

**HARBIN BOSHI AUTOMATION CO.,LTD.**

**2021** SUMMARY OF  
ANNUAL REPORT

**April 2022**

# HARBIN BOSHI AUTOMATION CO., LTD. Annual Report 2021

## ( Abstract )

### I . Important Notes

This Abstract is extracted from Annual Report 2021. 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 2021 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 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 2.50 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	

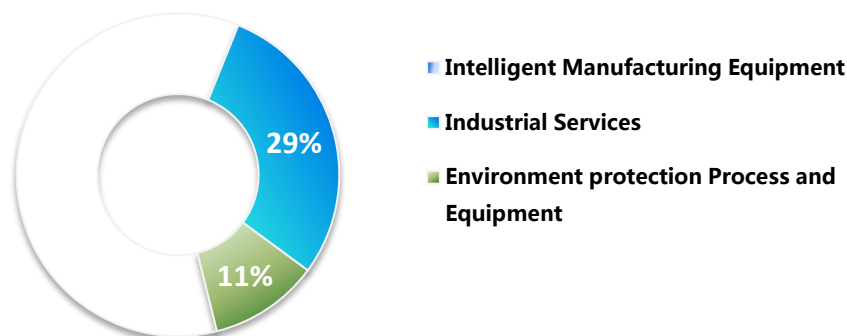
In order to speed up the planning and implementation of the construction function of the Company's regional headquarters and provide convenience for value investment, the Company has set up a "Securities and Investment Affairs Office" at No. 1102, Building 2, Huijin Building, No. 55, Shangxiang Road,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

### 2. Company main business during the reporting period

#### (1)The Company's Industry Status during the Reporting Period

##### ①Industry 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:



**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 China’s manufacturing industry has an obvious gap in independent innovation ability, resource utilization efficiency, industrial structure level, informatization degree, quality and efficiency, and the task of transformation, upgrading and leapfrog development is urgent and arduous. The State attaches great importance to the development of high-end equipment manufacturing industry from the strategic height, and the development of intelligent manufacturing is a strategic task of long-term persistence, which will accelerate the integrated development of the new generation of information technology and manufacturing technology and take intelligent manufacturing as the main direction of the in-depth integration of informatization and industrialization.

In the face of the historic opportunities of *Made in China 2025* and the urgent demand for intelligent equipment and intelligent factories in the post-pandemic era, the Company will concentrate on advantages, integrate resources, accumulate competitiveness, with rich product lines and intelligent manufacturing overall solutions, to respond and guide market demand, strive to achieve better and rapid development and bring continuous returns to shareholders.

**Industrial Service Rooted in the Intelligent Manufacturing Equipment:**

On March 16<sup>th</sup>, 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, “Improve the efficiency of the manufacturing industry, make use of new generation information technologies, such as 5G, big data, cloud computing, artificial intelligence and Blockchain, vigorously to develop intelligent manufacturing, achieve accurate and efficient matching between supply and demand and promote the fundamental reform of the manufacturing development model and the reform of enterprise forms.” 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 equipment includes integrated industrial services for equipment operation, repair, maintenance, finished products outbound & inbound, transfer, truck loading and so on. The professional work presents a trend of outsourcing. The Company takes precautions, relying on the leading technology advantage, and continues to vigorously promote the strategy of product and service integration. The professional, economic, high-quality and efficient service has been recognized and praised by users, and the Company’s industrial service revenue has

increased year after year. During the reporting period, the Company's operating and after-sales industrial service revenue exceeded RMB 500 million Yuan for the first time, achieving a growth of 23.06% year-on-year. The overall revenue of industrial services accounted for nearly 30% of the Company's total revenue.

Based on the Company's outstanding achievements in the integrated development of intelligent manufacturing equipment and industrial services, the Company was identified as "Pilot Unit of Advanced Manufacturing and Modern Service Industry" in August 2021 by the National Development and Reform Commission. The 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 revenue and profit of the Company.

### **Environmental Protection Process and Equipment:**

The 14<sup>th</sup> Five-Year Plan takes "achieving new progress in ecological civilization construction" as one of the main goals, including "more reasonable allocation of energy and resources, substantial improvement in utilization efficiency, continuous reduction of the total emissions of major pollutants, and continuous improvement of the ecological environment". Continuing to improve environmental quality and promoting the all-round green transformation of economic and social development provides important development opportunities for the field of environmental protection. Current climate change that seriously threatens human survival and development is mainly caused by carbon dioxide emissions from human activities since the industrial revolution. At the 75<sup>th</sup> United Nations General Assembly in 2020, China announced that it will strive to achieve "Carbon Peak" by 2030 and strive to achieve "Carbon Neutrality" by 2060, in the *Government Work Report of the Fourth Session of the 13<sup>th</sup> National People's Congress*, it is clearly proposed to "Do a solid job in Carbon Peak and Carbon Neutrality", and relevant industries are facing major opportunities.

Industrial waste acid and acidic gas treatment and recycling project, implemented by Harbin Boao Environmental Technology Co., Ltd, the holding subsidiary of the Company, can collect and treat industrial waste sulfuric acid and sulfur-containing acid gases in chemical production to produce high-purity sulfuric acid for recycling production, and to recycle and reuse the heat energy released in the process to achieve energy saving, emission reduction, recycling, environmental protection and economic results, that it will strive to achieve "Carbon Peak", "Carbon Neutrality" emission reduction targets.

### **Overview:**

The Company has been cultivating in the field of intelligent equipment for a long time, and the high-end intelligent equipment with independent intellectual property rights has been continuously upgrading for Chinese Manufacturing, replacing imported equipment or being the first applications equipment to promote the technological progress of related industries. In terms of revenue composition, the Company's intelligent manufacturing equipment and industrial services rooted in intelligent manufacturing equipment accounted for nearly 90% of the Company's revenue. The Company's intelligent manufacturing equipment are applied in petrochemical, chemical, grain, building materials, new energy, food, medicine, port, feed as well as loading and transfer scenarios for finished products in many industries, to provide customers with efficient

intelligent manufacturing equipment and intelligent factory overall solutions. The Company's technology and intelligent equipment are in the leading position in the application field of domestic industry, no same volume competitors; in some fields, the Company products and technology application are in the world leading level.

From the perspective of industry, Made in China large-scale enterprises generally have automated production lines, but the proportion of digitalization is not high, factory data sharing is not much, and few use intelligent technology. The development of intelligent manufacturing in China still has a big gap between the United States, Japan and Germany. Under the guidance of national industrial policies, enterprises have an urgent demand for intelligent manufacturing equipment and overall solutions of intelligent factories, and the market demand presents long-term and sustainable characteristics with no obvious periodicity.

## ②Industry policy impact

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

In December 2021, the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Science and Technology and so on 15 departments jointly issued *The 14<sup>th</sup> Five-year Robot Industry Development Plan*, put forward the following planning goals: by 2025, China has become a global robot technology innovation source, high-end manufacturing cluster and new heights of integrated application. Breakthroughs have been made in the number of core robot technologies and high-end products, breakthroughs have been made in the number of core robot technologies and high-end products, the comprehensive index of the complete equipment has reached the international advanced level, and the performance and reliability of key parts have reached the international level of similar products. The operating revenue of the robot industry will grow by more than 20% annually, form a number of internationally competitive leading enterprises and a large number of specialized and special and new "Little Giants" enterprises with strong innovation ability and good growth ability, and build 3 to 5 industrial clusters with international influence. The density of manufacturing robots has doubled. By 2035, the comprehensive strength of China's robot industry will reach the international leading level, and robots will become an important part of economic development, people's life and social governance.

In November 2021, the Ministry of Industry and Information Technology issued *the 14<sup>th</sup> Five-year Plan for Green Industrial development*, put forward the following goals: by 2025, industrial structure, mode of production and green and low-carbon transition have made significant progress. Green and low-carbon

technologies and equipment have been widely applied, the efficiency of energy and resources utilization has been greatly improved, and green manufacturing has been comprehensively improved, laying a solid foundation for reaching a Carbon Peak in the industrial sector by 2030. Carbon emission intensity will decrease continuously; Pollutant emission intensity will decrease significantly; Steady improvement in Energy efficiency will improve steadily; The utilization of resources has improved significantly; The Green Manufacturing system is improving day by day.

In November 2021, The Ministry of Industry and Information Technology issued *the 14<sup>th</sup> Five-year Plan for the In-depth Integration of Informatization and Industrialization*, put forward the following goals: by 2025, informatization and industrialization will realize integrated development in a wider range, deeper degree and higher level, and the penetration of the new generation of information technology into all fields of manufacturing was accelerated, the scope was significantly expanded, the degree was continuously deepened, and the quality was greatly improved. The pace of digital transformation of manufacturing was significantly accelerated, and the national integrated development index of the informatization and industrialization reached 105. New models and new business forms are widely popularized; industrial digital transformation has remarkable results; the integration support system is continuously improved; the vitality of enterprise integration development is activated fully; and the integrated ecosystem is developed prosperously.

The year 2021 is the first year of the implementation of the 14<sup>th</sup> Five-Year Plan. The Ministry of Industry and Information Technology and other Ministries and Commissions have issued important programmatic plans affecting the development of the intelligent manufacturing industry. From the above planning goals, it can be seen that the field of intelligent manufacturing equipment is facing major development opportunities. From the Company's long-term industrial practice in the field of intelligent equipment industry, the demand for China's manufacturing enterprises for intelligent equipment is in the ascendant, the field of intelligent manufacturing equipment will continue to flourish.

**(2) Company Main Businesses during the Reporting Period**

**① Main products, services and application level of the Company**

**Overall Solution for Intelligent Manufacturing Equipment and Intelligent Factory**

<p><b>Post-processing Intelligent Manufacturing Equipment for solid material</b></p>	<p><b>Post-processing Intelligent Manufacturing Equipment for rubber</b></p>
<p>It is applied in the post-processing fields for the powder, granular materials or irregular materials of petrochemical, chemical, cereals, building materials, new energy, food, medicine, ports, feed, etc. (such as crushing, screening, bagging, boxing of reduced silicon rods, etc.), providing efficient automatic weighing, packaging and palletizing intelligent manufacturing and production equipment and overall solutions of smart factories</p>	<p>It is intelligent equipment and intelligent plant overall solution, applied in production process of synthetic rubber and natural rubber and in the fields of product refining process, dewatering and drying process (rubber washing, cleaning and impurity removal, dewatering, crushing and drying, etc.) and finished product packaging process (weighing, baling, detecting, conveying, packaging and palletizing, etc.)</p>
<p>In the field of post-processing high-end equipment for powder and granular materials in China it has obvious advantages and a stable competitive position In the field of post-processing high-end equipment for the irregular polysilicon materials, the original and first equipment's application has promoted the upgrade of intelligent manufacturing in the industry</p>	<p>Complete product line, covering natural rubber and synthetic rubber It is the only enterprise which can provide complete large-scale systems worldwide</p>
<p><b>Robot and Complete System</b></p>	<p><b>Intelligent Logistics, Warehousing</b></p>
<p>(High temperature) Operation robot for submerged arc furnace and complete system solutions of serialized intelligent products are applied for high-risk working environment as well as other special robots and complete system solutions which can replace high-risk, harsh working conditions, and heavy manual labor.</p>	<p>Connecting with solid material post-processing and rubber post-processing intelligent manufacturing equipment to realize intelligent identification, outbound and inbound warehousing management, logistics transshipment, Automatic Vehicle Loading, etc., and to help customers to build smart factory overall solutions</p>
<p>(High temperature) Operation robot for Submerged Arc Furnace and its surrounding systems are in leading position worldwide in the field of cicium carbide</p>	<p>Automatic Loading machine has first-mover advantage, the market responds positively and the large-scale application has big potential.</p>

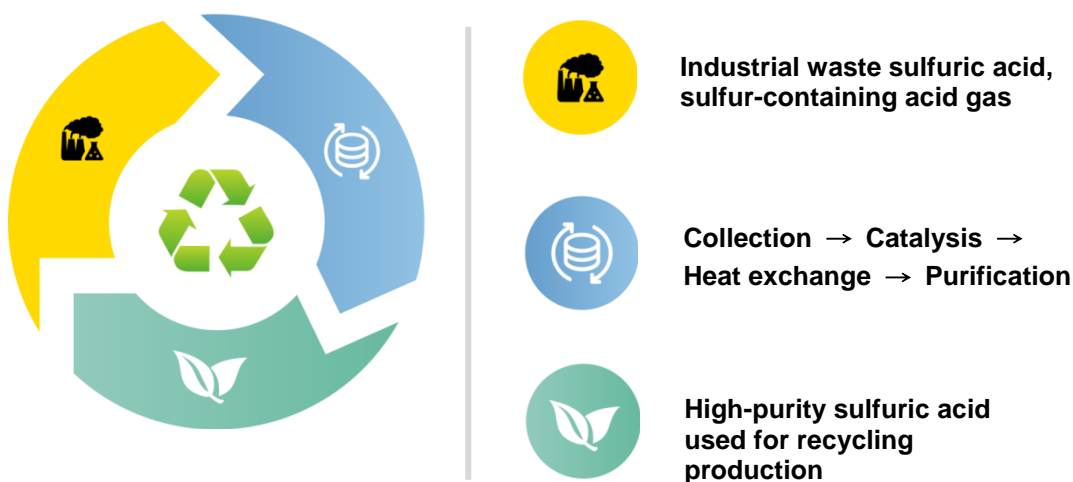


## Industrial Services

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

Holding technical genetic advantages, leading service capabilities and scale in the field

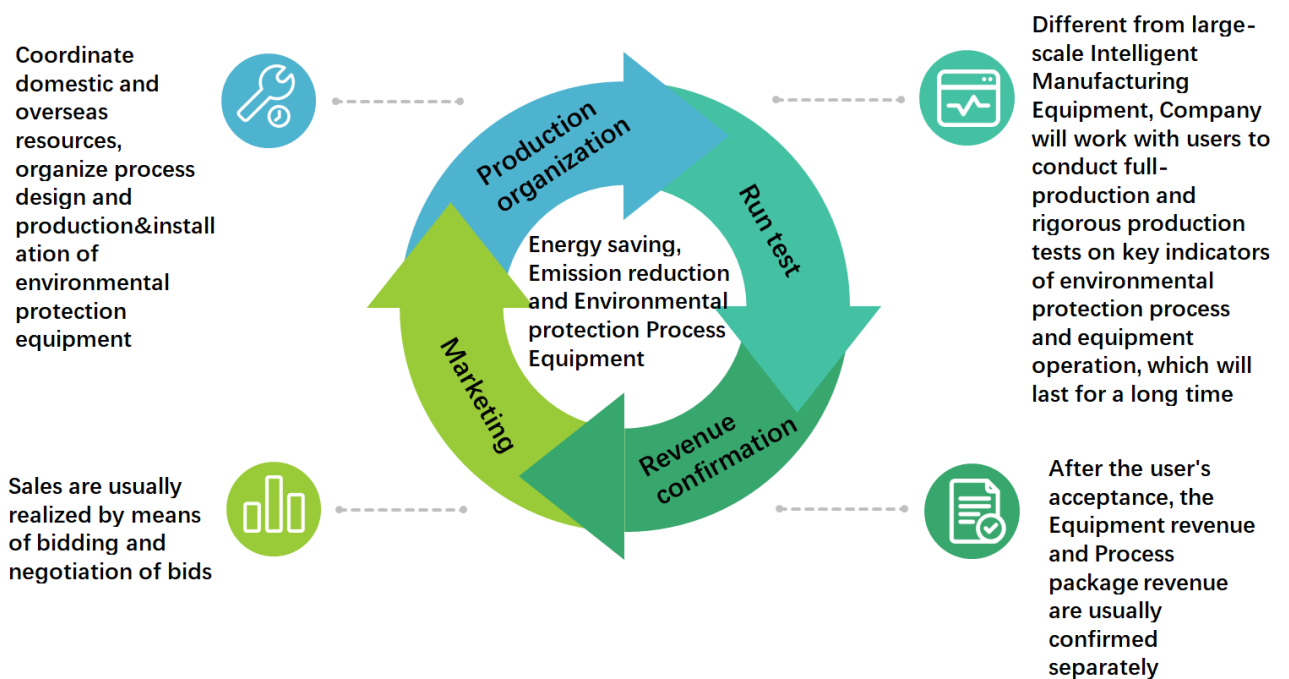
## Energy saving, emission reduction and environmental protection process equipment field



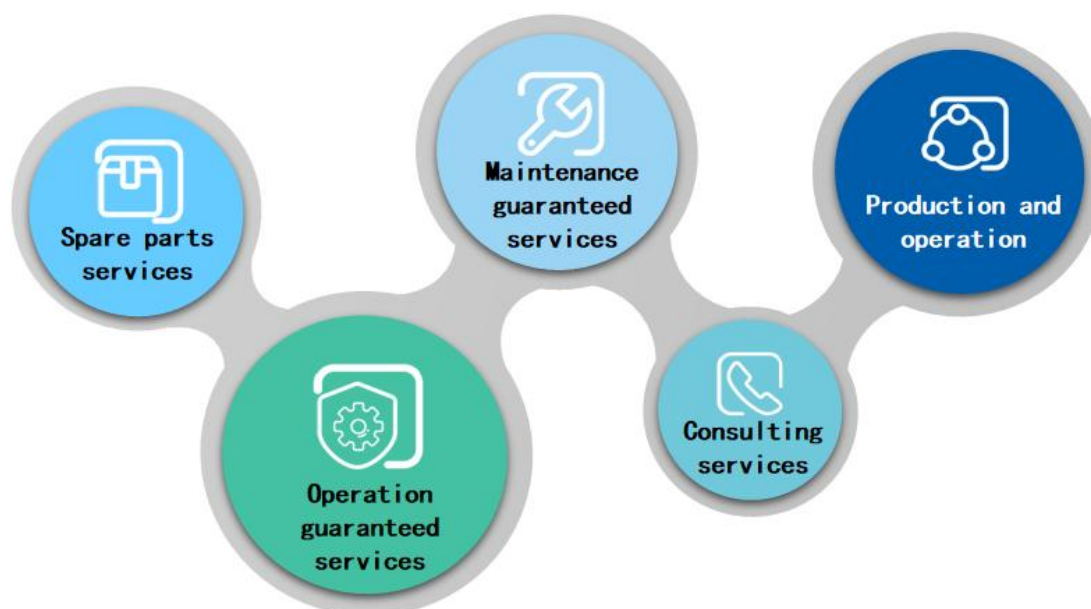
Harbin Boao Environmental Technology Co.,Ltd is currently mainly engaged in the design, production, and sales of energy-saving, emission-reduction and environmental protection process equipment which is represented by industrial waste acid regeneration process and equipment. Industrial waste acid regeneration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

**Realize the effects of energy saving and emission-reduction, recycling uses, economy and environment protection**

②Business mode



## Industrial Services——Operation and After-sales type Industrial Services

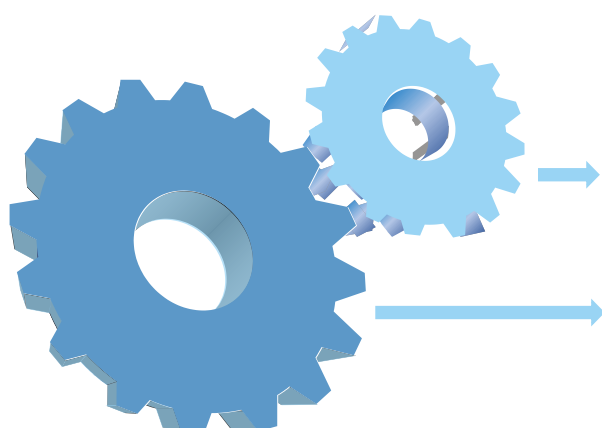


By participating in bidding or negotiating bids, the Company signs integrated service, equipment maintenance service agreements with users (which may include FFS film rolls sales matching with production services), equipment maintenance, operation maintenance and the like to determine the contents and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

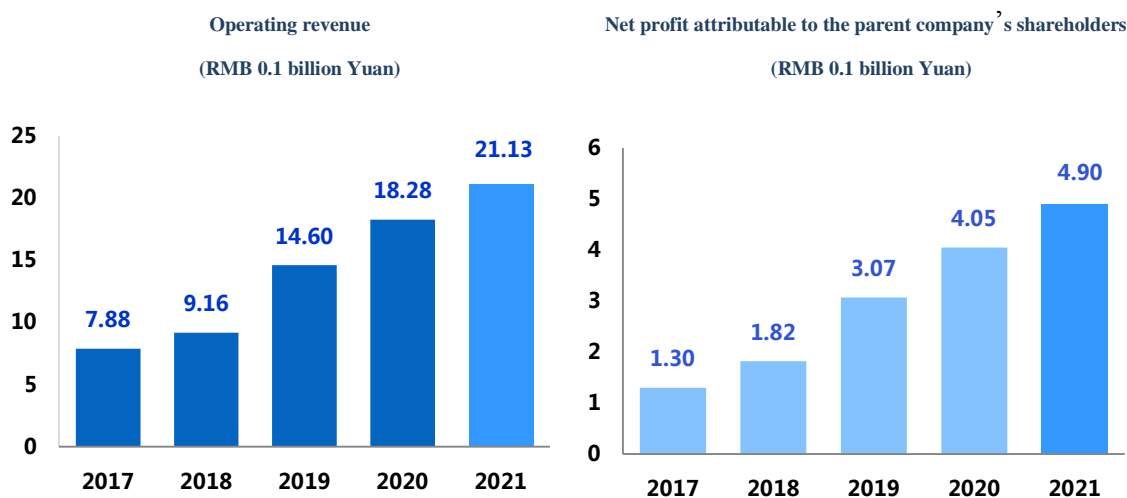


Content 1: FFS Film roll production enterprise matching with industrial services (Nanjing Green New Material Co., Ltd., Company's holding subsidiary) separately sells FFS film rolls, plastic auxiliaries and the like apart from the Company's production and operation services;

Content 2: Other small revenues which don't have qualification to be classified of importance  
 Revenue confirmation: usually as per the contract signed with customer, implement the contract and meet the revenue conditions, then confirm the operating revenue.

### ③Key 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:



**In recent years, the Company's performance continues to grow better and faster. The main driving factors are as follows:**

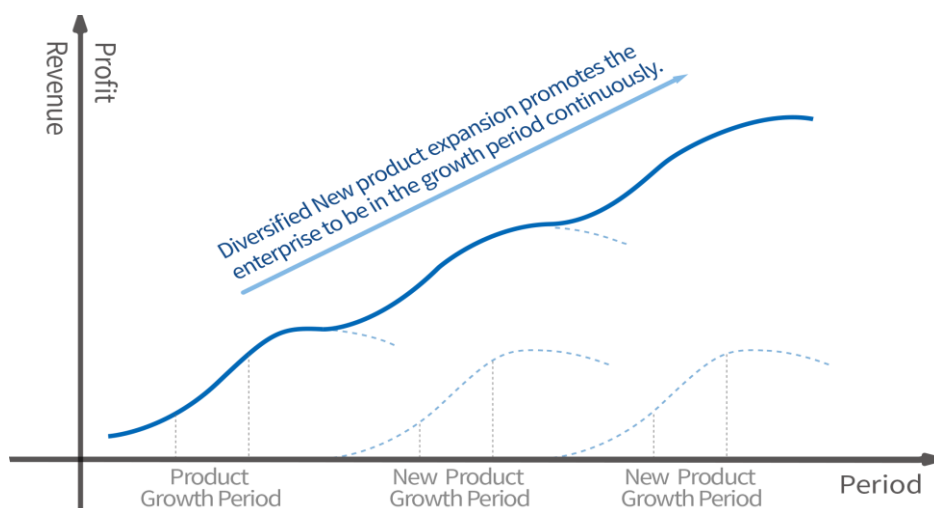
①Benefiting from the strong demand for intelligent manufacturing equipment from the intelligent manufacturing upgrade in China, the Company's intelligent manufacturing equipment business continues to exert strength;

②The promotion and application of intelligent equipment for manual substitution in the field of high-risk, harsh, and heavy working conditions, represented by (high temperature) operation robot for submerged arc furnace and successful development and application of post-processing intelligent equipment for solid materials regarding polysilicon in the field of new energy enriched the Company's product multi-category expansion field, and effectively promoted the rapid growth of the Company's overall performance;

③The synergy between industrial services and intelligent manufacturing equipment and steady growth for service revenue improve the Company's ability to resist risks, and enhance the Company's overall performance;

④Since mid-2017, the energy saving, emission reduction and environmental protection business report was consolidated, bringing a very good supplement to the Company's intelligent manufacturing equipment business.

As shown in the figure below, technological innovation and new product's development, application and expansion help to promote the continuous growth or prolong continuous growth period of the Company.



The Company's intelligent manufacturing equipment has undergone continuous technological innovation and an expansion process of continuous application of new technologies and new products. Currently, the Company has ability to provide users with overall solutions for intelligent 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.

**The Company's future performance growth and driving factors mainly include:**

- ① The promotion of the overall solutions of post-processing intelligent manufacturing for solid material between different customers and the replication of the growth momentum brought by different factories;
- ② New energy raw materials polysilicon production expansion releases the demand for post-processing intelligent equipment for irregular materials, and the Company's vertical R&D expands in the field of new energy raw material polysilicon;
- ③ The application of FFS (Form-Fill-Seal) post-processing intelligent manufacturing equipment for solid materials in the field of PVC and building materials;
- ④ With the technology accumulation in fine chemicals industry and the acceleration of industry application and imported substitution, the demand for intelligent manufacturing equipment continues to enlarge in the field of fine chemicals;
- ⑤ R&D, pilot application and expansion of unmanned plant facing calcium carbide production link;
- ⑥ R&D, application and expansion of high-temperature special operation robots (under high-risk, heavy and harsh working conditions) in the field of ferrosilicon, silicon, manganese and industrial silicon;
- ⑦ Promotion and accelerating application of overall solutions such as intelligent warehousing, logistics and truck-loading system for a wide range of large-scale enterprises in the national economy;

- ⑧ Phased implementation and continuous industrialization of overall solutions of intelligent factory;
- ⑨ Technology development, project accumulation and industrialization application of iron and steel intelligent manufacturing solutions;
- ⑩ The continuous growth of Industrial Services and new undertaking industrial service projects of production and operation has brought a large increase in the implementation.

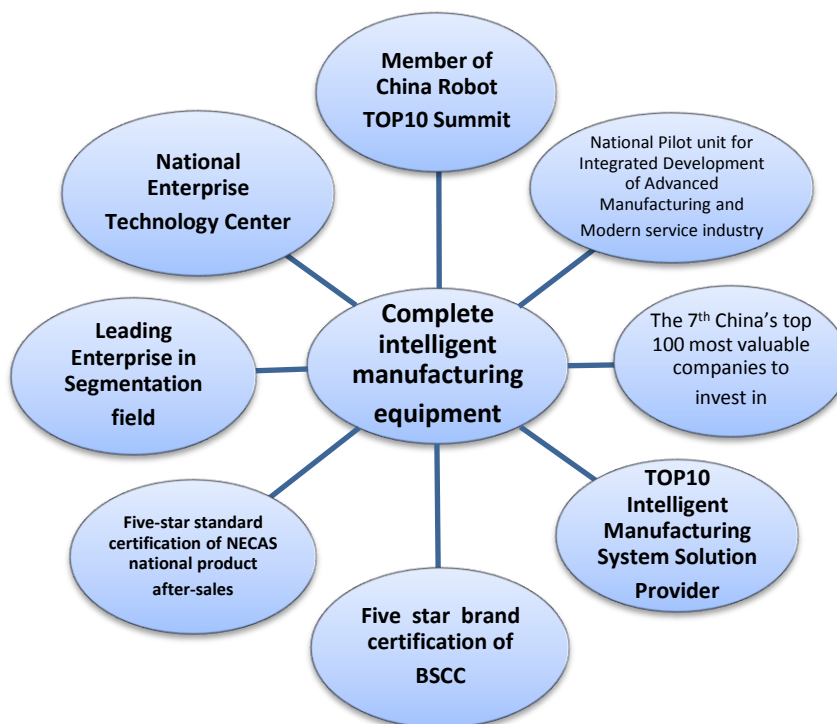
The mentioned above are the details of the future performance growth driving factors, please combine the “Core Competitiveness Analysis” part of this report as well as the “The Company’s Outlook for Future Development”, and other relevant contents.

### **(3) 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 in which it is engaged. Boshi’s intelligent manufacturing equipment and industrial service businesses are effectively synergized and optimally linked, supplemented beneficially by environmental protection process equipment. The business scale is growing rapidly, the profitability continues to improve, and the comprehensive competitiveness is stable.

#### **① Industry status**

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



## ②Leading competitiveness of products and technologies

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

From the perspective of intelligent equipment product line, the Company's intelligent equipment reaches high speed, high accuracy and stable operation, which is a replacement of imported high-end equipment, suitable for the customer production environment with high efficiency and safety production requirements. In the domestic product application field, products and technology are at the leading level. From the perspective of the overall solution of intelligent manufacturing, the Company integrates multi-category innovative products with the production scenario of manufacturing users, which can realize the overall solution of solid materials post-processing intelligent manufacturing, help users realize the digital and intelligent transformation of the factory, and realize intelligent manufacturing.

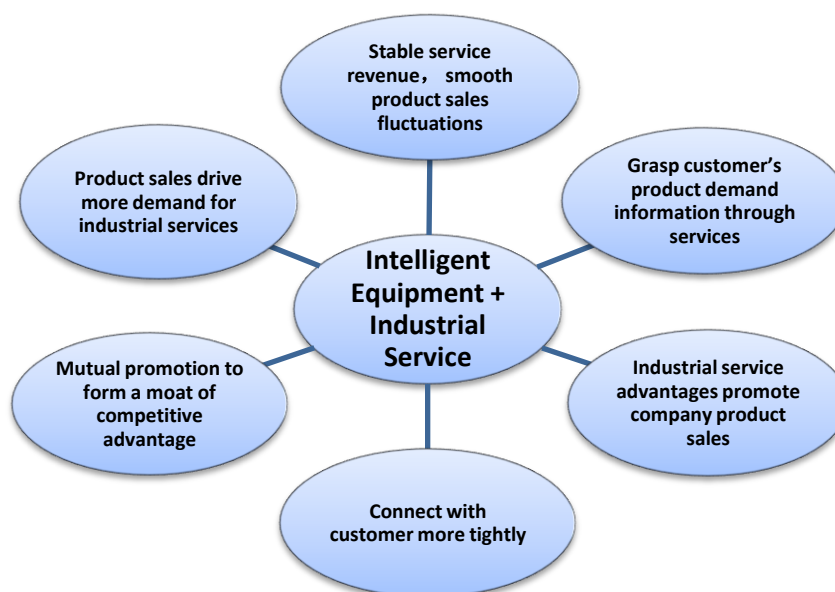
In the field of sub-merged arc furnace, In view of the urgent demand of safety production and manual substitution in the calcium carbide industry, the Company has successfully developed and applied subversive (high temperature) furnace operation robot to traditional production based on industrial robot technology, In addition, calcium carbide tamping furnace robot system, furnace door automatic switch system and other peripheral systems have been developed to help users achieve manual substitution under high-risk and heavy working conditions, and accumulate technical experience for the next realization of unmanned factories in the field of sub-merged arc furnace production of calcium carbide. Currently, the Company (high temperature) furnace operation robot and peripheral systems are in the leading around the world in the field

of calcium carbide application. The Company continues to develop the application of high temperature special robots in iron silicon, silicon manganese, industrial silicon furnace and other high temperature furnace operating environment, and the phased results have been achieved.

On March 24<sup>th</sup>, 2022, the Company received a notice from the High-tech Research and Development Center of the Ministry of Science and Technology on the comprehensive performance evaluation conclusion of *the research and development and demonstration application project of sub-merged arc furnace robot system for calcium carbide under the national key research and development program*. The comprehensive performance evaluation conclusion of the research and development and demonstration application project of sub-merged arc furnace robot system for calcium carbide led by the Company was passed, with a score of 92.4 (Grade A) and the performance level is excellent. Being able to undertake “National Key Research and Development Projects” is the national recognition of the Company’s technological innovation strength; The Company has passed the project acceptance with excellent results, which is the verification and interpretation of its own scientific and technological innovation ability. In the field of calcium carbide smelting operation, with the Company’s large-scale application of calcium carbide smelting operation robot to replace the manual operation under high-risk and heavy working conditions, it has realized the long-cherished wish and responsibility of transforming traditional industries with high-technology.

### ③Performance-driven dual engines of "intelligent equipment" + "industrial service"

The Company fully integrates product application advantage, technological leading advantage and industrial service, actively promotes the strategy of products and service integration and service business achieves rapid development. The Company’s professional, high-quality 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.



Legend: Schematic diagram, the positive interaction between intelligent equipment and industrial service



In August 2021, the Company was identified by the National Development and Reform Commission as the National “Pilot Unit for Advanced Manufacturing Integrated Development and Modern Service Industry”, becoming one of the few leading enterprises of “Two Industries Integration” in the country. This award is a recognition and incentive for the Company to develop the “Product and Service Integration” strategy prospectively and actively implement this strategy for a long time. During the reporting period, the Company’s industrial services achieved revenue of RMB 615 million Yuan, among which the operation and after-sales Industrial Services achieved revenue of RMB 511 million Yuan, 23.06% increase year-on-year. “Intelligent equipment” + “industrial services” constitute a performance-driven dual engine.

#### **④The overall solution of intelligent manufacturing accelerates the Company’s competitiveness**

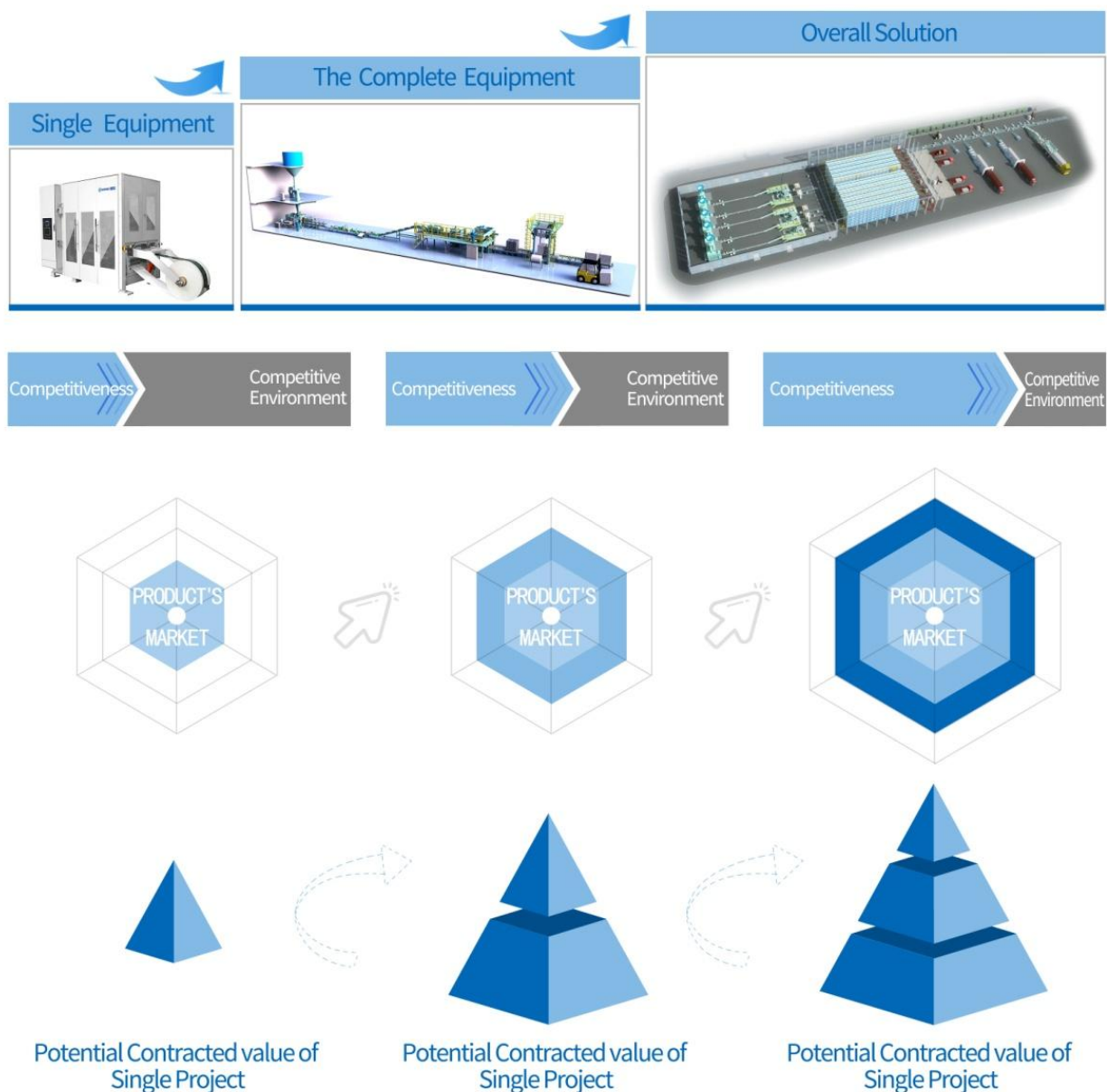
Throughout the Company’s technology, product development and industrialization process, the Company enters new industries and new fields usually with key single unit equipment ( “points” ); after breakthrough in solving industry pain points, quickly form an automated production line ( “line” ); With the accumulation of technology and the in-depth understanding of the industry, the 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:

Single unit sales ( “point” ), it is inevitable to face large competition, small market space, and the project potential contract amount is limited;

The complete equipment sales ( “line” ), the competitive environment improves, the competitive pressure decreases, the market space increases, and the potential contract amount is effectively enlarged;

The overall solution of intelligent manufacturing ( “surface” ), limited competitors, strong competitiveness, market space and potential contract amount is expected to multiply.



Legend: Schematic diagram of the competitive environment and potential market opportunities of single unit equipment, automation production line and overall solution of intelligent manufacturing

### ⑤ 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, cooperative and win-win customer network for a long time. At the same time, high-quality customer resources and huge potential demand for intelligent manufacturing equipment is the source of the Company's sustainable and rapid development.

## ⑥ Achievements in intellectual property, proprietary technology and software copyright

During the reporting period, the Company obtained 62 patents approved by the State Intellectual Property Office, including 7 invention patent and 55 utility model patents; 8 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.

## 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 have transformative impact on replacing manual operations in high-risk or heavy manual working conditions to achieve safe production, improve production efficiency, improve the capacity utilization rate due to standard operations and enhance the enterprise efficiency significantly. The Company's large-scale intelligent manufacturing equipment and intelligent factory technology can provide one-stop solution to save more resources and realize safe and efficient production for the customers, fundamentally solve the problem of structural labor gap for customers and promote the improvement of social production efficiency. The application of these high-tech products not only achieves good social benefits, but also brings considerable economic benefits to the Company at the same time.

## 3. Key Financial Information

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

Unit: RMB Yuan

	2021	2020	Increase/decrease of 2021 over 2020	2019
Operating Revenue	2,112,954,813.09	1,827,912,892.55	15.59%	1,459,741,076.77
Net profit attributable to parent company's shareholders	490,327,299.72	405,370,652.33	20.96%	307,106,182.72
Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company	459,328,151.59	375,832,168.49	22.22%	279,151,858.98
Net cash flow from operating activities	399,773,130.75	147,006,474.65	171.94%	352,391,698.09
Basic earnings per share (Yuan/share)	0.4795	0.3964	20.96%	0.3003
Diluted earnings per share (Yuan/share)	0.4795	0.3964	20.96%	0.3003
Weighted average return on equity	18.02%	16.83%	1.19%	14.17%
	As of Dec.31, 2021	As of Dec.31, 2020	Increase/decrease of 2021 over 2020	As of Dec.31, 2019

Total assets	4,901,945,419.82	4,576,810,168.61	7.10%	4,041,154,116.28
Total equity attributable to shareholders of the parent company	2,879,793,106.39	2,568,750,413.53	12.11%	2,290,352,360.75

**(2) Key accounting data by quarter**

Unit: RMB Yuan

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating Revenue	546,281,751.47	569,273,355.86	545,964,086.79	451,435,618.97
Net profit attributable to parent company's shareholders	149,917,543.44	136,770,035.46	135,146,051.15	68,493,669.67
Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company	140,396,126.34	129,334,497.76	133,870,923.50	55,726,603.99
Net cash flows from operating activities	106,876,043.79	76,567,739.90	122,179,134.27	94,150,212.79

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. 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	24,693	Total number of shareholders of common stocks at previous month-end of this report's disclosure	23,255	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	
Unicom Kaixing Equity Investment Management (Zhuhai Hengqin) Limited - Lianchuang Weilai (Wuhan) Intelligent Manufacturing Industrial Investment Partnership (Limited Partnership)	Others	17.11%	175,007,500				
Deng Xijun	Domestic natural person	9.31%	95,206,362	71,404,772			
Zhang Yuchun	Domestic natural person	8.09%	82,696,357	62,022,268	Pledged	4,770,000	
Wang Chungang	Domestic natural person	5.61%	57,394,047	43,045,535			
Harbin Institute of Technology Asset Investment Management Co. Ltd	Domestic state-owned corporate	5.00%	51,127,500				
Cai Zhihong	Domestic natural person	4.96%	50,677,029				
Cai Hegao	Domestic natural person	4.89%	50,000,000	37,500,000			
Bank of China Co., Ltd.-China Merchant Ruiwen Hybrid Securities Investment Fund	Others	2.25%	22,971,483				
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas corporate	1.57%	16,102,189				
Tan Jianxun	Domestic natural person	1.51%	15,432,533				

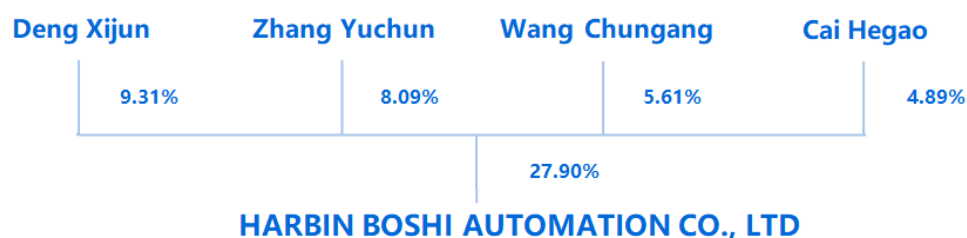
Explanation on the above-mentioned shareholders' affiliated relationship or concerted action	Deng Xijun, Zhang Yuchun, Wang Chungang, and Cai Hegao keep concerted action through the <i>Concerted Action Agreement</i> and jointly control the Company at the end of the reporting period; Cai Zhihong is the 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; Tan Jianxun are the sponsors of shareholders. 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 )	Not applicable

**(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. Management Discussion and Analysis

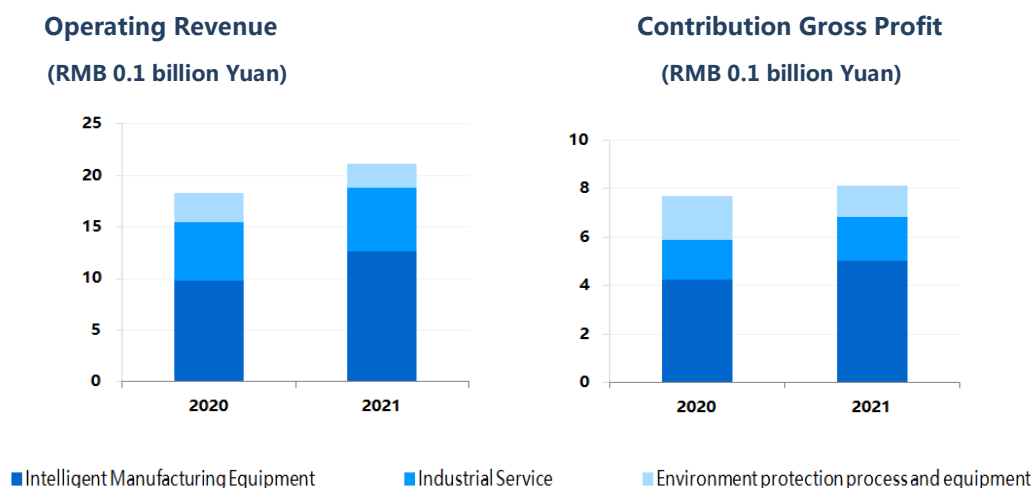
#### 1. Main Businesses Analysis

##### (1) Overview

In 2021, the market demand of the Company's main intelligent manufacturing equipment product application field presented a thriving scene, and the market sales achieved the best performance in history. Under the industrial opportunity of the integration of national advanced manufacturing industry and modern service industry, the Company's industrial service business has accelerated its growth. In terms of product manufacturing and delivery, the Company overcame the adverse impact of pandemic prevention and control repeatedly on product installation, delivery and revenue confirmation in the fourth quarter of 2021, and achieved high-quality growth throughout the year.

During the reporting period, the Company achieved operating revenue of RMB 2.113 billion Yuan, increased 15.59% year-on-year, net profit attributable to the owner of the parent company was RMB 490 million Yuan, increased 20.96% year-on-year, weighted average return on equity (ROE) was 18.02%, the best level in recent ten years, and the competitiveness of the Company's products and services were continuously enhanced.

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



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

As can be seen from the figure above, intelligent manufacturing equipment and industrial services rooted in intelligent manufacturing equipment have accounted for 89% of the Company's overall revenue, after deducting 49% of the profit and loss of minority shareholders in the business of environmental protection process equipment, "intelligent manufacturing equipment + industrial services" contribute nearly 90% to the profit. In recent years, with the urgent industrial demand for industrial upgrading of intelligent

manufacturing and the strong demand for intelligent manufacturing equipment by large-scale industrial enterprises in the post-epidemic era, the Company's "intelligent manufacturing equipment + industrial services" will usher in a golden period of vigorous development.

During the reporting period, the main operating data and main financial indicators achieved by the Company are listed as follows

Unit: RMB Yuan

Items	2021	2020	Increase/Decrease over the same period of previous year	2019
Operating revenue	2,112,954,813.09	1,827,912,892.55	15.59%	1,459,741,076.77
Operating profit	606,367,149.42	556,684,894.87	8.92%	383,204,776.81
Total profit	602,667,181.89	554,440,282.15	8.70%	382,962,162.40
Net profit	519,891,603.82	469,840,952.97	10.65%	327,722,429.53
There of: Attributable to shareholders of the parent company	490,327,299.72	405,370,652.33	20.96%	307,106,182.72

## (2) Operating revenue and cost of sales

### ① Breakdown of operating revenue

Unit: RMB Yuan

	2021		2020		Increase/Decrease over the same period of previous year
	Amount	Proportion of revenue	Amount	Proportion of revenue	
Total	2,112,954,813.09	100%	1,827,912,892.55	100%	15.59%
Categorized by industry					
Intelligent manufacturing equipment	1,266,408,937.97	59.94%	983,894,516.21	53.83%	28.71%
Industrial service	615,136,150.55	29.11%	569,072,702.79	31.13%	8.09%
Environmental protection process and equipment	231,409,724.57	10.95%	274,945,673.55	15.04%	-15.83%
Categorized by product					



Post-processing intelligent manufacturing equipment for solid material	1,076,067,947.76	50.93%	663,831,653.87	36.32%	62.10%
Robots and complete system equipment	71,266,194.64	3.37%	242,373,926.57	13.26%	-70.60%
Post-processing intelligent manufacturing equipment for rubber	85,341,631.07	4.04%	40,191,157.73	2.20%	112.34%
Intelligent logistics, warehousing systems	33,733,164.50	1.60%	37,497,778.04	2.05%	-10.04%
Operation and after-sales type industrial services	510,764,252.99	24.17%	415,058,707.14	22.71%	23.06%
Environmental process and complete equipment	231,409,724.57	10.95%	274,945,673.55	15.04%	-15.83%
Supplementary industrial services and others	104,371,897.56	4.94%	154,013,995.65	8.42%	-32.23%
Categorized by region					
Region of east China	920,045,613.84	43.54%	520,514,341.35	28.48%	76.76%
Region of south China	80,463,697.92	3.81%	87,108,311.82	4.77%	-7.63%
Region of central China	68,402,243.85	3.24%	27,274,693.28	1.49%	150.79%
Region of north China	272,848,423.22	12.91%	283,436,134.24	15.51%	-3.74%
Region of northwest China	419,504,329.00	19.85%	585,780,300.48	32.05%	-28.39%
Region of southwest China	88,684,181.22	4.20%	77,818,743.33	4.26%	13.96%
Region of northeast China	198,464,281.36	9.39%	227,495,244.01	12.44%	-12.76%
Overseas	64,542,042.68	3.06%	18,485,124.04	1.00%	249.16%
Categorized by distribution model					
Direct sales	2,112,954,813.09	100.00%	1,827,912,892.55	100.00%	15.59%

During the reporting period, the changes of the Company's operating income are described as follows:

During the reporting period, by industry, “intelligent manufacturing equipment” business continued to maintain rapid growth, increased to 60% of the Company’s overall revenue; “industrial service” rooted in intelligent manufacturing equipment increased stably, especially “operation and after-sales service” exceeded 500 million, achieving a year-on-year growth of 23.06%, “industrial services” accounted for nearly 30% of the overall revenue; “Intelligent manufacturing equipment” + “industrial service” accounted for nearly 90% of the overall revenue. Environmental protection process and equipment revenue fell 15.83% year-on-year, accounting for slightly more than 10% of the Company’s overall revenue.

By products, in the intelligent manufacturing equipment, “post-process intelligent manufacturing equipment

for solid materials” achieved 62.10% strong growth, its revenue accounted for more than half of the Company’s overall revenue, still has great potential; “post-process intelligent manufacturing equipment for rubber” growth doubled, its revenue reached nearly RMB100 million Yuan: the installation, acceptance and delivery of “robot and complete system equipment” and “intelligent logistics and warehousing system” were affected by multiple waves of pandemic prevention and control in the fourth quarter, and the revenues decreased by different margins compared with last year. The demand and product orders in these two businesses are strong and will have a good performance in the future. “Supplementary industrial services and others” are mainly derivative business of the Company’s industrial service business. In addition to the Company’s industrial services of production and operation, the business of independent sales of FFS film roll and plastic additives accounted for less than 5%, the profit level is not high, and its revenue fluctuations are not important to the Company.

The regional data in the above table are subject to the comprehensive influence of product characteristics and customer demand fluctuations in different regions as well as product delivery differences in different regions, which may result in significant changes in sales revenue in different regions in each period, and such changes are not representative and persistent. In terms of data, during the reporting period, among the product sales data by regions, east China, north China, northwest China and northeast China contributed the biggest revenue in the reporting period.

②Industries, products, regions or distribution model accounting for more than 10% of company revenue or operating profit.

√Applicable □Not applicable

Unit: RMB Yuan

	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	1,266,408,937.97	763,363,179.49	39.72%	28.71%	36.73%	-3.54%
Industrial service	615,136,150.55	437,406,807.97	28.89%	8.09%	7.36%	0.48%
Environmental protection process and equipment	231,409,724.57	102,641,614.88	55.65%	-15.83%	8.26%	-9.87%
Categorized by product						
Post-processing intelligent manufacturing equipment for solid material	1,076,067,947.76	654,455,624.93	39.18%	62.10%	63.17%	-0.40%
Robots and complete system	71,266,194.64	35,386,551.05	50.35%	-70.60%	-67.70%	-4.45%

equipment						
Post-processing intelligent manufacturing equipment for rubber	85,341,631.07	50,587,613.22	40.72%	112.34%	90.34%	6.85%
Intelligent logistics, warehousing systems	33,733,164.50	22,933,390.29	32.02%	-10.04%	8.81%	-11.77%
Operation and after-sales type industrial services	510,764,252.99	349,214,950.50	31.63%	23.06%	27.37%	-2.31%
Environmental process and complete equipment	231,409,724.57	102,641,614.88	55.65%	-15.83%	8.26%	-9.87%
Supplementary industrial services and others	104,371,897.56	88,191,857.47	15.50%	-32.23%	-33.81%	2.02%
Categorized by region						
Region of east China	920,045,613.84	523,775,581.82	43.07%	76.76%	66.00%	3.69%
Region of south China	80,463,697.92	52,359,256.77	34.93%	-7.63%	10.23%	-10.54%
Region of central China	68,402,243.85	43,748,519.54	36.04%	150.79%	125.55%	7.16%
Region of north China	272,848,423.22	168,487,686.20	38.25%	-3.74%	2.72%	-3.88%
Region of northwest China	419,504,329.00	307,998,705.65	26.58%	-28.39%	-2.56%	-19.46%
Region of southwest China	88,684,181.22	65,883,324.82	25.71%	13.96%	27.41%	-7.84%
Region of northeast China	198,464,281.36	101,719,500.04	48.75%	-12.76%	-21.98%	6.06%
Overseas	64,542,042.68	39,439,027.50	38.89%	249.16%	148.33%	24.81%
Categorized by distribution model						
Direct sales	2,112,954,813.09	1,303,411,602.34	38.31%	15.59%	22.90%	-3.67%

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 changes in Company's gross profit rate of various businesses are described as follows:

Intelligent manufacturing equipment: as the gross profit rate of the base period is higher than the historical average, the gross profit rate of intelligent manufacturing equipment during this reporting period has returned to 39.72%. From its internal structure, the gross profit rate of post-processing intelligent manufacturing equipment for solid material is basically stable year-on-year; Robots and complete system equipment are adjusted by terminal pricing, and the gross profit rate dropped to 50.35%, which is still at a high level. The annual gross profit rate of post-processing intelligent manufacturing equipment for rubber recovered to a

better level of 40.72%; The revenue scale of intelligent logistics and warehousing system is small, and the gross profit rate is susceptible to the profit level fluctuations of individual project.

The base period of industrial services benefited from the national policy of phased reduction of social insurance premiums for enterprises in fighting the pandemic. In addition to this factor, the gross profit rate of the reporting period remained stable.

In the reporting period, the change in gross profit rate of environmental protection process and equipment is normal, the gross profit rate still maintains a high gross rate of 55.65%.

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 by industry and by product for details.

### ③R&D Investments

Applicable Not applicable

Names of main R&D projects	Project objectives	Expected impact on the future development of the Company
Complete automatic production equipment for polysilicon finished products in new energy industry	Automatic and intelligent production of special-shaped block and spherical polysilicon products, effectively replace manual operation and improve production efficiency and product quality.	New energy is a national key development industry, the Company seizes the market opportunity, develops automatic and intelligent big system overall solution to meet the rapid growth of the new energy industry. New expansion and new categories, new industry and new breakthroughs will become a new growth pole of the Company's business development.
Intelligent equipment system for sub-merged arc furnace smelting and discharging operation	By replacing manual labor with special robots, develop intelligent equipment system for sub-merged arc furnace smelting and discharging operation, solve the problem of safe production under high-risk and harsh working conditions, save costs for users and enterprises, improve production efficiency, and promote the development of sub-merged arc furnace smelting industry to the direction of intelligence.	Expand the Company's product system, expand more industry applications, and create a new profit growth point of the Company.

Post-processing intelligent plant for finished products of calcium carbide	In view of the urgent safety production demand of the calcium carbide industry, develop the system solution in the field of calcium carbide furnace discharge, comprehensively improve the automatic operation level of the calcium carbide discharge process, minimize the high-risk manual operation to the extent, further promote the technological progress of China's calcium carbide industry to the direction of integrated, intelligent and green development.	Centering on the development vision of the enterprise, we will constantly improve supply capability of the overall solutions of intelligent factories, create new profit growth points, improve the ability of enterprises to resist risks.
Calcium carbide patrol robot	In view of the urgent safety production demand of the calcium carbide industry, the calcium carbide patrol robot is developed to further improve the automatic operation level of the calcium carbide production process and reduce the manual operation in the high-risk environment.	Multi-category expansion of robot products has broad application fields.
Model 2600 high-speed and high-accuracy weighing, bagging and palletizing equipment	Provide complete high-speed and high-accuracy weighing, bagging and palletizing equipment for plastic particle products of 10 million tons of large chemical units, maintaining the Company's leading position in the field of high-speed and high-accuracy weighing, bagging and palletizing technology.	Further enrich the Company's product line, provide preferred equipment for the newly built and upgrading of large chemical unit, and improve the market competitiveness of the Company's products.
FFS bagging and palletizing equipment for PVC powder	Provide efficient and environmental upgrading and updating equipment for PVC powder packaging industry, replace existing plastic woven bag or paper-plastic composite bag packaging form.	Further enrich the Company's product types, promote the upgrading of the PVC powder packaging industry, the market prospect is broad, which will become a new profit growth point of the Company.
Anti-corrosion and dust-proof FFS bagging and palletizing equipment	To provide stable, reliable, efficient and environmental upgrading and updating equipment for granular and crystal chemical fertilizer packaging industry, replace the existing woven bag packaging form.	Further expand the application field of complete FFS equipment, promote the upgrading and updating of the fertilizer packaging industry, the market prospect is broad, which will become a new profit growth point of the Company.
New automatic form-fill-seal integrated equipment	Develop form-fill-seal integrated equipment by using low-cost plastic woven bag to meet the large needs of the grain processing industry.	Enrich the Company's product categories, meet the special needs of the grain processing industry, and expand the product application field.

Jumbo bag automatic bagging equipment	Provide Jumbo bag automatic bagging equipment for powder and granular jumbo bag bagging industry, replace the existing manual operation of the jumbo bag packaging mode, improve the production efficiency and product packaging quality.	Further enrich the Company's product types, meet the users' automatic and intelligent production demand for Jumbo bag bagging operation ,which will become a new revenue growth point of the Company.
High-speed palletizing and stretch hooding machine for powdery building materials	Provide dust-proof, low temperature-resistant, high-speed palletizing and stretch hooding machine for powdery building materials to improve production efficiency and product's quality.	Further expand the application industry of the Company's products, meet the market development demand, and become a new revenue growth point of the Company.
New type stretch hooding machine	Provide small footprint, intelligent and efficient Stretch hooding machine for Building materials and Fine chemical industries, which enhance quality of finished products and appearance quality.	Further expand the application industry of the Company's products, meet the market development demand, and become a new revenue growth point of the Company.
Rubber post-processing key equipment upgrade and update	By upgrading and updating of key equipment to make production cleaner, more accurate and more efficient in the user's application site for rubber post-processing equipment	Further enhance the market competitiveness of the Company's products, and further consolidate the Company's leading position in the industry.
Automatic intelligent loading and transferring system	Solve the correct and reasonable matching between orders and transport vehicles, and improve the vehicle loading rate and loading efficiency.	If the project meets the expectation, it will have a profound impact on the sales of products in various industries, fill the last key link of the Company's intelligent equipment suppliers, improve the Company's ability of bigger system solutions, expand more business areas, and provide strong support for the Company's performance growth.
Complete equipment for automatic replacement of long nozzle in ladle of continuous casting turntable in steelmaking plant	Automatic replacement of long nozzle in ladle of continuous casting turntable in steelmaking plant is a typical 3D (dangerous, harsh, heavy) environment operation. The purpose of the project's research and development is to replace manual operation with automatic and intelligent equipment, reduce cost and increase efficiency for steel mills, and promote the development of steel mills' production equipment to the direction of automation and intelligence.	The expansion of new product categories will achieve a new breakthrough in the industry application, and foster new profit growth points.

## ④Cash Flows

Unit: RMB Yuan

Item	2021	2020	Change (%)
Sub-total of cash inflows from operating activities	2,195,949,278.34	1,540,802,275.74	42.52%
Sub-total of cash outflows from operating activities	1,796,176,147.59	1,393,795,801.09	28.87%
Net cash flows from operating activities	399,773,130.75	147,006,474.65	171.94%
Sub-total of cash inflows from investing activities	3,272,188,250.40	2,882,083,728.35	13.54%
Sub-total of cash outflows from investing activities	3,262,951,780.24	2,867,108,396.70	13.81%
Net cash flows from investing activities	9,236,470.16	14,975,331.65	-38.32%
Sub-total of cash inflows from financing activities	25,430,000.00	20,000,000.00	27.15%
Sub-total of cash outflows from financing activities	253,238,879.24	211,734,376.36	19.60%
Net cash flows from financing activities	-227,808,879.24	-191,734,376.36	-18.81%
Net increase in cash and cash equivalents	176,865,966.98	-29,769,374.94	694.10%

Explanation of why any of the data above varies significantly:

Applicable Not applicable

In this reporting period, net cash flows from operating activities is 399.7731 million, increases 171.94% compared with which of the same period of last year. The main reason is the cash flow from same period of last year was affected by the pandemic, and that of the current period has returned to normal levels;

Net cash flows from investing activities is 9.2365 million, decreases 38.32% compared with which of the same period of last year, mainly due to the impact of cash management activities;

Net cash flows from financing activities is -227.8089 million, decreases 18.81% compared with which of the same period of last year. The main reason was the actual distribution of dividends during the reporting period and the increase in the repayment of bank borrowings by subsidiaries.

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

Applicable Not applicable

## 2. Analysis of Assets and Liabilities

### (1) Significant Changes in Asset Composition

Unit: RMB Yuan

	31 December 2021		1 January 2021		Increase/ Decrease in proportion	Major changes
	Amount	Proportion of total asset	Amount	Proportion of total asset		
Cash at bank and on hand	293,516,532.24	5.99%	114,882,208.58	2.51%	3.48%	
Accounts receivable	686,517,240.24	14.00%	697,718,969.34	15.24%	-1.24%	
Contract assets	65,959,231.77	1.35%		0.00%	1.35%	Product quality margin.
Inventories	1,634,635,126.78	33.35%	1,510,919,027.41	33.01%	0.34%	The growth of product order.
Investment properties	6,765,974.62	0.14%	7,159,198.06	0.16%	-0.02%	
Long-term equity investments	368,931,927.57	7.53%	344,094,650.83	7.52%	0.01%	
Fixed assets	227,527,890.89	4.64%	234,309,738.79	5.12%	-0.48%	
Construction in progress			4,099,390.68	0.09%	-0.09%	Construction in progress transferred to fixed assets during the reporting period
Right-of-use assets	1,536,107.89	0.03%	1,263,032.76	0.03%	0.00%	Recognized right-of-use asset based on <i>The New Lease Accounting Standard</i> .
Short-term borrowings	25,130,000.00	0.51%	20,000,000.00	0.44%	0.07%	
Contract liabilities	1,183,763,174.21	24.15%	1,414,586,745.15	30.91%	-6.76%	There is little change after combined with the “contract liabilities” classified under the item “other non-current liabilities”.
Long-term borrowings			15,000,000.00	0.33%	-0.33%	Due to the transfer from long term bank loan due within one year to current liabilities.
Lease liabilities	364,078.19	0.01%	168,966.21	0.00%	0.01%	Recognized lease liabilities based on <i>The New Lease Accounting Standard</i> .



## (2) Assets and liabilities measured at fair value

√Applicable □Not applicable

Unit: RMB Yuan

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 ))	925,736,671.99	-1,589,248.11	3,005,470.49	0.00	3,048,840,000.00	3,127,391,953.39		845,595,470.49
Investments in other equity instruments	35,000,000.00	19,843,027.56	27,316,711.56					54,843,027.56
Sub-total of financial assets	960,736,671.99	18,253,779.45	30,322,182.05	0.00	3,048,840,000.00	3,127,391,953.39	0.00	900,438,498.05
Sub-total of the above	960,736,671.99	18,253,779.45	30,322,182.05	0.00	3,048,840,000.00	3,127,391,953.39	0.00	900,438,498.05
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

Other changes

None

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

□ Yes √ No

## **IV. The Company's Outlook for Future Development**

### **1. Intelligent Manufacturing Is the Industrial Direction of China's Manufacturing Industry**

“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 14<sup>th</sup> Five-Year Plan*” *Intelligent Manufacturing Development Plan* and the “*14<sup>th</sup> Five-Year Plan*” *Robot Industry Development Plan* 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 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, has become the first choice of backbone enterprises in the industry.

In the 21<sup>st</sup> century, especially in recent years, a new round of scientific and technological revolution and industrial transformation has come rapidly. 5G communication network, industrial internet information technology, new materials, big data, cloud computing, deep learning, artificial intelligence and other technologies have advanced by leaps and bounds, which provide reliable technical support and realizable possibility for the Company to accelerate the transformation of products from “automation” to “intelligent”. seize the opportunity of the times, integrate the development of advanced manufacturing and information technology, energize for the high-end, intelligent and green development of manufacturing industry, 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 security with independent and controllable means, integrate with social resources, accelerate the Company's intelligent manufacturing equipment, industrial service business, and promote China's equipment industry development; replace manual operation under high-risk and heavy environment, ensure production safety, 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.

### **2. The Company Focuses on Business Direction of Its Development**

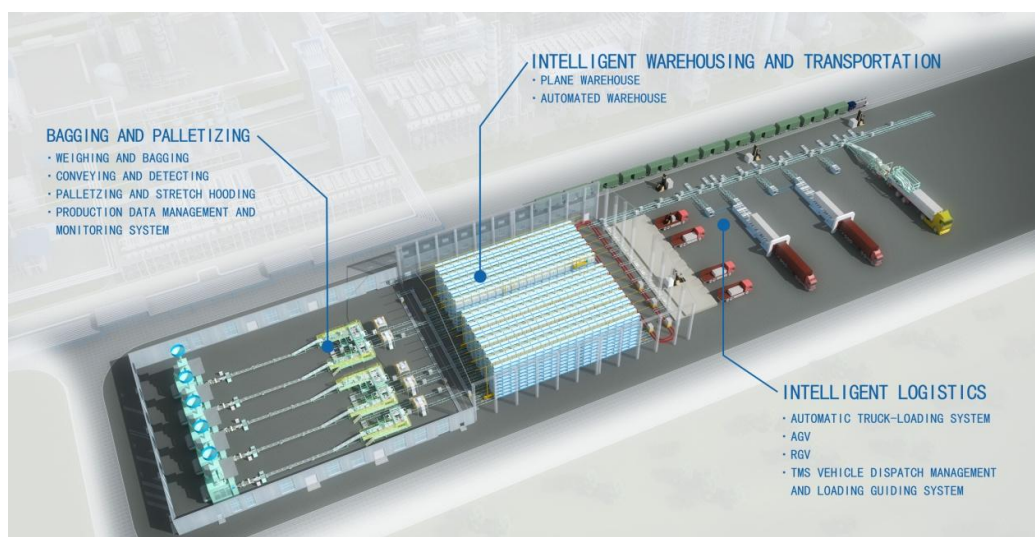
The Company actively carries out the research and development, application and promotion of new technologies and new products, improves the intelligent manufacturing level of related industries in the following fields, and leads the coordinated development of the Company's various businesses.

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

China is a major manufacturing country, and the COVID-19 pandemic highlights China's important position in the international industrial chain. At present, China has turned to a stage of high-quality development, and is in a critical period of transforming the development model, optimizing the economic structure and transformation of growth momentum. The rise of Chinese manufacturing brands and the huge potential for domestic demand make us confident about the prospects of China's manufacturing industry.

With the integration and development of industrial Internet technology and machine intelligence technology based on 5G, China's new industrialization process is accelerating reform. With many years of technical accumulation and industrial practical experience in the field of large-scale intelligent manufacturing equipment, the Company actively expands the application scenarios in the field of intelligent manufacturing.

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

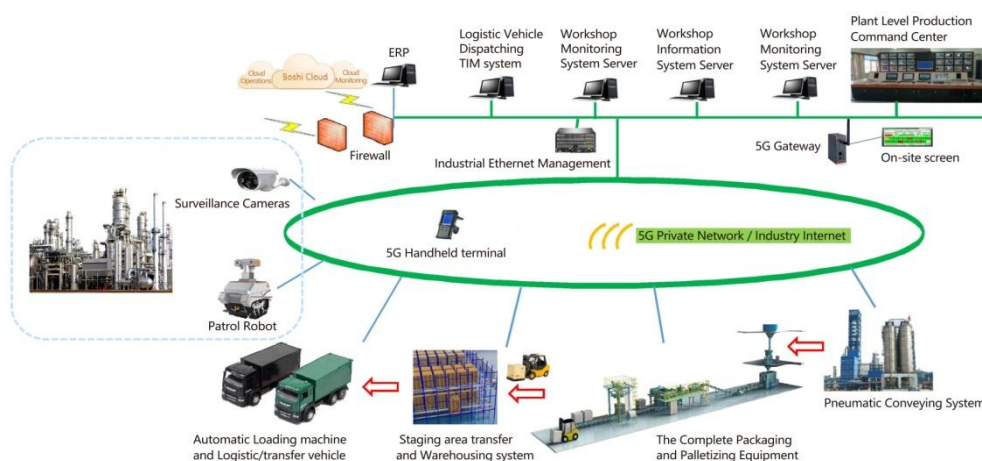


Legend: Schematic diagram for overall solution of post-processing intelligent manufacturing equipment for solid material

Note: this diagram only shows the part of photos and blurred images in this section. Under the premise of technical confidentiality, this diagram helps the investors to understand the relevant content more easily.

The overall solution of post-processing intelligent manufacturing for solid material includes weighing, measuring, 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 factories.

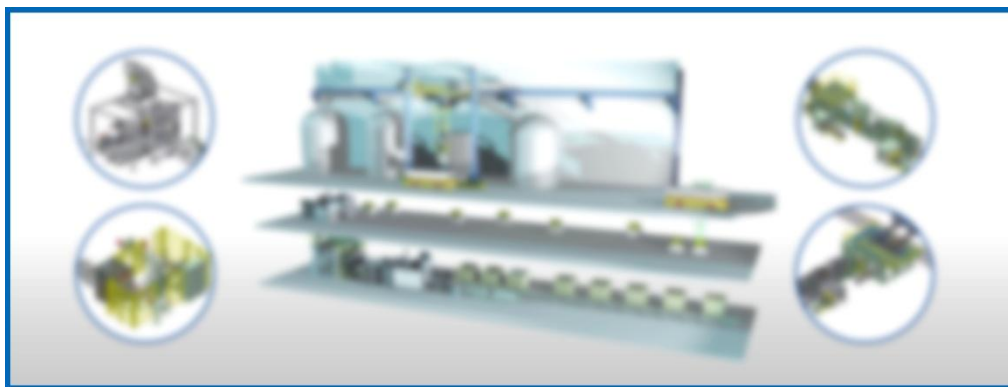


Legend: Schematic diagram for overall solution of intelligent factories

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 less and unmanned factories, improves the level and efficiency of intelligent manufacturing, and realizes scientific, independent, economic, safe and efficient production.

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

Driven by the Dual-carbon strategy of National "Carbon Peak, Carbon Neutral", China's photovoltaic industry has ushered in a new round of large-scale production capacity release in recent years, and the process of replacing traditional manual operations with intelligent equipment in the industry is in full swing. Since 2019, the Company pioneered packaging equipment for block polysilicon products which is synchronous to apply it in the companies of DAQO Energy Co., Ltd and Xinte Energy Co., Ltd in polysilicon raw material production field, the Company increased investment in R&D, which has formed a series products of gross weight type, net weight type, pre-made bag, FFS in two sectors of block polysilicon and granular polysilicon. The Company will combine the unit system equipment with reducing silicon rod crushing, screening magnetic selection, AGV directional transportation, metering and molding packaging, factory logistics and other processes to initially form an intelligent plant solution. In the field of new energy industry, the Company has cooperated widely with the new energy enterprises such as Xiexin Group, Tongwei Group, Daqo New Energy, Xinte Energy, Asia Silicon, Shanxi Non-ferrous Metals Holding Group, REC Silicon INC, Qinghai Lihao, Ningxia Runergy, etc. In this field, the Company is highly competitive.



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

**(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. Under the influence of digital economy in the service industry, there is a structural supply and demand dislocation in human resources, and manufacturing enterprises generally have to face employment problems. These enterprises are limited by 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 risk and insufficient capacity utilization rate.

① Overall solution of intelligent manufacturing for arc furnace smelting.



Legend: Schematic diagram for overall solution of intelligent manufacturing for calcium carbide furnace field

The effect of promotion and application 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 completely solve many pain points that cannot be solved by manual operation, promote safe production, improve production capacity, truly realize the transformation of traditional industries with high and new technology, and promote the industrial upgrading of intelligent manufacturing. 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 achievements in succession.

## ② Overall 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 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's feedback and market expansion continue to improve. Intelligent logistics solutions, can realize the seamless connection between production line or warehouse and transport vehicles, can be widely used in many areas of the national economy, is conducive to user concentrated resources, improve production efficiency, release production potential. The advantage is obviously remarkable under the conditions of labor shortage, limited personnel, harsh loading environment, and user's feedback and market development continue to improve.

## ③ Overall solution of steel intelligent manufacturing.

During the reporting period, the Company increased capital to hold Hunan Boshi Automation Equipment Co., Ltd., which focuses on intelligent manufacturing equipment technology and product application in the field

of steel production, and has made positive progress in iron-making, steel-making, iron water transfer, billet continuous casting and other process links. The Company will actively promote research and development, accelerate product application, accumulate project experience, improve and promote the implementation of each sub-system of intelligent manufacturing solutions in the steel industry, and actively promote industrialization.



Legend: Partial schematic diagram of overall solution of iron & steel intelligent manufacturing

### (3) Industrial service of intelligent equipment

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.

The Company has formulated and implemented the integrated business strategy of products and services, which 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. 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 rapidly increase service revenue after undertaking new large-scale production and operation 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. During the reporting period, the Company's operation and after-sales industrial service revenue exceeded RMB 500 million Yuan for the first time, reaching RMB 511 million Yuan, achieving 23.06% growth year-on-year. The Company's integrated industrial services and intelligent manufacturing equipment sales form a benign interaction, promote each other, enhance customer stickiness, and effectively extend the industrial chain.

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.

**(4) Continue to promote the development of energy conservation, emission reduction and environmental protection industry, and constitute a beneficial supplement to the Company's intelligent manufacturing equipment and industrial service.**

The 14<sup>th</sup> Five-Year Plan takes “achieving new progress in ecological civilization construction” as one of the main goals. China has announced that it will strive to achieve “Carbon Peak” by 2030, and strive to achieve “Carbon Neutral” by 2060, bringing big opportunities to the energy conservation, emission reduction and environmental protection industry. The Company will promote the R&D and application of Boao Environmental Technology Co., Ltd in the direction of industrial waste sulfuric acid and sulfur-containing acid gas treatment and recycling, and form a beneficial supplement to the Company's intelligent manufacturing equipment and industrial service business.

### **3. Business Outlook in 2022**

Since 2017, the Company's performance has continued to grow rapidly. In 2021, the Company's operating revenue entered RMB 2 billion Yuan for the first time, reaching RMB 2.113 billion Yuan, 3.37 times of the revenue in 2016, the net profit attributable to parent company's shareholders was RMB 490 million Yuan, 4.46 times which in 2016, the weighted average return on equity reached 18.02%, reached the best level of recent ten years. In 2022, the Company will strive to improve its competitive advantage, actively overcome the adverse effects of the control measures for the accelerated transmission of COVID-19 strain variation in the face of many market demand opportunities, optimize resource allocation, and be confident to continue to maintain sustained and healthy growth of performance in 2022.

### **4. Risks Facing by the Company**

(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 users with overall solutions of intelligent manufacturing in the main equipment application field of complete large scale intelligent equipment. “Manufacturing is the main body of the national economy, the foundation of building the country, the instrument of rejuvenating the country and the foundation of strengthening the country.” China is undergoing a “transformation from big manufacturing country to powerful manufacturing country”, and the demand for digital and intelligent factories is on the rise. “*Intelligent Manufacturing Development Plan of the 14<sup>th</sup> Five-year Plan*” clearly expresses: “In the 14<sup>th</sup> 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 demand prospect, if the Company cannot expand the application field of new technology in time, or the industrialization process is not expected, the Company may miss the best opportunity to enter the new industry, which will bring an adverse impact on the medium- and long-term development of the



Company and become one of the risk factors faced by the Company.

(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.

After years of technical accumulation, as well as the rich multi-category product lines, the Company can provide customers with the intelligent manufacturing overall solutions in the main product application fields. Intelligent manufacturing technology is inseparable from industrial Internet technology. The application of 5G in the industrial field provides technological convenience for human-machine collaboration and intelligent manufacturing. Although the Company has a prominent competitive advantage in the field of Product application, if the deep integration and application of 5G-based industrial Internet and artificial intelligence technology cannot be used in product technology solutions in the future, it will restrict the speed and quality of the Company's medium and long-term development and constitute one of the risk factors.

(3) The risk of whether Boshi can effectively integrate its own and social resources and accelerate technological innovation.

As a technology-oriented enterprise, the Company replaces the imported equipment or makes the first set of innovative applications with the continuous technology lead in the field where Boshi is engaged in to maintain the dominant competitive position for a long time. However, in the face of the rapid development of industrial Internet, artificial intelligence technology, as well as the fierce resource competition among enterprises, the development of enterprises should not stay on the use of internal resources. For example, in the field of intelligent manufacturing overall solutions, non-core and sufficient market competition units can directly connect with social resources, select the best, and integrate with the Company's core technologies, helping to accelerate the research and development process of products and technologies, and strive for market opportunities. If the Company fails to effectively give full play to its own advantages, integrate social resources, and accelerate the innovative application of product technology, it will constitute one of the risk factors restricting the medium-term and long-term development of the Company.

(4) The risk of unexpected demand for intelligent equipment due to complicated international environment in the post-pandemic era.

As we all know, the human fight against COVID-19 has entered a lasting tug of war, the virus has repeatedly expanded its infectivity, making countries around the world unexpected. Since 2022, while the world has fought against this common disaster of mankind, the sudden emergence of international geopolitical and military conflicts may have had a far-reaching impact on the political and economic pattern of the world for several years. As a manufacturing power in the world, if China is affected by the world's insufficient global demand or adverse economic and trade policies, the world's demand for Chinese manufacturing may be lower than expected. In the field of product and technology application, as a domestic intelligent equipment supplier and intelligent manufacturing overall solution provider, the Company will inevitably be restricted by this. Therefore, if the demand for intelligent equipment in the post-epidemic era is not as expected, it will constitute one of the short-and medium-term risk factors restricting the Company's future performance.

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

Technology leading is one of the important competitive strategies and competitive advantages of the

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

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

Prepared by HARBIN BOSHI AUTOMATION CO., LTD.

Unit: RMB Yuan

Item	Dec 31, 2021	Dec 31, 2020
<b>Current assets:</b>		
Cash at bank and on hand	293,516,532.24	114,882,208.58
Financial assets held for trading	845,595,470.49	925,736,671.99
Derivative financial assets		
Bills receivable	229,646,179.07	451,042,158.41
Accounts receivable	686,517,240.24	697,718,969.34
Financing receivables	79,149,044.16	
Prepayments	122,894,199.23	49,361,424.98
Other receivables	15,263,337.81	12,814,291.13
Thereof: Interest receivable		
Dividend receivable		
Inventories	1,634,635,126.78	1,510,919,027.41
Contract assets	65,959,231.77	
Assets held for sale		
Non-current assets due within one year		
Other current assets	102,006,478.67	32,990,507.69
<b>Total current assets</b>	<b>4,075,182,840.46</b>	<b>3,795,465,259.53</b>
<b>Non-current assets:</b>		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	368,931,927.57	344,094,650.83
Other equity instruments investments	54,843,027.56	35,000,000.00
Other non-current financial assets		
Investment properties	6,765,974.62	7,159,198.06
Fixed assets	227,527,890.89	235,572,771.55
Construction in progress		4,099,390.68
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,536,107.89	

Intangible assets	59,203,985.82	62,601,735.18
Development costs		
Goodwill	57,640,668.16	63,225,965.69
Long-term deferred expenses		6,416.02
Deferred tax assets	33,545,799.43	29,584,781.07
Other non-current assets	16,767,197.42	
<b>Total non-current assets</b>	<b>826,762,579.36</b>	<b>781,344,909.08</b>
<b>Total assets</b>	<b>4,901,945,419.82</b>	<b>4,576,810,168.61</b>
<b>Current liabilities:</b>		
Short-term loans	25,130,000.00	20,000,000.00
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable		
Accounts payable	169,654,369.55	176,663,766.15
Advances from customers	93,199.97	64,999.97
Contract liabilities	1,183,763,174.21	1,414,586,745.15
Employee benefits payable	55,640,882.93	52,359,540.74
Taxes payable	50,017,507.87	31,686,005.73
Other payables	1,310,296.34	1,618,618.55
Thereof: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	15,584,251.66	14,364,107.49
Other current liabilities	87,335,615.64	108,007,436.68
<b>Total current liabilities</b>	<b>1,588,529,298.17</b>	<b>1,819,351,220.46</b>
<b>Non-current liabilities:</b>		
Long-term loans		15,000,000.00
Bonds payable		
Thereof: Preference shares		
Perpetual debts		
Lease liabilities	364,078.19	
Long-term payable	6,000,000.00	6,168,966.21
Long-term employee benefits payable		
Provisions	4,202,180.70	

Deferred income	8,369,857.05	12,464,554.00
Deferred tax liabilities	13,350,055.20	8,298,154.76
Other non-current liabilities	233,253,274.34	
<b>Total non-current liabilities</b>	<b>265,539,445.48</b>	<b>41,931,674.97</b>
<b>Total liabilities</b>	<b>1,854,068,743.65</b>	<b>1,861,282,895.43</b>
<b>Shareholders' equity:</b>		
Share capital	1,022,550,000.00	1,022,550,000.00
Other equity instruments		
Thereof: Preference shares		
Perpetual debts		
Capital reserve	168,298,491.29	154,755,282.47
Less: treasury shares		
Other comprehensive income	15,452,263.61	7,113,828.84
Specific reserve	26,141,271.69	22,797,522.14
Surplus reserve	255,493,157.09	209,534,453.40
General risk reserve		
Retained earnings	1,391,857,922.71	1,151,999,326.68
Total equity attributable to shareholders of the Company	2,879,793,106.39	2,568,750,413.53
Non-controlling interests	168,083,569.78	146,776,859.65
<b>Total shareholders' equity</b>	<b>3,047,876,676.17</b>	<b>2,715,527,273.18</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,901,945,419.82</b>	<b>4,576,810,168.61</b>

Legal representative: Deng Xijun

Director of Finance: Sun Zhiqiang

Prepared by: Wang Peihua

**(2) Balance Sheet of Parent Company**

Unit: RMB Yuan

Item	Dec 31, 2021	Dec 31, 2020
<b>Current assets:</b>		
Cash at bank and on hand	231,349,019.86	20,668,974.65
Financial assets held for trading	781,841,534.53	864,752,467.80
Derivative financial assets		
Bills receivable	213,879,097.43	400,328,817.95
Accounts receivable	623,091,820.39	618,994,281.14
Financing receivables	62,227,683.22	
Prepayments	103,997,118.75	36,079,366.62

Other receivables	12,089,893.45	8,618,285.70
Thereof: Interest receivable		
Dividend receivable		
Inventories	1,365,863,929.52	1,259,018,020.07
Contract assets	61,464,107.44	
Assets held for sale		
Non-current assets due within one year		
Other current assets	84,086,902.47	3,871,403.23
<b>Total current assets</b>	<b>3,539,891,107.06</b>	<b>3,212,331,617.16</b>
<b>Non-current assets:</b>		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	510,619,193.87	457,974,650.83
Other equity instruments investments	24,483,027.56	17,000,000.00
Other non-current financial assets		
Investment properties		
Fixed assets	167,587,260.49	168,164,460.66
Construction in progress		4,099,390.68
Productive biological assets		
Oil and gas assets		
Right-of-use assets	653,082.18	
Intangible assets	36,724,254.11	36,808,912.03
Development costs		
Goodwill		
Long-term deferred expenses		6,416.02
Deferred tax assets	25,151,630.69	24,074,930.72
Other non-current assets	15,847,197.42	
<b>Total non-current assets</b>	<b>781,065,646.32</b>	<b>708,128,760.94</b>
<b>Total assets</b>	<b>4,320,956,753.38</b>	<b>3,920,460,378.10</b>
<b>Current liabilities:</b>		
Short-term loans		
Financial liabilities held for trading		
Derivative financial liabilities		

Bills payable		
Accounts payable	163,506,047.84	173,103,981.93
Advances from customers		
Contract liabilities	1,076,132,534.39	1,063,847,810.82
Employee benefits payable	45,727,674.42	41,357,068.35
Taxes payable	45,300,625.00	24,889,780.41
Other payables	5,531,624.08	3,381,907.20
Thereof: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	201,250.11	
Other current liabilities	82,008,840.39	96,654,652.84
<b>Total current liabilities</b>	<b>1,418,408,596.23</b>	<b>1,403,235,201.55</b>
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payable		
Thereof: Preference shares		
Perpetual debts		
Lease liabilities	209,114.67	
Long-term payable	6,000,000.00	6,000,000.00
Long-term employee benefits payable		
Provisions	3,996,091.20	
Deferred income	8,369,857.05	12,464,554.00
Deferred tax liabilities	7,297,242.43	5,387,156.24
Other non-current liabilities	107,151,867.52	
<b>Total non-current liabilities</b>	<b>133,024,172.87</b>	<b>23,851,710.24</b>
<b>Total liabilities</b>	<b>1,551,432,769.10</b>	<b>1,427,086,911.79</b>
<b>Shareholders' equity:</b>		
Share capital	1,022,550,000.00	1,022,550,000.00
Other equity instruments		
Thereof: Preference shares		
Perpetual debts		
Capital reserve	168,288,785.47	154,745,576.65
Less: treasury shares		

Other comprehensive income	5,369,127.17	
Specific reserve	22,035,866.22	19,874,721.13
Surplus reserve	255,493,157.09	209,534,453.40
Retained earnings	1,295,787,048.33	1,086,668,715.13
<b>Total shareholders' equity</b>	<b>2,769,523,984.28</b>	<b>2,493,373,466.31</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,320,956,753.38</b>	<b>3,920,460,378.10</b>

**(3) Consolidated Income Statement**

Unit: RMB Yuan

Item	2021	2020
1. Total revenue	2,112,954,813.09	1,827,912,892.55
Thereof : Operating revenue	2,112,954,813.09	1,827,912,892.55
2. Total cost	1,606,585,515.83	1,332,614,575.21
Thereof : cost of sales	1,303,411,602.34	1,060,505,373.44
Taxes and surcharges	18,517,384.66	15,962,674.21
Selling and distribution expenses	85,543,508.38	79,960,345.06
General and administrative expenses	111,279,233.98	100,441,574.31
Research and development expenses	88,753,584.15	71,605,651.09
Financial expenses	-919,797.68	4,138,957.10
Thereof : Interest expenses	1,497,144.62	1,727,904.63
Interest income	5,851,744.39	452,969.07
Add: Other income	71,574,326.06	38,416,134.81
Investment income ("-" for losses)	53,508,336.66	44,486,030.74
Thereof: Income from investment in associates and joint ventures	28,651,229.34	20,553,866.33
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)	-1,589,248.11	-81,706.65
Credit impairment losses ("-" for losses)	-5,811,944.82	-17,888,135.20
Impairment losses ("-" for losses)	-16,815,163.35	-3,258,059.67
Gains from assets disposal ("-" for losses)	-868,454.28	-287,686.50



3. Operating profit ("-" for losses)	606,367,149.42	556,684,894.87
Add: Non-operating income	81,855.21	354,357.66
Less: Non-operating expenses	3,781,822.74	2,598,970.38
4. Profit before income tax ("-" for losses)	602,667,181.89	554,440,282.15
Less: Income tax expenses	82,775,578.07	84,599,329.18
5. Net profit for the year ("-" for net losses)	519,891,603.82	469,840,952.97
(1) Classification according to operation continuity		
Net profit from continuing operations(loss is stated with "-")	519,891,603.82	469,840,952.97
Net profit from discontinued operations(loss is stated with "-")		
(2) Classified by ownership of the equity		
Attributable to shareholders of the Parent Company	490,327,299.72	405,370,652.33
Minority interests	29,564,304.10	64,470,300.64
6. Other comprehensive income, net of tax	2,284,828.34	2,293,086.16
Other comprehensive income attributable to shareholders of the Parent Company, net of tax	8,338,434.77	1,169,473.95
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss	15,630,573.43	
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	15,630,573.43	
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	-7,292,138.66	1,169,473.95
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		
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	-7,292,138.66	1,169,473.95

7)Others		
Other comprehensive income attributable to minority shareholders, net of tax	-6,053,606.43	1,123,612.21
7. Total comprehensive income	522,176,432.16	472,134,039.13
Attributable to shareholders of the Parent Company	498,665,734.49	406,540,126.28
Minority interests	23,510,697.67	65,593,912.85
8. Earnings per share		
(1) Basic earnings per share	0.4795	0.3964
(2) Diluted earnings per share		

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

#### (4)Income Statement of Parent Company

Unit: RMB Yuan

Item	2021	2020
1. Total revenue	1,776,631,649.81	1,400,406,025.20
Less: cost of sales	1,137,531,815.19	859,441,972.47
Taxes and surcharges	16,606,349.16	14,430,210.33
Selling and distribution expenses	70,315,541.65	66,350,618.91
General and administrative expenses	63,840,051.35	60,715,103.83
Research and development expenses	70,022,646.60	60,435,292.61
Financial expenses	-7,790,596.13	1,212,527.39
Thereof : Interest expenses	1,617.96	2,828.70
Interest income	5,812,277.72	280,069.10
Add: Other income	67,049,026.22	36,671,069.73
Investment income ("-" for losses)	60,220,154.32	44,785,874.80
Thereof: Income from investment in associates and joint ventures	28,651,229.34	20,553,866.33
Gain from derecognition of financial assets measured at amortized cost		
Net exposure hedging gains ("-" for losses)		
Gains from changes in fair value ("-" for losses)	-1,988,979.88	621,044.46
Credit impairment losses ("-" for losses)	-7,154,301.92	-16,795,911.54
Impairment losses ("-" for losses)	-13,840,196.01	-3,121,533.18
Gains from assets disposal ("-" for losses)	-868,454.28	-266,512.84

2. Operating profit ("-" for losses)	529,523,090.44	399,714,331.09
Add: Non-operating income	77,029.66	296,987.60
Less: Non-operating expenses	2,372,582.71	2,453,705.76
3. Profit before income tax ("-" for losses)	527,227,537.39	397,557,612.93
Less: Income tax expenses	67,640,500.50	50,515,840.46
4. Net profit for the year ("-" for net losses)	459,587,036.89	347,041,772.47
Net profit from continuing operations (loss is stated with "-")	459,587,036.89	347,041,772.47
Net profit from discontinued operations (loss is stated with "-")		
5. Other comprehensive income, net of tax	5,369,127.17	
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss	6,360,573.43	
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	6,360,573.43	
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	-991,446.26	
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		
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	-991,446.26	
7) Others		
6. Total comprehensive income	464,956,164.06	347,041,772.47
7. Earnings per share		
(1) Basic earnings per share		
(2) Diluted earnings per share		

## (5) Consolidated Cash Flow Statement

Unit: RMB Yuan

Item	2021	2020
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,109,481,032.52	1,486,580,301.71
Refund of taxes and surcharges	63,915,107.96	37,749,181.98
Other cash receipts relating to operating activities	22,553,137.86	16,472,792.05
Sub-total of cash inflows from operating activities	2,195,949,278.34	1,540,802,275.74
Cash paid for goods and services	1,091,852,260.00	780,421,814.44
Cash paid to employees and paid on behalf of employees	375,628,793.53	286,062,355.57
Payments of taxes and surcharges	207,710,364.96	200,709,231.04
Other cash payments relating to operating activities	120,984,729.10	126,602,400.04
Sub-total of cash outflows from operating activities	1,796,176,147.59	1,393,795,801.09
Net cash flows from operating activities	399,773,130.75	147,006,474.65
2. Cash flows from investing activities		
Cash received from withdrawing investments	3,243,591,953.39	2,854,525,204.43
Cash received from investment income	27,384,251.30	24,494,437.44
Net cash received from disposal of fixed assets, intangible assets and other long term assets	1,212,045.71	348,459.48
Net cash received from disposal of subsidiaries and other operating units		2,715,627.00
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities	3,272,188,250.40	2,882,083,728.35
Cash paid to acquire fixed assets, intangible assets and other long-term assets	25,044,760.67	26,558,663.53
Cash paid to acquire investments	3,235,040,000.00	2,840,040,000.00
Net increase of mortgaged loans		
Net cash paid to acquire subsidiaries and other operating units	1,027,019.57	
Other cash payments relating to investing activities	1,840,000.00	509,733.17
Sub-total of cash outflows from investing activities	3,262,951,780.24	2,867,108,396.70
Net cash flows from investing activities	9,236,470.16	14,975,331.65
3. Cash flows from financing activities		
Cash received from capital contributions	300,000.00	

Thereof: Cash received by subsidiaries from minority shareholders' capital contributions	300,000.00	
Cash received from borrowings	25,130,000.00	20,000,000.00
Other cash receipts from financing activities		
Sub-total of cash inflows from financing activities	25,430,000.00	20,000,000.00
Cash repayments of borrowings	39,209,395.45	23,567,227.67
Distribution of dividends or profits and payments for interest expenses	213,388,945.70	188,150,551.21
Thereof: Cash payments for dividends or profit to minority shareholders by subsidiaries	7,350,000.00	2,450,000.00
Other cash payments relating to financing activities	640,538.09	16,597.48
Sub-total of cash outflows from financing activities	253,238,879.24	211,734,376.36
Net cash flows from financing activities	-227,808,879.24	-191,734,376.36
4. Effect of foreign exchange rate changes on cash and cash equivalents	-4,334,754.69	-16,804.88
5. Net increase in cash and cash equivalents	176,865,966.98	-29,769,374.94
Add: Cash and cash equivalents at the beginning of period	113,464,591.58	143,233,966.52
6. Cash and cash equivalents at the end of period	290,330,558.56	113,464,591.58

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

#### (6) Cash Flow Statement of Parent Company

Unit: RMB Yuan

Item	2021	2020
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,843,592,265.40	1,238,683,497.08
Refund of taxes and surcharges	60,099,520.80	32,679,268.89
Other cash receipts relating to operating activities	20,301,421.67	14,340,434.32
Sub-total of cash inflows from operating activities	1,923,993,207.87	1,285,703,200.29
Cash paid for goods and services	912,443,357.66	623,759,202.23
Cash paid to employees and paid on behalf of employees	316,455,375.21	235,902,653.78
Payments of taxes and surcharges	180,804,746.80	169,280,089.50
Other cash payments relating to operating activities	92,774,844.35	97,029,218.34
Sub-total of cash outflows from operating activities	1,502,478,324.02	1,125,971,163.85
Net cash flows from operating activities	421,514,883.85	159,732,036.44
2. Cash flows from investing activities		
Cash received from withdrawing investments	3,013,721,953.39	2,583,065,204.43

Cash received from investment income	34,306,890.88	25,409,897.95
Net cash received from disposal of fixed assets, intangible assets and other long term assets	1,212,045.71	384,795.15
Net cash received from disposal of subsidiaries and other operating units		
Other cash receipts relating to investing activities	8,000,000.00	22,000,000.00
Sub-total of cash inflows from investing activities	3,057,240,889.98	2,630,859,897.53
Cash paid to acquire fixed assets, intangible assets and other long-term assets	21,349,226.34	19,967,175.66
Cash paid to acquire investments	3,025,800,000.00	2,574,900,000.00
Net cash paid to acquire subsidiaries and other operating units	1,200,000.00	
Other cash payments relating to investing activities	15,000,000.00	509,733.17
Sub-total of cash outflows from investing activities	3,063,349,226.34	2,595,376,908.83
Net cash flows from investing activities	-6,108,336.36	35,482,988.70
3. Cash flows from financing activities		
Cash received from capital contributions		
Cash received from borrowings		
Other cash receipts from financing activities		
Sub-total of cash inflows from financing activities		
Cash repayments of borrowings		157,000.00
Distribution of dividends or profits and payments for interest expenses	204,510,000.00	184,061,828.70
Other cash payments relating to financing activities	219,047.62	
Sub-total of cash outflows from financing activities	204,729,047.62	184,218,828.70
Net cash flows from financing activities	-204,729,047.62	-184,218,828.70
4. Effect of foreign exchange rate changes on cash and cash equivalents	-4,254.66	-36,061.01
5. Net increase in cash and cash equivalents	210,673,245.21	10,960,135.43
Add: Cash and cash equivalents at the beginning of period	20,668,974.65	9,708,839.22
6. Cash and cash equivalents at the end of period	231,342,219.86	20,668,974.65

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

April 15<sup>th</sup>, 2022