

HARBIN BOSHI AUTOMATION CO.,LTD.

2023 SUMMARY OF INTERIM REPORT
FOR THE FIRST QUARTER



April 2023

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

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

Important content reminder:

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

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

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

Yes No

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

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

Yes No

	Jan 1 to Mar 31, 2023	Jan 1 to Mar 31, 2022	Increase/Decrease over the same period of previous year
Operating Revenue (RMB)	729,710,396.08	504,286,748.22	44.70%
Net profit attributable to parent company's shareholders (RMB)	210,214,585.50	153,163,366.86	37.25%
Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company (RMB)	198,069,179.12	146,195,048.97	35.48%
Net cash flow from operating activities (RMB)	-53,800,397.01	55,942,302.81	-196.17%
Basic earnings per share (RMB/share)	0.2056	0.1498	37.25%
Diluted earnings per share (RMB/share)	0.2025	0.1498	35.18%
Weighted average return on equity	6.42%	5.16%	1.26%
	Mar 31, 2023	Dec 31, 2022	Increase/decrease of Mar 31, 2023 over Dec 31, 2022
Total assets (RMB)	6,268,223,837.67	6,220,273,855.91	0.77%
Total equity attributable to shareholders of the parent company (RMB)	3,382,277,207.73	3,169,585,012.94	6.71%

2. Non-recurring gains and losses

Applicable Not applicable

Unit: RMB

Item	Jan 1 to Mar 31, 2023	Note
Profit or loss from disposal of non-current assets (including the write-off of accrued for impairment of assets)	-16,327.02	
Governmental subsidy reckoned into current gains or losses (excluding the subsidy enjoyed in quota or ration according to the unified national standards, which are closely relevant to enterprise's business)	6,243,567.69	
Except for effectively hedging business related to normal business operations of the Company, profit or loss arising from the changes in the fair value of financial assets	7,974,723.16	Income from cash management

held for trading, financial liabilities held for trading, as well as investment income from the disposal of financial assets held for trading, financial liabilities held for trading, and investments in other debt obligations		
Other non-operating income and expenses other than the above	-374,084.57	
Other gain/loss items that qualified the definition of non-recurring profit (gains)/losses	441,985.54	
Less: Impact on income tax	1,930,879.56	
Impact on minority shareholders' equity (after tax)	193,578.86	
Total	12,145,406.38	--

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

Applicable Not applicable

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

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

Applicable Not applicable

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

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

Applicable Not applicable

Consolidated Balance Sheet items	Mar 31,2023	Dec 31,2022	Change	Reasons for the changes
	(RMB)	(RMB)		
Cash and cash equivalent	226,605,940.55	659,606,109.17	-65.65%	Due to cash management activities, led to the decrease in ending balance of bank deposits.
Financing receivable	177,171,988.16	111,064,333.27	59.52%	Due to the increase in the amount of bank acceptance bills with higher credit rating.
Advance payment	206,578,966.50	139,594,005.25	47.99%	Due to the increase in operational prepayments.
Other current assets	408,630,927.82	8,781,928.47	4553.09%	Mainly due to cash management activities.

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

Investment real estate	12,296,268.76	6,373,135.42	92.94%	Due to the increase in real estate lease.
Other non-current assets	28,284,690.26	20,759,073.65	36.25%	Due to the increase in long-term product warranty compared with which of the beginning balance.
Short-term loans	11,130,000.00	31,830,000.00	-65.03%	Due to the subsidiary pay back matured bank loan.
Employee benefits payable	21,051,885.79	70,475,565.86	-70.13%	The year-end bonus of 2022 accrued at the end of the previous period, which was paid in Jan, 2023, and the balance decreased.
Other payables	17,770,244.01	3,035,031.46	485.50%	Mainly due to increase in payable caused by decrease of capital of the subsidiary during this period.
Other non-current liabilities	340,817,029.20	199,568,192.56	70.78%	Due to increase in prepayments from customers over one year.
Consolidated Income Statement items from the beginning of the year to the end of the reporting period	Jan 1 to Mar 31, 2023	Jan 1 to Mar 31, 2022	Change	Reasons for the changes
	(RMB)	(RMB)		
Operating revenue	729,710,396.08	504,286,748.22	44.70%	Due to the revenue of intelligent manufacturing equipment and industrial service both increased comprehensively compared with which of the same period of last year.
Cost of sales	438,999,834.77	304,956,236.67	43.96%	The increase in cost of sales caused by the increase in the operating revenue.
Taxes and surcharges	3,824,169.65	5,493,462.60	-30.39%	The decrease of value-added tax led to surcharges decrease compared with which of the same period of last year.
Selling expenses	27,408,242.78	18,514,567.31	48.04%	The increase in sales led to the increase in selling expenses.
General and administrative expenses	19,973,449.70	28,743,732.58	-30.51%	Compared with the same period of last year, one of secondary subsidiary was no longer consolidated, which led general and administrative expenses decrease.
Research and development expenses	38,345,817.26	16,829,101.44	127.85%	Due to increase in research and development inputs.
Credit impairment losses (loss is stated with “-”)	-5,699,807.43	11,240,084.91	150.71%	Due to the increase in the provision for bad debts accrued.
Asset impairment losses (loss is stated with “-”)	-573,795.00	-5,674,134.02	-89.89%	Due to the decrease of the provision for inventories accrued compared with which of the same period of last year.
Other income	39,246,555.78	12,886,757.68	204.55%	The value-added tax refund received from sales of product with software increased compared with

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

				which of the same period of last year.
Investment income (loss is stated with “-”)	14,813,438.64	25,896,672.03	-42.80%	The investment income accrued in associates decreased compared with which of the same period of last year.
Thereof: Income from investment in associates and joint ventures	8,194,553.90	21,352,331.05	-61.62%	The investment income accrued in associates decreased compared with which of the same period of last year.
Income tax expenses	31,903,311.42	22,598,201.80	41.18%	The increase in income tax expenses which caused by increases in revenue and profit.
Consolidated Cash Flow Statement items from the beginning of the year to the end of the reporting period	Jan 1 to Mar 31,2023	Jan 1 to Mar 31, 2022	Change	Reasons for the changes
	(RMB)	(RMB)		
Net cash flows from operating activities	-53,800,397.01	55,942,302.81	-196.17%	Due to increase in operational cash payments of production organization etc., caused by increases in orders.
Net cash flows from investing activities	-352,046,143.89	49,076,700.07	-817.34%	Mainly due to the impact of cash management activities.
Net cash flows from financing activities	-26,673,490.85	-10,871,914.95	-145.34%	Mainly due to the subsidiary decreased capital during this period.

II. Shareholders Information

1. Total number of common shareholders and preference shareholders with voting rights recovered and top ten common shareholders

Unit: Share

Total number of shareholders of common stocks at the end of the reporting period	19,314	Total preference shareholders with voting rights recovered at end of reporting period	0			
Top 10 shareholders						
Name	Nature	Ownership	Amount of shares held	Amount of restricted shares held	Pledged, marked or frozen stocks	
					Status	Amount
Unicom Kaixing Equity Investment Management (Zhuhai Hengqin) Limited - Lianchuang Weilai (Wuhan) Intelligent Manufacturing Industrial Investment Partnership (Limited Partnership)	Others	15.11%	154,556,500.00			
Deng Xijun	Domestic natural person	9.41%	96,181,562.00	72,136,172.00		
Zhang Yuchun	Domestic natural person	8.09%	82,696,357.00	62,022,268.00		
Wang Chungang	Domestic natural person	5.61%	57,394,047.00	43,045,535.00		
Harbin Institute of Technology Asset Management Co. Ltd	Domestic state-owned corporate	5.00%	51,127,500.00			
Cai Zhihong	Domestic natural person	4.96%	50,677,029.00			
Cai Hegao	Domestic natural person	4.89%	50,000,000.00	37,500,000.00		
Cheng Fang	Domestic natural person	1.43%	14,609,308.00			
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Foreign legal person	1.42%	14,565,589.00			
Tan Jianxun	Domestic natural person	1.42%	14,480,833.00			
Top 10 shareholders with unrestricted shares held						
Name	Amount of unrestricted shares held	Type of shares				
		Type	Amount			
Unicom Kaixing Equity Investment Management (Zhuhai Hengqin) Limited - Lianchuang Weilai (Wuhan) Intelligent Manufacturing Industrial Investment Partnership (Limited Partnership)	154,556,500.00	RMB ordinary shares	154,556,500.00			
Harbin Institute of Technology Asset Management Co. Ltd	51,127,500.00	RMB ordinary shares	51,127,500.00			
Cai Zhihong	50,677,029.00	RMB ordinary shares	50,677,029.00			

Deng Xijun	24,045,390.00	RMB ordinary shares	24,045,390.00
Zhang Yuchun	20,674,089.00	RMB ordinary shares	20,674,089.00
Cheng Fang	14,609,308.00	RMB ordinary shares	14,609,308.00
Hong Kong Securities Clearing Company Ltd. (HKSCC)	14,565,589.00	RMB ordinary shares	14,565,589.00
Tan Jianxun	14,480,833.00	RMB ordinary shares	14,480,833.00
Wang Chungang	14,348,512.00	RMB ordinary shares	14,348,512.00
Cai Hegao	12,500,000.00	RMB ordinary shares	12,500,000.00
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; Cheng Fang and Tan Jianxun are the sponsors of shareholders. Cheng Fang is the sister of Wang Chungang's wife. In addition, the Company is not made aware whether there is any affiliated relationship between the above-mentioned shareholders or whether they are persons acting in concert as defined in <i>Administrative Measures for the Acquisition of Listed Companies</i> .		
Explanation on top 10 shareholders that are engaged in margin trading business	Not applicable		

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

Applicable Not applicable

III. Other Significant Events

Applicable Not applicable

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

Prepared by HARBIN BOSHI AUTOMATION CO., LTD.

Unit: RMB

Item	Mar 31 ,2023	Jan 1, 2023
Current assets:		
Cash and cash equivalent	226,605,940.55	659,606,109.17
Financial assets held for trading	1,223,933,098.82	1,268,124,738.43
Derivative financial assets		
Notes receivable	226,946,130.18	307,322,625.28
Accounts receivable	926,832,438.54	856,529,854.29
Financing receivable	177,171,988.16	111,064,333.27
Advance payment	206,578,966.50	139,594,005.25
Other receivables	32,043,959.39	29,316,161.67
Thereof: Interest receivable		
Dividend receivable	2,601,281.28	2,601,281.28
Inventories	1,890,227,408.64	1,912,047,999.38
Contract assets	128,323,476.15	124,651,440.99
Assets held for sale		
Non-current assets due within one year		
Other current assets	408,630,927.82	8,781,928.47
Total current assets	5,447,294,334.75	5,417,039,196.20
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivable		
Long-term equity investment	408,184,263.46	397,830,998.40
Investment in other equity instruments	57,477,364.10	57,477,364.10
Other non-current financial assets		
Investment real estate	12,296,268.76	6,373,135.42
Fixed assets	181,299,532.62	192,561,428.46

Construction in progress	30,846,546.56	27,241,137.26
Productive biological assets		
Oil and gas assets		
Right-of-use assets	2,817,148.29	2,349,347.56
Intangible assets	55,945,811.73	57,090,300.02
Development expenditure		
Goodwill	1,120,909.26	1,120,909.26
Long-term deferred expenses	80,707.96	84,955.75
Deferred income tax assets	42,576,259.92	40,734,119.14
Other non-current assets	28,284,690.26	20,759,073.65
Total non-current assets	820,929,502.92	803,622,769.02
Total assets	6,268,223,837.67	6,220,661,965.22
Current liabilities:		
Short-term loans	11,130,000.00	31,830,000.00
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	244,371,531.04	227,581,839.47
Advance from customers	421,830.00	96,750.00
Contract liabilities	1,466,322,523.87	1,725,223,007.33
Employee benefits payable	21,051,885.79	70,475,565.86
Taxes payable	39,174,387.38	54,028,725.59
Other payables	17,770,244.01	3,035,031.46
Thereof: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,388,882.64	2,097,594.87
Other current liabilities	138,116,798.02	119,463,543.08
Total current liabilities	1,940,748,082.75	2,233,832,057.66
Non-current liabilities:		
Long-term loans		
Bonds payable	419,786,939.84	415,824,511.11
Thereof: Preferred stock		
Perpetual debt		
Lease liabilities	185,099.09	

Long-term payables		
Long-term employee benefits payable		
Estimated liabilities	4,706,352.74	5,195,263.40
Deferred income	4,089,541.58	4,781,549.13
Deferred income tax liability	15,068,526.76	14,903,697.98
Other non-current liabilities	340,817,029.20	199,568,192.56
Total non-current liabilities	784,653,489.21	640,273,214.18
Total Liabilities	2,725,401,571.96	2,874,105,271.84
Shareholders' equity:		
Share capital	1,022,553,774.00	1,022,550,000.00
Other equity instruments	32,099,241.77	32,103,507.97
Thereof: Preferred stock		
Perpetual debt		
Capital reserve	228,737,183.93	226,083,353.77
Minus: treasury shares		
Other comprehensive income	22,690,994.02	22,852,245.26
Special reserve	29,229,248.34	29,243,725.77
Surplus reserve	300,522,057.11	300,522,057.11
General risk reserve		
Retained earnings	1,746,444,708.56	1,536,091,897.65
Total equity attributable to shareholders of parent company	3,382,277,207.73	3,169,446,787.53
Minority shareholder equity	160,545,057.98	177,109,905.85
Total shareholders' equity	3,542,822,265.71	3,346,556,693.38
Total liabilities and shareholders' equity	6,268,223,837.67	6,220,661,965.22

Legal representative: Deng Xijun

Director of Finance: Sun Zhiqiang

Prepared by: Wang Peihua

(2) Consolidated Income Statement

Unit: RMB

Item	Current period	Last period
1. Total revenue	729,710,396.08	504,286,748.22
Thereof: Operating revenue	729,710,396.08	504,286,748.22
2. Total cost	528,536,727.87	374,497,565.09
Thereof: Cost of sales	438,999,834.77	304,956,236.67

Taxes and surcharges	3,824,169.65	5,493,462.60
Selling expenses	27,408,242.78	18,514,567.31
General and administrative expenses	19,973,449.70	28,743,732.58
Research and development expenses	38,345,817.26	16,829,101.44
Financial expenses	-14,786.29	-39,535.51
Thereof : Interest expenses	2,792,694.99	391,974.12
Interest income	3,144,024.38	1,545,360.24
Add: Other income	39,246,555.78	12,886,757.68
Investment income (loss is stated with “-”)	14,813,438.64	25,896,672.03
Thereof: Investment income from associates and joint ventures	8,194,553.90	21,352,331.05
Gain from the derecognition of the financial assets measured at amortized cost		
Exchange income (Loss is listed with “-”)		
Net exposure hedging gains (“-” for losses)		
Gains from changes in fair value (loss is stated with “-”)	1,797,823.96	1,761,695.04
Credit impairment losses (loss is stated with “-”)	-5,699,807.43	11,240,084.91
Asset impairment losses (loss is stated with “-”)	-573,795.00	-5,674,134.02
Gains from disposal of assets (loss is stated with “-”)	-16,327.02	72.23
3. Operating profit (loss is stated with “-”)	250,741,557.14	175,900,331.00
Add: Non-operating income	3.15	1.37
Less: Non-operating expenses	374,087.72	302.22
4. Total profit (loss is stated with “-”)	250,367,472.57	175,900,030.15
Less: Income tax expenses	31,903,311.42	22,598,201.80
5. Net profit (loss is stated with “-”)	218,464,161.15	153,301,828.35
(1) Classified by continuity of operations		
Net profit from continuing operations(loss is stated with “-”)	218,464,161.15	153,301,828.35
Net profit from discontinued operations(loss is stated with “-”)		
(2) Classified by ownership of the equity		
Attributable to shareholders of the Parent Company	210,214,585.50	153,163,366.86
Minority interests	8,249,575.65	138,461.49
6. Other comprehensive income, net of tax	-161,251.24	-2,269,516.24
Other comprehensive income attributable to shareholders of the Parent Company, net of tax	-161,251.24	-1,154,505.94
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss		

1) Changes arising from re-measurement of defined benefit plan		
2) Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method		
3) Changes in the fair value of the investment in other equity instruments		
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	-161,251.24	-1,154,505.94
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	-161,251.24	
2) Changes in the fair value of other debt investments		
3) Amount of financial assets reclassified and included in other comprehensive income		
4) Credit impairment reserves for other debt investment		
5) Cash flow hedging reserve		
6) Translation differences arising from translation of foreign currency financial statements		-1,154,505.94
7) Others		
Other comprehensive income attributable to minority shareholders, net of tax		-1,115,010.30
7. Total comprehensive income	218,302,909.91	151,032,312.11
Attributable to shareholders of the Parent Company	210,053,334.26	152,008,860.92
Minority interests	8,249,575.65	-976,548.81
8. Earnings per share		
(1) Basic earnings per share	0.2056	0.1498
(2) Diluted earnings per share	0.2025	0.1498

Legal representative: Deng Xijun

Director of Finance: Sun Zhiqiang

Prepared by: Wang Peihua

(3) Consolidated Cash Flow Statement

Unit: RMB

Item	Current period	Last period
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	497,741,596.66	514,418,145.84
Refund of taxes and surcharges	37,419,572.33	11,829,089.68
Other cash receipts relating to operating activities	9,530,482.55	3,292,892.48
Sub-total of cash inflows from operating activities	544,691,651.54	529,540,128.00
Cash paid for goods and services	323,324,192.97	268,538,637.32
Cash paid to employees and paid on behalf of employees	156,344,892.59	132,880,681.95
Payments of taxes and surcharges	88,271,570.01	51,220,106.86
Other cash payments relating to operating activities	30,551,392.98	20,958,399.06
Sub-total of cash outflows from operating activities	598,492,048.55	473,597,825.19
Net cash flows from operating activities	-53,800,397.01	55,942,302.81
2. Cash flows from investing activities		
Cash received from withdrawing investments	1,316,610,000.00	674,630,000.00
Cash received from investment income	6,707,398.11	14,201,242.45
Net cash received from disposal of fixed assets, intangible assets and other long term assets	47,787.61	174.23
Net cash received from disposal of subsidiaries and other operating units		
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities	1,323,365,185.72	688,831,416.68
Cash paid to acquire fixed assets, intangible assets and other long-term assets	4,644,029.61	6,454,716.61
Cash paid to acquire investments	1,670,457,000.00	633,300,000.00
Net increase of mortgaged loans		
Net cash paid to acquire subsidiaries and other operating units		
Other cash payments relating to investing activities	310,300.00	
Sub-total of cash outflows from investing activities	1,675,411,329.61	639,754,716.61
Net cash flows from investing activities	-352,046,143.89	49,076,700.07
3. Cash flows from financing activities		
Cash received from capital contributions	700,000.00	
Thereof: Cash received by subsidiaries from minority shareholders' capital contributions	700,000.00	

Cash received from borrowings	8,130,000.00	16,130,000.00
Other cash receipts from financing activities	460,000.00	
Sub-total of cash inflows from financing activities	9,290,000.00	16,130,000.00
Cash repayments of borrowings	22,130,000.00	26,130,000.00
Distribution of dividends or profits and payments for interest expenses	205,494.50	358,457.47
Thereof: Cash payments for dividends or profit to minority shareholders by subsidiaries		
Other cash payments relating to financing activities	13,627,996.35	513,457.48
Sub-total of cash outflows from financing activities	35,963,490.85	27,001,914.95
Net cash flows from financing activities	-26,673,490.85	-10,871,914.95
4. Effect of foreign exchange rate changes on cash and cash equivalents	82,688.27	-53,449.63
5. Net increase in cash and cash equivalents	-432,437,343.48	94,093,638.30
Add: Cash and cash equivalents at the beginning of period	656,593,226.15	290,330,558.56
6. Cash and cash equivalents at the end of period	224,155,882.67	384,424,196.86

2. Auditor's report

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

Yes No

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

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

April 28th, 2023