and builds up a stable and healthy customer network for a long time. At the same time, high-quality customer resources and huge demand for intelligent manufacturing equipment have become 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 22 patents approved by the State Intellectual Property Office, including 1 invention patent and 21 utility model patents; 21 Software Copyrights are approved by the National Copyright Administration. In addition to patented 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. Through the Patents, Proprietary Technology and Software Copyright owned and mastered by the company, the Company has further consolidated its competitive advantage in the industry and enhanced its core competitiveness.

3. Other Important Notes**(1) Significant changes in main business during the reporting period**

Yes No

(2) Products contributing to over 10% of the Company's main business revenue or profit

Applicable Not applicable

Unit: Yuan

Product	Operating Revenue	Operating cost	Gross profit margin (%)	Revenue: +/-% over last year	Operating cost: +/-% over last year	Gross profit margin +/-% over last year
Post-processing intelligent manufacturing equipment for solid material	663,831,653.87	401,083,653.26	39.58%	52.64%	57.65%	-1.92%
Robots and complete system equipment	242,373,926.57	109,542,307.56	54.80%	-1.21%	11.32%	-5.09%
Post-processing intelligent manufacturing equipment for rubber	40,191,157.73	26,577,137.12	33.87%	5.80%	27.47%	-11.25%
Intelligent logistics, Warehousing systems	37,497,778.04	21,076,595.29	43.79%	1,647.36%	1,398.93%	9.31%
Environmental Process and Complete Equipment	274,945,673.55	94,806,409.14	65.52%	-1.53%	-43.79%	25.92%
Operation and after-sales type industrial services	415,058,707.14	274,173,040.31	33.94%	18.18%	23.80%	-3.00%
Supplementary industrial services and others	154,013,995.65	133,246,230.76	13.48%	41.39%	54.59%	-7.39%

(3) Seasonal or periodic characteristics in operating performance that needs special attention

Yes No

(4) Significant changes in revenues, costs and net profit attributable to shareholders with common shares or their composition comparing to prior reporting period

Applicable Not applicable

(5) Listing suspension or termination

Applicable Not applicable

(6) Matters related to financial statements**① Explanation on changes in accounting policies, accounting estimates and accounting methods comparing to prior year's financial statement**

Changes in Key Accounting policies

The New Revenue standard

The Ministry of Finance issued the Accounting Standards for Business Enterprises No.14 – Revenue (Revision) (hereinafter referred to as the “New Revenue Standards”) in 2017, and the domestic listed companies are required to implement from January 1, 2020. The second meeting of the fourth Board of Directors of the company held on April 20, 2020, approved to implement the new revenue standard from January 1, 2020, and adjust the relevant content of the accounting policy.

The company recognizes revenue after fulfilling the performance obligations in the contract, that is, when the customer obtains the control of the relevant goods or services. When certain conditions are met, the company is to perform its performance obligations within a certain period; otherwise, it is to perform its performance obligations at a certain point. If the contract includes two or more performance obligations, at contract inception, the company allocates the transaction price to single performance obligation according to relative proportion of the stand-alone selling prices of the goods or services promised by single performance obligation. And the revenue is measured at the transaction price allocated to each individual performance obligation.

The company adjusted relevant accounting policies in accordance with the specific provisions of the new revenue standards on specific matters or transactions. Please refer to Note V.26 in Annual Report 2020 for the accounting policy after change.

The company adjusted the amount of relevant items in the financial statements at the beginning of 2020 based on the cumulative influence of the first implementation of the new revenue standard, and did not adjust the comparative financial statement data.

Unit: Yuan

Changes in Accounting policies and reasons	Affected statement items	Affected amount as of Jan.1, 2020
Due to the implementation of the new revenue standard, the company reclassified the advance from customers related to the sales of goods and labor services into contract liabilities.	Advance from customers	-1,376,115,092.37
	Contract liabilities	1,335,685,772.71
	Other current liabilities	40,429,319.66

The influence of the implementation of the new revenue standard on the balance sheet at the end of the period is listed below:

Items	Affected amount as of Dec.31, 2020
Inventories	27,314,148.80
Advance from customers	-1,470,732,512.43
Contract liabilities	1,414,586,745.15
Other current liabilities	56,145,767.28

② **Explanation on retrospective restatement due to significant accounting error correction in the reporting period**

Applicable Not applicable

No correction of material accounting error required to be retrospectively restated in the Company's reporting period.

③ **Explanation on changes of consolidation scope comparing to prior year's financial statement**

Applicable Not applicable

No change in consolidation scope comparing to prior year's financial statement

IV .The Company's Outlook for Future Development

1. Company Key Business Development field

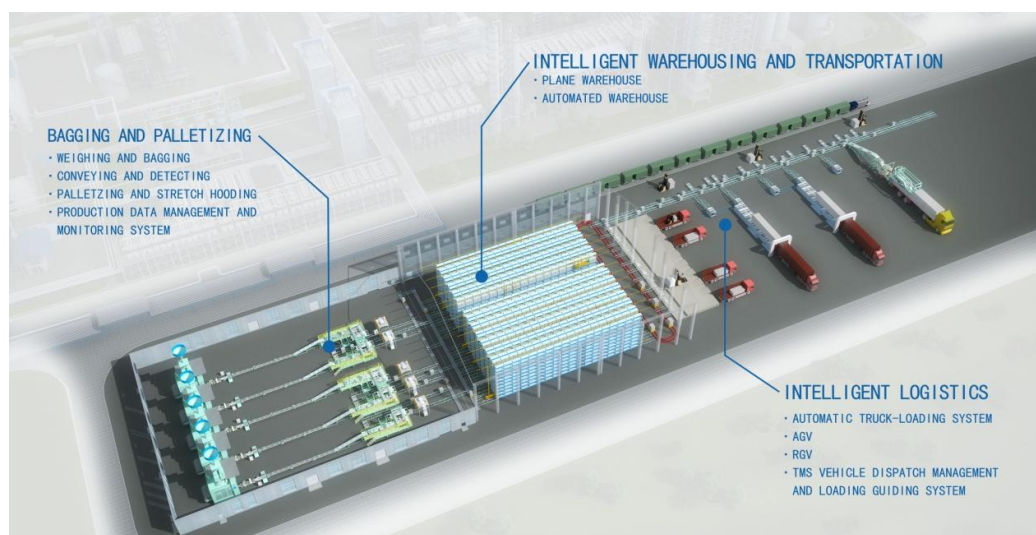
The company will actively promote the R&D, application and promotion of new technologies and products in the following areas, improve the level of Intelligent Manufacturing in relevant industries, and promote the coordinated development of various businesses of the company

(1) Digital Intelligent Manufacturing Equipment based on 5G and Industrial Internet Technology

China is a major manufacturing country and this pandemic highlights the important role of China in the international industrial chain. Despite the anti-globalization ideological trend in the world, the rise of China's manufacturing brands and the huge potential of domestic demand make us full of confidence in the future of China's manufacturing industry

With the integration and expansion of 5G and Industrial Internet Technology application scenarios, the process of New Industrialization in China will surely be accelerated. Relying on years of technical accumulation and industrial application practice experience in the field of Large-scale Intelligent Manufacturing Equipment, The Company will focus on expanding the application scenarios of Intelligent Manufacturing Equipment in different industries

① Overall Solution of Post-processing Intelligent Manufacturing Equipment for solid material



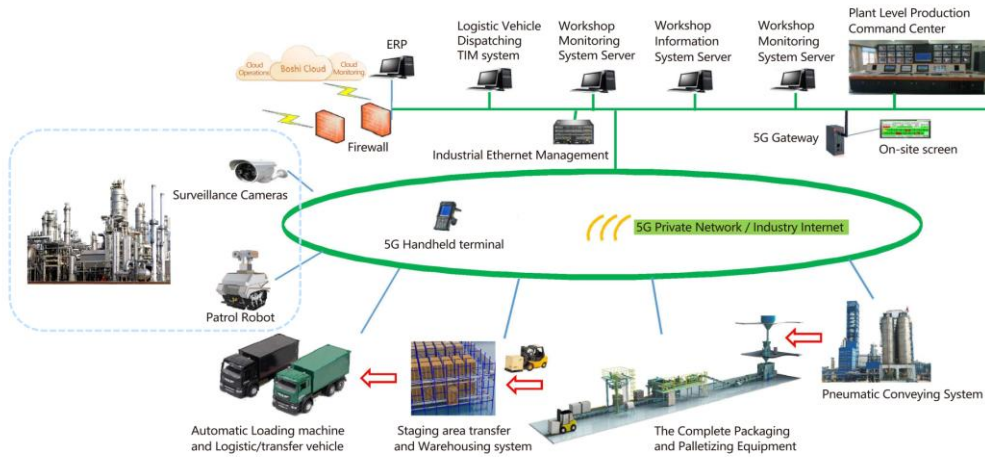
Legend: Schematic diagram for Overall Solution of Post-processing Intelligent Manufacturing Equipment for solid material

Note: this diagram only shows the part of photos and blurred images in this section. Under the premise of technical confidentiality, the relevant content is as easy as possible for investors to understand

Overall Solution of Post-processing Intelligent Manufacturing Equipment for solid material, 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

In the above legend, the Overall Solution of Intelligent Manufacturing is seamlessly connected with the transport vehicle through the Automatic Vehicle Loading System. Automatic Vehicle Loading system can be widely used in many fields of the National economy, which is conducive to the user to concentrate resources, improve production efficiency, release production potential and fully show its advantages in the case of labor shortage, limited personnel and harsh loading environment.

② Overall Solution of Intelligent Factories



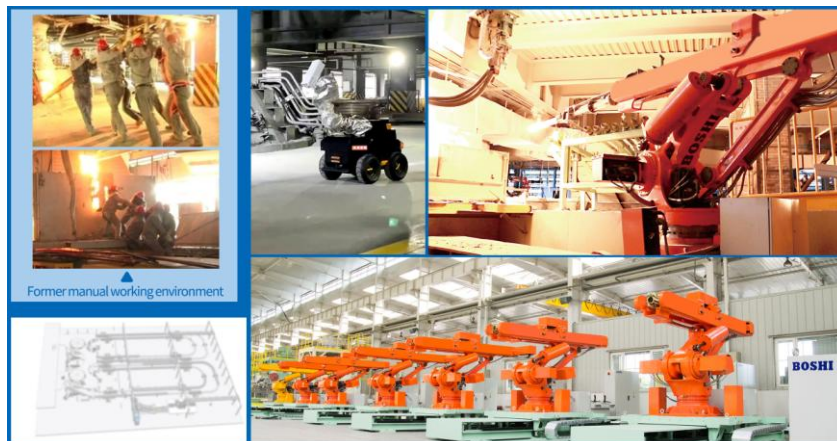
Legend: Schematic diagram for Overall Solution of Intelligent Factories

Based on the deep integration of 5G Industrial Internet Technology and Manufacturing industry, the Company's Overall Solution of Intelligent Factories helps customers produce economically, safely and efficiently, realizes intelligent production decision-making management and improves the level of intelligent manufacturing

(2) Manual substitution under high-risk, heavy and harsh working environment

Under the environment of high risk, heavy and harsh working conditions, the hidden trouble of safety production is large, the enterprises generally have the pain points of difficulty of recruiting workers, limited production capacity, unstable product quality, high production cost and the low standardization and so on. Through the operation of intelligent robots and peripheral systems, and data-based information management, many problems that cannot be solved by traditional manual production can be completely solved, safe production, increased production capacity, and industrial upgrading of Intelligent Manufacturing can be promoted.

① Overall Solution of Intelligent Manufacturing for Arc Furnace Smelting



Legend: Photos for Overall Solution of Intelligent Manufacturing for Calcium Carbide furnace field

The effect of promotion and application of the Company's self-innovation and R&D (high temperature) Operation Robot and its peripheral system in the field of calcium carbide production is remarkable. On this basis, the Company has continued to develop the application of high-temperature Special Robots in the high temperature furnace operation environment of silicon iron, silicon manganese, industrial silicon furnace and other high-temperature furnace, has made progress in succession, please refer to the third section of this Annual Report "III: Core Competitiveness Analysis".

② Overall Solution of Steel Intelligent Manufacturing

Boshi and Hunan Hualian Yunchuang Information Technology Co., Ltd. (a wholly owned subsidiary of Valin Group) signed a strategic cooperation agreement (see Announcement 2020-051 for details) to jointly promote the digital transformation of the iron and steel industry. In the early stage, The Company, through its investment enterprise Hunan Boshi Automation Equipment Co., Ltd. cooperate with "Xiangtan Iron & Steel", a subsidiary of Valin Group, carried out many cooperative applications, including ironmaking, steelmaking, hot metal transfer, billet continuous casting, steel plate sampling and other technological links. The Company will actively improve and promote the Iron & Steel Industry Intelligent Manufacturing Solution to be implemented and promote the application of it.



Legend: Partial schematic diagram of Overall Solution of Iron&Steel Intelligent Manufacturing

③ Overall Solution of Intelligent Logistics within factory



Legend: Partial photos for Automatic Vehicle Loading System

The Company's Intelligent Logistics system takes the Automatic Vehicle Loading System as the core unit, with the visual identification system, information technology, data information interface system, logistics dispatching system, transportation system and so on as the auxiliary, carries on the logistic operation of batch

transportation, the stacking, the split, the combination, the loading and so on to many kinds of bags, boxes, bulk materials and so on. Overall Solution of Intelligent Logistics can be widely used in many fields of national economy, which is helpful for users to concentrate resources, improve their logistics automation ability, improve production efficiency and release production potential. User feedback and market expansion continue to improve.

(3) Industrial Service of Intelligent Equipment

Facing the company's intelligent equipment user field, the manufacturing enterprise's daily product material post-processing production management, including the equipment operation, repair, maintenance, inbound and outbound of finished products, transshipment, loading and other integrated industrial services, present the outsourcing trend for the professional work. The Company prepared ahead of time, relying on the leading advantage of technology, continuously and vigorously promotes the integration strategy of products and services, professional, economic, high-quality and efficient service has been recognized and complimented by users, the Company's industrial service revenue has increased year after year. During the reporting period, the company's operating and after-sales industrial type services revenue exceeded RMB 400 million Yuan for the first time, reaching RMB 415 million Yuan, an increase of 18.18% over the same period last year. The Company's Integrated Industrial Services and Intelligent Equipment products sales form a positive interaction, promote mutually, enhance customer stickiness, effectively extend the industrial chain.

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 stock, on the other hand, will give a positive response to the customer's deep service demand, the service scale is expected to continue to step up, become an important source of income and profit of the Company.

(4) Energy-saving, Emission reduction and Environmental protection industry

Industrial waste acid and acidic gas treatment and recycling project, implemented by the Harbin Boao Environmental Technology Co.,Ltd and its wholly-owned Austrian P&P company, a holding subsidiary of the Company, can collect and treat industrial waste sulfuric acid and sulfur-containing acid gases in chemical production to produce high-purity sulfuric acid for recycling production, and to recycle and reuse the heat energy released in the process to achieve energy saving, emission reduction, recycling, environmental protection and economic results. The Company will promote its research and development in the field of industrial waste sulfuric acid, sulfur-containing acid gas in order to apply in more fields, strive to overcome the adverse impact of the Pandemic on the development of overseas market sales, enhance its sustainable development profitability.

2. Business Outlook in 2021

Since 2017, the Company's performance has continued to grow rapidly. In 2020, the Company's operating revenue was RMB 1.828 billion Yuan, 2.91 times of its revenue in 2016, and its net profit attributable to Parent Company's shareholders was RMB 405 million Yuan, 3.69 times of it in 2016. The compound growth rate is 32.37% and 46.27% in the past three years respectively. The Company is confident that its performance will continue to grow in 2021. On the specific profit target, the Company has determined that the net profit attributable to Parent Company's shareholders of listed companies in 2021 will increase compared with the year of 2020, at a range of 10% to 40%.

(Special note: The above performance objectives do not constitute a substantial commitment of the Company to investors, whether it can be achieved depends on the macroeconomic situation, changes in the industry market, progress in the implementation of projects, management measures and other factors, there is uncertainty, investors are invited to pay attention to investment risk.)

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

April 22, 2021