



**Guangdong Dongfang Precision Science & Technology Co., Ltd.**

**Semi-Annual Report 2024**

**【Date of Disclosure】 26 July 2024**

## Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Guangdong Dongfang Precision Science & Technology Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements, or material omissions, and collectively and individually accept legal responsibility for such contents.

Tang Zhuolin, the Company’s legal representative, Shao Yongfeng, the Company’s Chief Financial Officer, and Chen Nan, the Head of the Company’s Accounting Department (equivalent to Financial Manager) hereby guarantee that the financial statements carried in this Report are truthful, accurate and complete.

All directors of the Company attended in person the board meeting for the approval of this Report.

For possible risks with respect to the Company, please refer to “X Risks Faced by the Company and Countermeasures” of “Part III Management Discussion and Analysis” herein. And investors are kindly advised to read through the aforesaid contents.

The Company has no semi-annual dividend plan, either in the form of cash or stock.

### **Special Declaration**

**This Report has been prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.**

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## Documents Available for Reference

1. The financial statements signed and sealed by the Company's legal representative, Chief Financial Officer, and the person-in-charge of the financial organ.
2. All the originals of the Company's announcements and documents that were disclosed to the public during the Reporting Period on the media designated by the CSRC for information disclosure.
3. The 2024 Semi-Annual Report carrying the signature of the legal representative.
4. The documents above are lodged in the Securities Department of the Company, 18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China.

## Definitions

Term	Definition
Dongfang Precision, or the “Company”	Guangdong Dongfang Precision Science & Technology Co., Ltd., and its consolidated subsidiaries, except where the context otherwise requires
Dongfang Precision (China)	The corrugated box packaging machinery division of Guangdong Dongfang Precision Science & Technology Co., Ltd.
Fosber Italy	Fosber S.p.A.
Fosber Asia	Guangdong Fosber Intelligent Equipment Co., Ltd.
Fosber America	Fosber America, Inc.
Fosber Tianjin	Fosber Machinery (Tianjin) Co., Ltd
Fosber Group	The business group including subsidiaries Fosber Italy, Fosber America, Qcorr, Tíruña Group, etc.
Tíruña Group	Tíruña Slu
Tíruña America	Tíruña America Inc.
Tíruña Asia	Tíruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd
QCorr	QuantumCorrugated S.r.l.
Dongfang Precision (Europe)/EDF	EDF Europe S.r.l.
Dongfang Precision (Netherland)	Dong Fang Precision (Netherland) Cooperatief U.A.
Dongfang Precision (HK)	Dong Fang Precision (HK) Limited
Wonder Digital	Shenzhen Wonder Digital Technology Co., Ltd.
Parsun Power	Suzhou Parsun Power Machine Co., Ltd.
Suzhou Jinquan	Suzhou High-Tech Zone Jinquan Business Management Partnership (Limited Partnership)
Shunyi Investment	Suzhou Shunyi Investment Co., Ltd.
Jaten Robot	Guangdong Jaten Robot & Automation Co., Ltd.
Yineng Investment	Hainan Yineng Investment Co., Ltd.
Yineng International	Dongfang Yineng International Holding Co., Ltd.
Dongfang Digicom	Dongfang Digicom Technology Co., Ltd.
Dongfang Digicom (Guangdong)	Dongfang Digicom Technology (Guangdong) Co., Ltd.
Corrugated cardboard	Corrugated cardboard is a multi-layer paper-bonding object composed of at least one sandwich layer of wavy medium (commonly known as "corrugated paper", "corrugated medium paper", "corrugated paper medium" and "corrugated base paper") and one layer of cardboard (also known as "liner board").
Corrugated box	Corrugated box is a rigid paper container made of corrugated boards through

	die cutting, indenting, nailing, or gluing. Corrugated box is one of the most widely used packaging containers in modern business and trade.
Corrugated box printing and packaging production line equipment	Corrugated box printing and packaging production line equipment include corrugated box printing and packaging line and stand-alone products that integrates pre-feeding, printing, grooving, die cutting, forming and packaging functions in whole or in part, which is highly functionally integrated, highly automated and highly technical, can save the capital and manpower investment, reduce workers' workload and improve the production efficiency of box manufacturers, and requires equipment manufacturers to be highly competent in design, technological innovation, assembly and finishing of parts.
Corrugated cardboard production lines	Corrugated cardboard production lines are assembly lines comprising corrugating, gluing, agglutinating, bundle breaking, dimension board cutting and output processes, which are used to produce and process corrugated boards. A corrugated cardboard production line has two independent process sections as the wet section and the dry section. The wet section, composed of the base paper stand, auto splicer, preheat pre-regulator, single-face corrugator, feeding bridge, glue machine and double facer, is used to make corrugated based paper into three-layer, five-layer, and seven-layer corrugated boards of different corrugated combinations. The dry section, composed of the rotary shear, slitter indenter, cut-off knife and stacker, is used to slit, indent, cut off and stack corrugated boards as ordered. Corrugated cardboard production lines are key production equipment for corrugated board and box manufacturers.
Pre-printing and post-printing intelligent automatic packaging machinery	Pre-printing and post-printing intelligent automatic packaging machinery refers to equipment that is compatible with the corrugated box printing line or stand-alone products and can provide functions related to pre-printing and post-printing processes of corrugated box printing and packaging. It includes the pre-feeder, stripper conveyor, intelligent stacker, and folder gluer.
Outboard motors	Outboard motors are a kind of detachable power units that are mounted on the stern plate of a boat to drive the boat to sail.
General utility small gasoline motors	General utility small gasoline motors are a kind of thermo-dynamic machinery of 20kW power or less with a wide range of applicability. It is characterized by small size, light weight, and easy operation, and is usually used as a power engine for a variety of terminal products. By the structure of engine and principle of work, general utility small gasoline motors can be divided into two-stroke general utility small gasoline motors and four-stroke general utility small gasoline motors.
CSRC	China Securities Regulatory Commission
SZSE, or the "Stock Exchange"	Shenzhen Stock Exchange
RMB yuan, RMB'0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi

The “Reporting Period” or “Current Period”	The period from 1 January 2024 to 30 June 2024
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## Part II Corporate Information and Key Financial Information

### I Corporate Information

Stock name	Dongfang Precision	Stock code	002611
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	广东东方精工科技股份有限公司		
Abbr.	东方精工		
Company name in English (if any)	Guangdong Dongfang Precision Science & Technology Co., Ltd		
Abbr. (if any)	Dongfang Precision		
Legal representative	Tang Zhuolin		

### II Contact Information

	Board Secretary	Securities Representative
Name	Feng Jia	Zhu Hongyu
Office address	18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China	18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China
Tel.	0755-36889712	0755-36889712
Fax	0755-36889822	0755-36889822
Email address	ir@vmtdf.com	ir@vmtdf.com

### III Other Information

#### 1. Contact information of the company

Whether the company's registered address, company office address and its postal code, company website and e-mail address have changed during the reporting period.

Applicable  Not applicable

The company's registered address, company office address and its postal code, the company's website and e-mail address remain unchanged during the reporting period, which can be found in the 2023 Annual report.

#### 2. Information disclosure and location.

Whether the information disclosure and location have changed during the reporting period.

Applicable  Not applicable



The name and address of the stock exchange website and media where the Company discloses its half-yearly report and the place where the Company's half-yearly report has been filed has not changed during the reporting period, which can be found in the Annual Report 2023.

### 3. Other relevant information

Whether other relevant information has changed in the reporting period

Applicable  Not applicable

## IV Key Financial Information

Indicate whether there is any retrospectively restated datum in the table below.

Yes  No

	2024H1	2023H1	change (%)
Operating revenue (RMB yuan)	2,161,188,907.40	2,082,606,453.72	3.77%
Net profit attributable to the listed company's shareholders (RMB yuan)	163,880,472.14	206,149,605.30	-20.50%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB yuan)	229,107,701.04	162,525,892.40	40.97%
Net cash generated from/used in operating activities (RMB yuan)	118,570,463.65	191,436,066.52	-38.06%
Basic earnings per share (RMB yuan /share)	0.14	0.17	-17.65%
Diluted earnings per share (RMB yuan /share)	0.14	0.17	-17.65%
Weighted average return on equity (%)	3.58%	4.95%	-1.37%
	30 June 2024	30 June 2023	Change (%)
Total assets (RMB yuan)	7,338,935,842.58	7,538,222,570.02	-2.64%
Equity attributable to the listed company's shareholders (RMB yuan)	4,648,163,194.08	4,511,690,693.97	3.02%

## V Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

### 1. Net Profit and Equity under CAS and IFRS

Applicable  Not applicable

No difference for the Reporting Period.

## 2. Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable  Not applicable

No difference for the Reporting Period.

## VI Exceptional Gains and Losses

Applicable  Not applicable

Unit: RMB yuan

Item	2024H1	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	5,092,274.31	
Government subsidies included in current profit and loss (excluding those closely related to the company's normal business operations, in compliance with national policies, enjoyed according to specified standards, and having a continuous impact on the company's profit and loss)	10,323,357.51	
Gains and losses from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, as well as gains and losses from the disposal of financial assets and financial liabilities, excluding effective hedging related to the company's normal business operations	-90,655,088.24	
Reversal of provision for impairment of accounts receivables individually tested for impairment	7,396.90	
Non-operating income and expenses other than the above	552,141.85	
Minus: Income tax effects	-10,195,770.51	
Non-controlling interests effects (net of tax)	743,081.74	
Total	-65,227,228.90	--

Details of other profit and loss items that meet the definition of non-recurring profit or loss.

Applicable  Not applicable

No such cases in the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable  Not applicable

No such cases in the Reporting Period.

## Part III Management Discussion and Analysis

With “intelligent equipment manufacturing” as its primary strategic focus, Dongfang Precision concentrates on the manufacturing of high-end intelligent equipment. Its principal operations include “intelligent packaging equipment” and “water powersports equipment”. The “intelligent packaging equipment business” consists of smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions. Dongfang Precision accounts for approximately 15% of the global corrugated packaging equipment market, ranking first among domestic enterprises of the same type and Top 2 in the global market.

The company has the capability to flexibly customize intelligent, efficient, and integrated production line equipment for customers. Leveraging its capabilities in industrial Internet industry solutions and its advancements in the field of artificial intelligence, the company is upgrading from intelligent equipment manufacturing to high-quality digital and intelligent development, achieving a comprehensive breakthrough in its “digital and intelligent” strategy. In the marine power equipment sector, Parsun Power’s outboard motor products have ranked first in the domestic industry for three consecutive years (2020-2022). In 2021 and 2023, Parsun Power successfully mass-produced 115-horsepower and 130-horsepower gasoline outboard motors, breaking the long-term monopoly of American and Japanese brands in this power segment. In March 2024, Parsun Power officially released the 300-horsepower gasoline outboard motor at the Shanghai International Boat Show, marking a full entry of domestic outboard motors into the global high-end mainstream market.

During the reporting period, the company achieved a total operating revenue of approximately 2.161 billion yuan, a year-on-year increase of 3.77%. The net profit attributable to shareholders of the listed company, after deducting non-recurring gains and losses, was approximately 229 million yuan, a year-on-year increase of 40.97%. The gross profit margin was 32.07%, a year-on-year increase of 2.78 percentage points. The asset-liability ratio was 33.32%, a year-on-year decrease of 6.62 percentage points. The core main business of the company, the intelligent packaging equipment sector, achieved a total operating revenue of 1.783 billion yuan, a year-on-year increase of 6.88%, and the gross profit margin increased by 3.95 percentage points year-on-year, further enhancing the profitability of the sector while the scale grew. Additionally, the company’s digital printing business released the new WONDER INNO PRO SINGLE PASS industrial high-definition color digital printer. For the first time, this device achieved the application of high-speed digital inkjet printing technology with a baseline printing accuracy of 1800 NPI in the field of industrial-grade paper packaging printing. This provides the color printing packaging field with a high-definition color digital printing device that can achieve an effect comparable to offset printing through digital printing technology. The company’s industrial Internet business launched new products and modules such as “InterLink”, “Micro Mes”, and “Equipment After-sales Service Management System”. These have been prioritized for use in improving the company’s internal various brands and specifications of corrugated box printing and packaging complete line products. They will also help customers in the corrugated paper packaging and composite paperboard industries to improve the intelligence and digitization of a large number of existing production line equipment, empowering “digital manufacturing.”

The company's consistent "1+N" development strategy and "industry-based + capital wings" development path fully utilize the brand platform advantages of listed companies and deep integration and strategic control capabilities. The company continuously enriches and improves its industrial layout under the "intelligent equipment manufacturing" strategy through the external incubation of intelligent equipment enterprises with technology innovation as the core, high technical barriers, and good development prospects. Subsidiaries/holding subsidiaries under the company, such as the Fosber brand series companies, Tiruña brand series companies, Parsun Power, Wonder Digital, Dongfang Digicom, etc., have been fully integrated into the development system of listed companies, becoming an important part of the company's main business and profit contribution. Additionally, the company's invested and held companies, such as Jaten Robot, Ruoyu Technology, Nanjing Profeta, etc., have shown good development momentum in the fields of robotics, artificial intelligence, 3D printing, etc., laying the foundation for the company to expand the application fields of the "intelligent equipment manufacturing" strategy and expanding the group's industrial space.

## I Principal Operations of the Company in the Reporting Period

### (I) Industries in which the Company principally operates

According to the Classification of Strategic Emerging Industries (2018) and the Industrial Classification for National Economic Activities (GB/T 4754-2017), the industries in which the Company principally operates are shown below:

The Company's Principal Business Divisions and Their Industries

Strategic emerging industry	Industry	Principal business division	Primary products and their applications
Intelligent manufacturing equipment	Specialized equipment manufacturing	Smart corrugated packaging equipment	<p>1. Corrugated cardboard production lines: The corrugated cardboard production lines are used for the production of corrugated cardboards of different specifications, are the core machinery for corrugated packaging production, and are widely used by medium and large enterprises (cardboard plants) that produce corrugated cardboards in the corrugated packaging industry.</p> <p>2. Corrugated box printing and packaging production line equipment: The corrugated box printing and packaging production line equipment is used to produce and process corrugated cardboards into corrugated boxes of different specifications and is the back-end machinery of the corrugated cardboard production lines. Of the machinery, the printing unit is the core machinery, of which the peripheral equipment units includes the paper feeder unit, slotting and die cutter unit, stripper transfer unit, FFG and stitching unit, and the counting and palletizer unit. The corrugated box printing and packaging production line equipment is widely used by various enterprises (box plants) that produce corrugated boxes in the corrugated packaging industry.</p>

Strategic emerging industry	Industry	Principal business division	Primary products and their applications
		<b>Digital printers</b>	<p>Digital printing is a printing method that generates sheet-by-sheet variable graphic images from digital information. With the help of printhead ink, digital printing enables the formation of the image directly on the printing stocks and can indirectly transmit the colour and auxiliary substances to the print stocks to form the presswork. Digital printing can meet the requirement for industrial production.</p> <p>Wonder Digital, one of the subsidiaries controlled by Dongfang Precision, is a leading supplier of digital printers in China. It is committed to providing digital printers for industries such as paper packaging (colour printing &amp; pre-printing), advertising, home decoration, building materials, and label printing.</p>
<b>Industrial Internet and supporting services</b>	<b>Software and information services</b>	<b>Industrial Internet industry solutions</b>	<p>Build the Industrial Internet Platform for industry, provide end-to-end solutions and operational services that range from intelligent machinery, integrated management of production and operations of enterprises, intelligent business decision-making, to agile corporate reforms and innovation for corporate customers from more than the paper packaging industry, and promote the step-by-step digital transformation of the business with a focus on essentials such as “connecting + data processing and modeling + data intelligence applications”.</p>
<b>Manufacturing of ship auxiliary equipment</b>	<b>Railway, shipping, aviation and other transport equipment manufacturing industries</b>	<b>Water powersports equipment</b>	<p>Outboard motors are a kind of detachable power units that are mounted on the stern plate of a boat to drive the boat to sail and can be applied to boats shorter than 24m in inland rivers, lakes, and coastal waters. They are widely used in water recreation, fishing, water traffic, emergency rescue, shore landing and maritime patrol.</p>

## (II) Industry overview

### 1. The Industries to which the Company's Intelligent Packaging Equipment Business Segment Belongs

#### 1.1 Demand side—customers

The intelligent packaging equipment division of the Company specializes in “smart corrugated packaging equipment” and “digital printers”. This division primarily serves B-end customers such as corrugated cardboard and corrugated box manufacturers. As a machinery supplier, the Company provides various single machine and complete production line products for cardboard and box production, which makes the Company depend on the development of the downstream paper packaging industry to some extent.

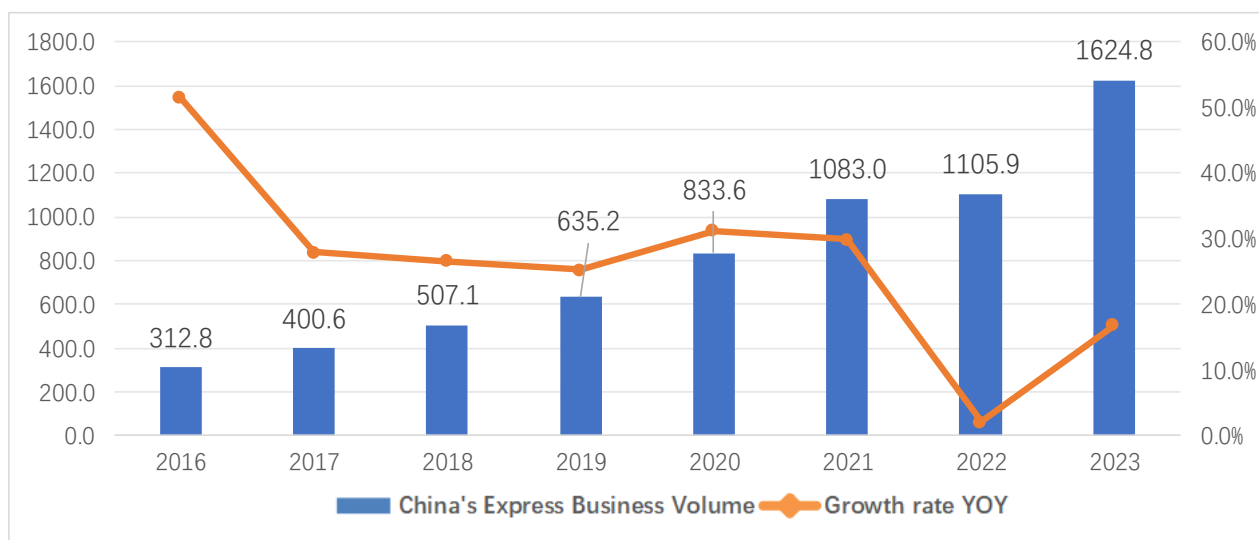
**End demand for corrugated packaging is growing:** The corrugated box field is one of the major fields of the paper packaging industry, of which the end demand is relevant to the prosperity of consumption and business

activities. Corrugated packaging products are used in a vast number of fields, including food and beverage, household chemicals, electronic products, and e-commerce express delivery, and are inelastically demanded by consumers. Corrugated packaging applications in electronics, beverages, food, household chemicals and express delivery accounted for 26%, 21%, 20%, 13% and 13% of the overall applications of corrugated packaging in downstream sectors, respectively.

Over the past few years, the scale of China's express corrugated packaging market has been on the rise. By the forecast of Qianzhan Industry Research Institute, the scale of China's express corrugated packaging market will continue to rise in the upcoming years and is estimated to reach RMB86.4 billion by 2025 (CAGR for 2019 to 2025: Approximately 15%). Terminal markets, including the express, electronics, and household chemicals terminal markets, show an increasing demand for corrugated box and board packaging, which will drive the expansion of the capacity of corrugated packaging enterprises and thus increase the demand for corrugated packaging machinery, benefiting the machinery manufacturers.

Between 2017 and 2023, the domestic express business recorded rapid growth, with a compound annual growth rate (CAGR) of approximately 27%. Data from the State Post Bureau showed that the total volume of domestic express delivery for 2023 was 162.48 billion pieces, up 16.8% year-on-year.

Trend of China's Express Business Volume Above Scale, 2016-2023



According to the “June 2024 China Express Development Index Report” and related statistical data released by the State Post Bureau in July 2024, China's express market maintained a rapid development trend in the first half of 2024, supporting the prosperity of the online economy and adding momentum to economic and social development. In the first half of the year, the cumulative volume of express business in the domestic market was 80.16 billion pieces, a year-on-year increase of 23.1%, and the cumulative express business revenue was 653 billion yuan, a year-on-year increase of 15.1%. Since March 2024, the monthly business increment has exceeded 2 billion pieces. Especially during the “May Day” holiday (May 1st-5th) and the Dragon Boat Festival holiday (June 8th-10th), the average daily express business volume increased by 32.7% and 25.6% year-on-year, respectively. Looking forward to the second half of the year, the fundamentals supporting the continued development of the domestic express industry will not change. There are still many favorable factors to promote industry growth. Policy dividends will continue to be effective, and policy documents issued by various regions and departments to expand domestic

demand and promote the rapid growth of new consumption will continue to exert force in the second half of the year. With the improvement of industry service quality and supply capacity, express services will reach more countries and regions, link more industries and enterprises, better meet more personalized and customized delivery needs, and the industry is expected to gain more market increments.

The steady growth of the express industry scale continues to have a positive impact on the development of the domestic corrugated paper packaging industry. According to statistics, in 2023, the new production capacity of domestic corrugated paper and boxboard paper was 7.67 million tons, and the eliminated production capacity was 3.19 million tons, achieving a net new production capacity of 4.48 million tons. It is expected that there will still be about 6.6 million tons of new production capacity in 2024.

**Guided by the “large-scale equipment renewal” policy, a swift acceleration in equipment upgrades is anticipated within the domestic corrugated packaging sector.**

In February 2024, the Central Financial and Economic Affairs Commission held its fourth meeting to promote a new round of large-scale equipment renewal and consumer goods trade-in, explicitly mentioning the need to “promote the renewal and technological transformation of various types of production equipment and service equipment”. On March 1, the State Council executive meeting considered and passed the Issuing the Action Plan for Promoting Large-scale Equipment Renewals and Consumer Goods Trade-ins, proposing to “promote the proportion of advanced production capacity to continue to increase”.

Over the years, China's corrugated packaging sector has largely consisted of numerous small- and medium-sized box manufacturers dominated by low-end production capacities, leading to a highly decentralized market and relatively low industry consolidation. Responding to the Party Central Committee and State Council's “large-scale equipment renewal” policy directive, the corrugated packaging industry anticipates a heightened pace of equipment modernization throughout the 14th Five-Year Plan period, with an expected surge in medium- to high-end production capacity proportions.

With the continuous development of the downstream end consumption industry in China, the requirements of corporate customers for corrugated boxes gradually increase. In the corrugated packaging industry, market concentration and the phase-out of low-end production capacity is an inevitable trend, due to market competition, capacity upgrading, M&A, etc. It is estimated that the line machinery that is more intelligent and productive will replace the existing corrugated cardboard production lines and corrugated box printing and packaging production line equipment in the upcoming five to ten years. By statistics, there are over 6,000 existing corrugated cardboard production lines in the domestic market, and more corrugated box printing and packaging machinery.

According to estimates, the overall market share of the domestic industry of the 15 listed corrugated paper packaging companies in China increased from 5.7% in 2017 to 10.9% in 2023. Statistics from the China Packaging Federation show that in 2023, there were 2,991 enterprises above designated size in the national paper and paperboard container manufacturing industry, a decrease of 164 from 2022, indicating a decrease in the number of enterprises above designated size. The above data shows that the concentration of the domestic corrugated paper packaging industry is continuously improving. In addition, the China Packaging Federation report shows that the domestic paper packaging industry achieved a profit of 10.867 billion yuan in 2023, a year-on-year increase of 35.65%, of which the industry achieved a profit of 6.879 billion yuan in the second half of 2023, with a significant

year-on-year increase in profits in the second half of 2023, and the trend of profit concentration towards leading enterprises is obvious.

**Digital and intelligent upgrading of the paper packaging and printing industry bring new development opportunities.** The traditional production mode has caused domestic paper packaging and printing enterprises to be overly dependent on skilled technicians at critical positions and slow to identify the outdated management mode. The “strategy of robot assembling line” and “smart factory” are increasingly recognized by the industry. Amid intelligent manufacturing, the paper packaging and printing industry will usher in industrial upgrading and transformation. Additionally, leading packaging enterprises, including Xiamen Hexing Packaging Printing Co., Ltd. (HXPP), MYS Group Co. Ltd. (MYS), Shenzhen YUTO Packaging Technology Co., Ltd., and Shenzhen Jinjia Group Co., Ltd., have pushed ahead with Internet-based development in recent years by entering into intelligent manufacturing, cloud printing, or other markets, expected to launch a revolution in the Internet-based development of the paper packaging and printing industry and injecting new impetus into industry integration. Concurrently, amid intelligent manufacturing and Internet-based packaging, leading enterprises engaged in corrugated packaging machinery are also expected to embrace new development opportunities.

**Overseas demand is relatively steadily:** In recent years when environmental pollution becomes more and more serious, growing environmental awareness has led to “plastic bans and restrictions” across the world, providing a major boost to paper as an alternative to plastic. England announced a ban on single-use plastics starting October 2023, covering items like disposable plastic plates, trays, bowls and utensils. France is phasing in bans on single-use plastic packaging for around 30 fruits and vegetables starting January 2022. The U.S. Department of the Interior announced that single-use plastics will be gradually phased out in national parks and other public lands by 2032. The global green packaging market is projected to grow from USD262.27 billion in 2023 to USD381.98 billion in 2028, with a compound annual growth rate of 7.81% during the forecast period (2023-2028).

The corrugated cardboard produced by corrugated cardboard production lines is used to make various corrugated boxes, corrugated cartons and other corrugated packaging materials, which are rigid consumer products in European and American countries. According to Statista data, the US e-commerce market is expected to grow at a compound annual growth rate of 12.7% from 2017 to 2027. The philosophy of “sustainability” is gaining ground in the European and US consumer goods packaging markets. With the growing trend of "replacing plastics with paper" in the packaging industry, demand for corrugated packaging materials in the European and US consumer goods markets continues to grow steadily, helping to drive demand for corrugated packaging production line equipment.

## **1.2 Supply side—the Company’s presence in the industry**

### **A. World-leading comprehensive strength**

Corrugated cardboard production lines: Major manufacturers of corrugated cardboard production lines around the world include Fosber Group (Business entities under the company), BHS (Germany), Marquip (a wholly-owned subsidiary of the American Barry-Wehmiller), and J.S. Machine. Among them, Fosber Group and its major rival from Germany, BHS, lead the others and are leaders in the global middle- and high-end corrugated cardboard production line field. Fosber Group holds approximately 30% of the global middle- and high-end corrugated cardboard production line market and more than 50% of the North American market.



Corrugated & pressure rollers, key components of corrugated cardboard production lines: The subsidiary Tiruña Group has more than 40 years of experience in the corrugated and pressure roller segment and is renowned in Europe as a world-leading specialist in this segment.

Corrugated box printing and packaging production line equipment: Major manufacturers in this field include Dongfang Precision, Bobst (Switzerland), Gopfert (Germany), Ward (a wholly-owned subsidiary of the American Barry-Wehmiller), Ding Long (Shanghai), and Guangzhou Keshenglong. Dongfang Precision is an industry leader in China and is competitive with the global industry leader, Bobst, from Switzerland. With an advantage in global resource coordination, leading design concept, excellent overall R&D strength, and a product system featuring complete categories and rich specifications, the Company can produce products that meet dozens of specifications and different market positioning, covering fixed/open-close type, top printing/bottom printing, and complete production line (inline) products/single machine, and has the completest product lines and richest product base of the corrugated box printing and packaging production line equipment worldwide.

Digital printers: Major manufacturers include HP, EFI, Koenig & Bauer Durst, Wonder Digital, Hanhua Gongye, and Atexco, among others. Wonder Digital, a majority-owned subsidiary of Dongfang Precision, has been specializing in the development and manufacturing of digital printers for 13 years, and is a leader in the domestic digital printer industry. It takes the lead among global suppliers of digital printers in applying high-speed inkjet printing technology to corrugated packaging and is committed to extending digital printing technology to such fields as paper packaging (colour printing & pre-printing), advertising, home furnishing, building materials, and label printing.

In conclusion, Dongfang Precision leads the world in terms of its comprehensive strength in smart corrugated packaging equipment business and can provide downstream customers such as cardboard plants and box plants with “one-stop” machinery and service support that covers each production process, including corrugated cardboard production, corrugated box production, and pre-printing and post-printing production processes, and different technology roadmaps, including flexographic printing and digital printing.

**The value of the global corrugated packaging equipment market is estimated to be about RMB30-40 billion. In terms of operating revenue, Dongfang Precision accounts for approximately 15% of the global corrugated packaging equipment market, ranking first among domestic enterprises of the same type and Top 2 in the global market.**

**B. The rapid development of digital printing brings more development opportunities for the industry.**

According to the latest report *The Future of Inkjet Printing to 2027* by Smithers Pira, the market value of inkjet printing in graphic printing and package printing globally reached USD86.8 billion in 2022. The inkjet printing market has grown strongly over the past 5 years. Total inkjet printing output in 2022 was 46.2% higher compared to 2017, with printed volume growing by over two-thirds. The report forecasts that growth of inkjet printing in packaging will be most rapid from 2022 to 2027, with expected compound annual growth rates of 17.7% by shipment quantity and 16.3% by value. Digital printing is expected to increase its market share in corrugated packaging printing from 4% in 2022 to 9% in 2027, with high potential for growth of digital printing in the corrugated packaging industry.

The main competitive edges of the digital printing technology of Wonder Digital, a majority-owned subsidiary

of Dongfang Precision, are as follows:

(1) Advanced technology and a wide range of products

Digital printing adopts inkjet printing technology. It can be divided into UV printing (including colour printing & pre-printing, with printing effects close to colour offset printing) and water-based ink printing (including colour printing & pre-printing, with water-based dye/pigment inks, etc.) in terms of the ink type and printing effects. In 2024, Wonder Digital released the new WONDER INNO PRO SINGLE PASS industrial high-definition color digital printer, with a baseline printing accuracy of up to 1800 NPI, achieving a revolution from color printing to high-definition color printing in the field of paper packaging printing with domestic digital printing technology. This provides the color printing packaging field with a high-definition color digital printing device that can achieve an effect comparable to offset printing through digital printing technology.

(2) Integrated digital solutions that feature human-machine interaction and an integrated system

Wonder Digital's digital printers feature high levels of system integration and human-machine interaction in product design and technical implementation. Compared to traditional package printers, they are more user-friendly and easier-to-operate. Wonder Digital's digital printers can be operated after simple training, with just one person needed to operate a multi-pass digital printer and two to run a single-pass inline for mass production.

(3) Convenient, flexible and efficient

Digital printing enjoys an absolute advantage in small and medium batches of printing and urgent printing needs as it saves tedious processes, such as platemaking, imposition, and colour calibration. It enables electronic documents generated via typesetting software, design software, and office applications to be directly output to digital printers. Moreover, digital printing enables one-sheet, flexible printing, which cannot be done by traditional printing.

Additionally, digital printing enables a more flexible printing method that is, modifying while printing, and vice versa, enabling "zero stock". Such a flexible and quick printing method has strengthened the competitiveness of customers in a competitive environment where every minute counts. With regard to pattern design, platemaking in traditional printing is not required in digital printing, allowing more freedom for design and enabling designers to give full play to their professionalism and tailor products to customers' needs.

## **2. The industry to which the company's industrial Internet industry solutions business belongs**

According to the Classification of Strategic Emerging Industries (2018), Dongfang Precision's "industrial Internet industry solutions" business division falls under the "industrial Internet and supporting services" industry.

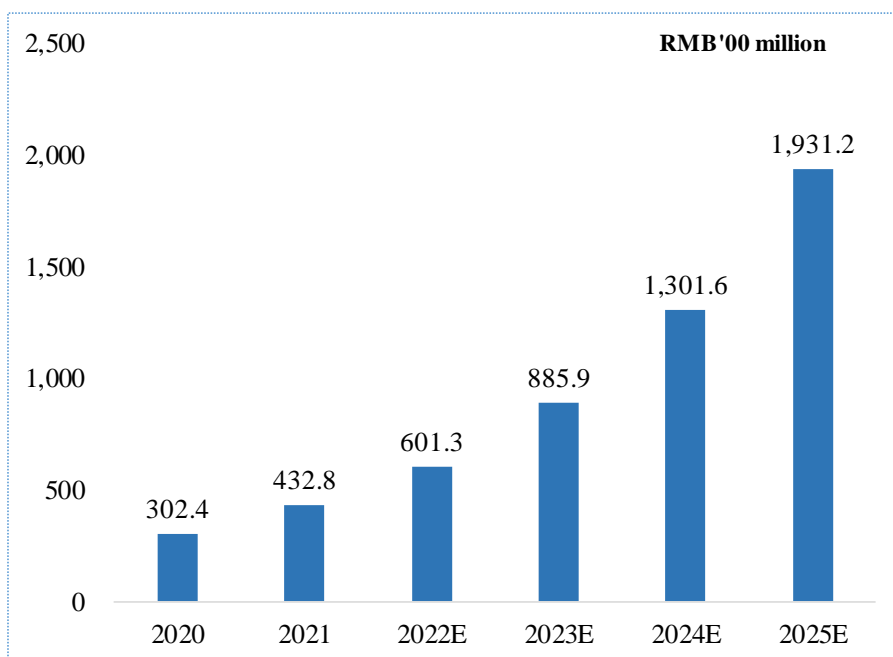
Policy side: The Guiding Opinions of the State Council on Deepening the "Internet plus Advanced Manufacturing" and Developing the Industrial Internet released by the State Council in 2017 marked China's official entry into digital development from information-based development in terms of industries. "Accelerate the development of the industrial Internet" was proposed for the first time in the report on government work in 2018 and became a frequent visitor in the reports on government work for the next five years. In 2020, the National Development and Reform Commission stated that, as one of the new network infrastructure types, the industrial Internet is a part of the new infrastructure. Under the guidance of a range of policies, the industrial Internet and smart factory have become the strategic development orientation of the transformation and upgrading of China's manufacturing.

Market side: China is the only country in the world whose industries cover all industrial categories in the United Nations’ industrial classification. Concurrently, it is expected to grow into the world’s largest industrial digitalization market. For the current manufacturing industry of China, digital transformation is no longer an “option” but a “compulsory course” that is critical to its survival and long-term development.

As the manufacturing sector enters a “digital and intelligent” era, an increasing number of manufacturing enterprises have realized that buying production equipment, enterprise resource planning (ERP) systems, or manufacturing executive systems (MES) cannot meet the systematic requirements of intelligent manufacturing. By contrast, industrial Internet platforms can systematically resolve all critical issues that cannot be handled through traditional means. According to the Bluebook on the Digital Transformation of Enterprises--Empowering the Low-carbon and Green Transformation of the Real Economy with New IT released by the China Academy of Information and Communications Technology, after relevant manufacturing enterprises complete digital transformation, on average, their production efficiency will be boosted by 37.6%, their operating expenses will be lowered by 21.2%, and their energy utilisation rate will be improved by 16.1%. Concurrently, with the rapid development and continuous iteration of the new-generation information technology, the cost of digital transformation of enterprises is gradually decreasing, and more and more industrial enterprises will implement industrial Internet-based digital transformation.

According to the data released by Frost & Sullivan, the scale of the market of industrial Internet platforms and relevant solutions in China by 2025 is estimated to reach RMB193.12 billion. Between 2021 and 2025, the CAGR of the market of industrial Internet platforms and relevant solutions in China is approximately 45.3%.

The Scale of the Market of Industrial Internet Platforms and Relevant Solutions and Forecast between 2020 and 2025



**Supply side:** According to the White Paper on the Economic Development of the Industrial Internet Industry in China (2022), participants in the construction of industrial Internet platforms in China are diversified. Leading manufacturing enterprises, information and communications enterprises, and Internet-based enterprises build industrial Internet platforms in different dimensions and from different perspectives based on their own comparative

advantages, enabling China's industrial Internet industry to enjoy industrial enterprises, ICT enterprises, and Internet enterprises at the same time.

The key technologies and industries that the industrial Internet involves are extensive and complex and can hardly be fully covered by enterprises. Thus, developing the industrial Internet by relying on industrial manufacturing enterprises becomes a typical development path of industrial Internet enterprises, such as Root Cloud, Midea Cloud, and Baosight. In the packaging field, major manufacturers that provide industrial Internet-related products and solutions services include Yunyin, Dongfang Digicom, and Shanghai Wantit.

The subsidiary Dongfang Digicom, carrying Dongfang Precision's missions of expanding into the industrial Internet industry and implementing "digital and intelligent transformation strategies", was established in 2020. With the vision "to become a world-leading provider of industrial Internet industry solutions", Dongfang Digicom is engaged in building industrial Internet platforms for industries using new-generation information technologies, such as the IoT, cloud computing, big data, and artificial intelligence to facilitate digital and intelligent upgrading.


### **3. The Industries to which the company's water power products segment belongs**

#### **3.1 Demand side——customers**

The outboard motors are the subsidiary Parsun Power's main water powersports products. The company's marine power product business segment falls within the outboard motor industry, a subdivision of the ship supporting equipment industry. Outboard motors are the key auxiliary equipment for small- and medium-sized ships and are characterized by their compact structures, light weights, convenient installation and maintenance, easy operations, and low noise. They are widely used in water recreation and sports, fishing, water traffic, emergency rescue, shore landing, and maritime patrol.

The upstream of the outboard motor industry includes manufacturing raw materials and spare parts, such as steel, non-ferrous metals, internal combustion engines, gearboxes, propellers, and electric motors. The upstream raw material market is relatively mature, with sufficient market competition and product supply, ensuring that the company's raw material procurement can be fully guaranteed. The downstream of the outboard motor industry involves the shipbuilding industry, primarily used in yachts, sailboats, and other vessels, which can be utilized for recreational sports, commercial operations, and military maritime activities.

Applications of Parsun Power’s Outboard Motors

Field	Scenario	Example
Recreational	Recreational fishing, sailing and water sports	
Commercial	Fishing, water traffic and waterway maintenance	
Official and military	Emergency rescue and maritime patrol Beach landing and water reconnaissance	

In terms of the global market, according to a report released by Global Market Insights Research Private Limited (GMI), the global sales volume of outboard motors is expected to reach 914,800 in 2023 and 1.171 million in 2030; and the global market value of outboard motors is expected to reach USD11.093 billion in 2023 and

USD15.975 billion in 2030. By horsepower size, in 2023, the global outboard motor market had a market share of 20.28% for low-horsepower motors and 79.72% for medium-high horsepower motors. The medium-high horsepower motor market has a larger share, and the trend towards high-horsepower motors capable of driving recreational and luxury yachts is more pronounced. Outboard motors enjoy a vast global market. With global economic growth, personal income increase, and the change in personal consumption habits, the global outboard motor market trends toward stable growth. Worldwide, the outboard motor industry is dominated by Japanese and American brands, including Yamaha (a Japanese outboard motor brand under Yamaha Motor) and Mercury (an American outboard motor brand under Bentfield Group). Compared with major international competitors, Parsun Power continues to capture market share in Europe, the United States and other developed countries, supported by its cost-effective advantage of similar product performance and obvious price advantage.

In terms of the Chinese market, according to GMI's report, the sales volume of outboard motors in China is expected to reach 45,500 in 2023 and 75,800 million in 2030; and the market value of outboard motors in China is expected to reach USD306 million in 2023 and USD588 million in 2030, with China's compound annual growth rate (CAGR) in sales volume and market value both much higher than those of the world. In 2023, the market share of low-horsepower and medium-high horsepower outboard motors in China is expected to be 48.01% and 51.99%, respectively.

In recent years, considering the development of China's water tourism and recreational industry and the emphasis of the government on maritime rights, the Chinese government agencies at all levels have granted vigorous policy support to ship-related industries. For example, the National Development and Reform Commission has included high-performance ships, such as superyachts, luxury cruise ships, marine surveillance vessels, and small-waterplane-area twin hulls, among items for encouragement. The Ministry of Industry and Information Technology has proposed developing brand products, such as luxury superyachts, sightseeing boats, and official boats. The State Council has also proposed vigorously developing marine tourism, manufacturing localised tourism equipment such as cruises and cruise yachts, and vigorously developing cruise yacht tourism. China's yacht industry will usher in rapid development.

China has become one of the world's fastest-growing outboard motor markets owing to its rapid economic growth and changing recreational habits. With the rise of domestic brands represented by Parsun Power, domestic substitution has gradually become one of the mainstream trends in the development of the outboard motor industry in China, and there is the huge market potential for domestic substitution. Against the backdrop of the country's encouragement of import substitution of domestic equipment, China is expected to usher in a new stage of prosperous development for domestic outboard motor enterprises. Leading domestic outboard motor companies will enjoy the dual benefits of high industry growth and domestic substitution.

### **3.2 Supply side—the Company's presence in the industry**

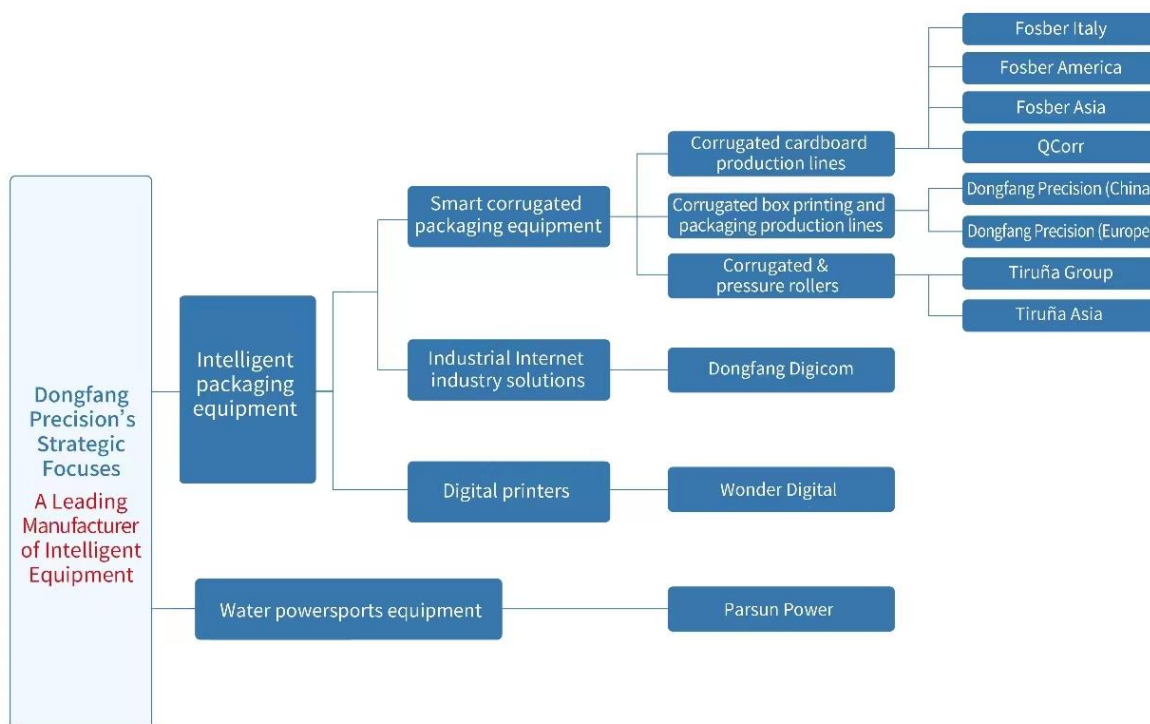
The subsidiary Parsun Power specializes in R&D, manufacturing, and sales of outboard motors, aspiring to be a world-class provider of water powersports products. Its outboard motors span a diverse power spectrum, compatible with fossil fuels, electricity, and alternative energy sources. The majority of its product models have been CCS-, CE- and EPA-certified. These products are widely used in water recreation, fishing, water traffic, emergency rescue, shore landing and maritime patrol.

As a top-ranking manufacturer in the domestic outboard motor industry, Parsun Power is a State-level "Little Giant" enterprise with specialties, refined management, unique technologies, and innovation, as well as a State-level High-tech Enterprise. Parsun Power’s outboard motors ranked first in the industry for three consecutive years from 2020 to 2022. In 2021 and 2023, Parsun Power successfully mass-produced 115-horsepower and 130-horsepower gasoline outboard motors, breaking the long-term monopoly of American and Japanese brands in this power segment. In March 2024, Parsun Power officially released the 300-horsepower gasoline outboard motor at the Shanghai International Boat Show, marking a full entry of domestic outboard motors into the global high-end mainstream market.

**(III) Principal operations of the Company in the Reporting Period**

With “intelligent equipment manufacturing” as its primary strategic focus, Dongfang Precision concentrates on the manufacturing of high-end intelligent equipment. Its principal operations include “intelligent packaging equipment” and “water powersports equipment”. The “intelligent packaging equipment business” consists of smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions.

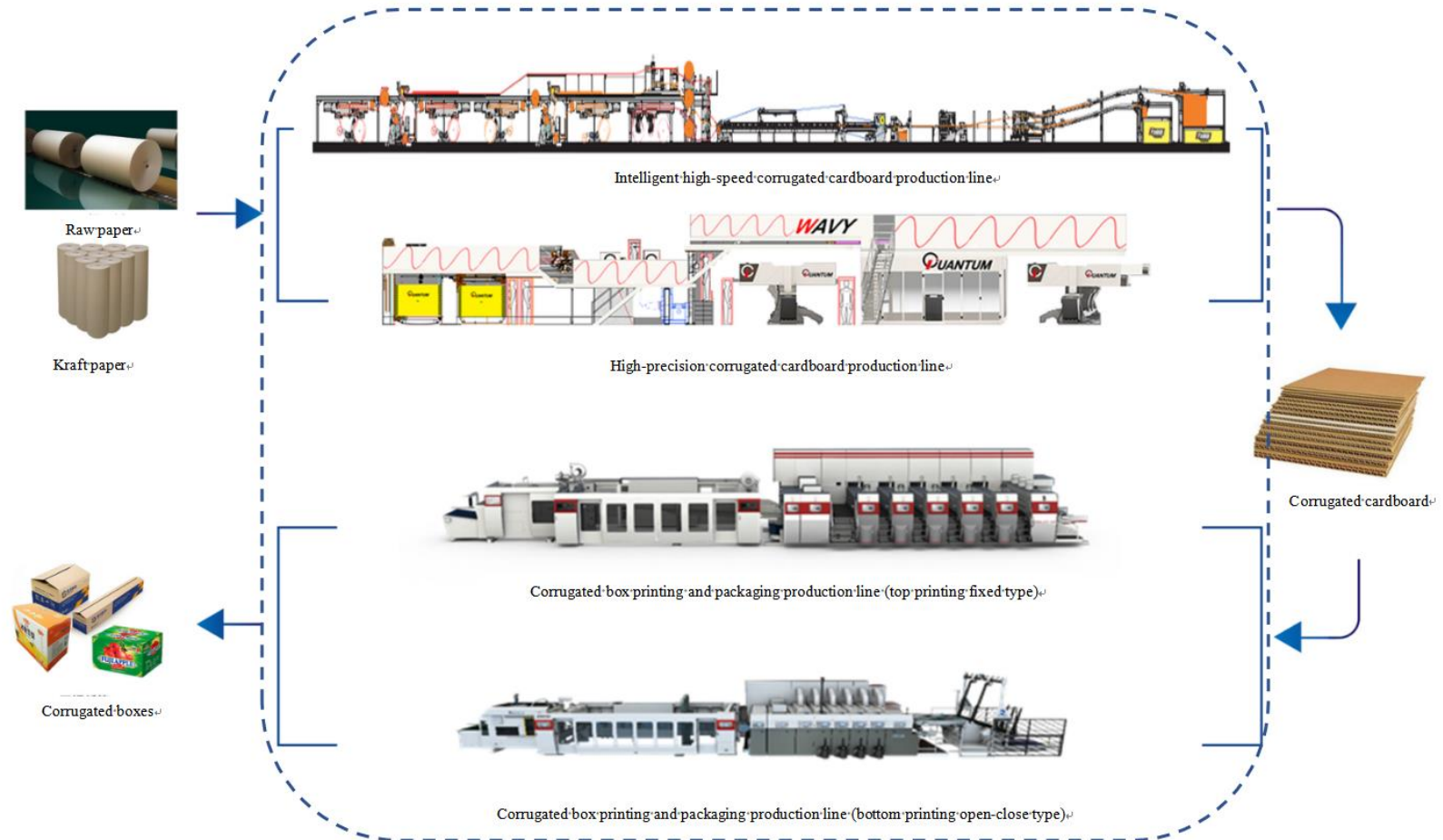
Business Divisions and Entities of Dongfang Precision



### A The intelligent packaging equipment division

The intelligent packaging equipment division consists of smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions, which cover the most important links in the value chain of corrugated packaging production (as shown below).

Relationship between Corrugated Packaging Manufacturing Value Chain and the Company's Smart Corrugated Packaging Equipment





### **a. Smart corrugated packaging equipment business**

#### **(1) Corrugated cardboard production lines (including corrugated rollers)**

The corrugated cardboard production lines business of Dongfang Precision is engaged in corrugated cardboard production lines (under the brands of Fosber and Quantum) as well as corrugated and pressure rollers (under the Tiru ña brand), which are key components of corrugated cardboard production lines. With the overseas Fosber Group (under it, Fosber Italy, Fosber America, QCorr, and Tiru ña Group) as well as the domestic Fosber Asia and Tiru ña Asia, Dongfang Precision is able to provide products and services for customers around the world.

From the perspective of end market, the three major series of corrugated cardboard production lines (S/Line and Pro/Line under the Fosber brand, as well as Quantum Line under the Quantum brand), along with a wide range of corrugated and pressure rollers (key components, under the Tiru ña brand), are complementary and synergistic, achieving full coverage of the end market as a product portfolio.

From the point of the locations of business entities, the global layout of business assets lays a solid foundation for the Company's global sales.

Overseas, Fosber Group primarily serves large- and medium-sized manufacturers in Europe, North America, Latin America and other countries and regions. All the business units and profit centres of Fosber Group have their business, assets and staff located in Europe and North America. They adopt a local management and operation model, and design, develop and manufacture their products locally. Fosber Group has established stable partnerships with major manufacturers in the corrugated packaging industry in Europe and the US.

Domestically, Fosber's corrugated lines have been designed and adapted to the needs of customers in the Chinese market. Supported by China's most complete supply chain across all industrial sectors globally, as well as the competitive edge of manufacturing, over 90% of the components of the corrugated lines are manufactured domestically. These products, which are high-tech, high-performance and cost-efficient for they are made in China, are provided for corrugated packaging manufacturers in China, Asia (East Asia, Southeast Asia, South Asia, and the Middle East), Africa, Europe, and Latin America. Since 2022, the Company has introduced Tiru ña's corrugated and pressure rollers to China for domestic design and local production. While catering to the needs of Fosber Asia's corrugated lines for corrugated and pressure rollers, Tiru ña is also developing new markets in China and the rest of Asia for its products.

#### **(2) Corrugated box printing and packaging production lines**





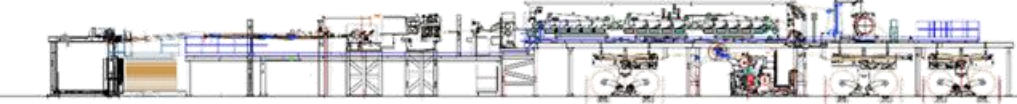
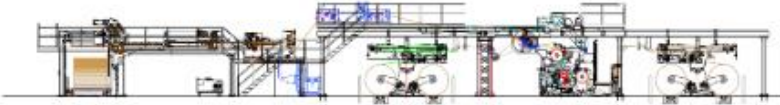
Dongfang Precision is a professional supplier of medium- and high-end corrugated box printing and packaging production lines. Domestically, Dongfang Precision (China) is responsible for business operations associated with corrugated box printing and packaging equipment, while in the overseas market, it is Dongfang Precision (Europe).


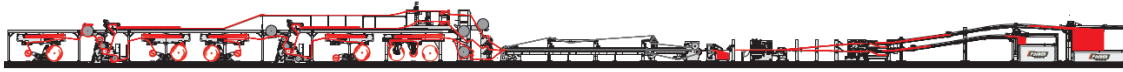

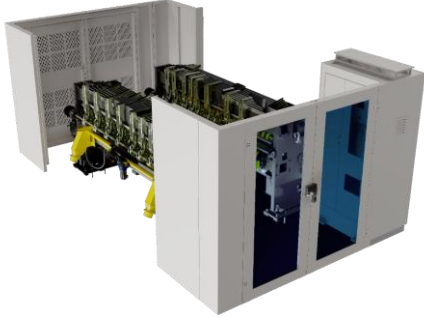


The product matrix of Dongfang Precision (China) includes corrugated converting line and single machine products that are of dozens of specifications and different market positioning, featuring fixed type/open-close type, top printing/bottom printing, and other technologies. These products mainly include "Dongfang Star" Quickset Top Printing FFG and Top Printing Open-Close Type FFG Inline, as well as "Super Star" Bottom Printing Die Cutter Stripper Vacuum Stacker Converting Line, Bottom Printing Open-Close Type FFG Inline and Bottom Printing Open-Closed Type/FFG & Stitcher.

Dongfang Precision (Europe) specializes in high-end corrugated converting line products. Its primary products include “FD” Quickset Top Printing FFG, “HGL” Quickset Bottom Printing FFG, and Quickset Bottom Printing/Die Cutter Stripper Vacuum Line. These products are designed with noncrush feeder design, full servo control, and fully automatic control features, making them more suitable for high-definition printing. Dongfang Precision (Europe) also provides pre-printing and post-printing equipment compatible with the complete line products, covering production processes such as paper feeding, stripping, transferring, palletizing, folding and gluing. Dongfang Precision (Europe) primarily serves the European markets.





In the area of corrugated converting lines/single machines, Dongfang Precision is a professional manufacturer with an early start and a strong foundation among domestic fellow companies, enjoying high brand awareness and customer recognition in the industry. The products are highly popular not only in the domestic market but also exported to over 60 countries and regions worldwide, including Europe, America, Asia, Africa, Latin America, and Oceania.





Primary Product Portfolio of Dongfang Precision's intelligent packaging Equipment Business - Corrugated Cardboard Production Lines

Product type	Brand	Product image	Main characteristics
Corrugated Cardboard Production Lines			Fosber Brand S/Line Width: 2.5m~2.8m Production speed: 370~470 meters/minute Designed for large corrugated board manufacturers Beltless Technology Caddy oil-free technology Gapless changeover with no speed reduction of the cadre
			Industry leading changeover times Optimum board quality and low operating costs Advanced Syncro4 system control Process Control Supervision (PCS) Data Tracking Supervision (DTS)
			Quantum Line : Widths from 1.8m to 2.5m A new concept in corrugated board production Better suited for lightweight corrugated board production Innovative design, compact and flexible Optimum appearance and print surface quality
			Lower energy consumption and less labor Wavy Line : Designed for the production of single-sided corrugated boards Compact and flexible High quality at high speeds

Product type	Brand	Product image	Main characteristics
			<p>Domestic Line: Width: 2.2m~2.8m Design speed: 270-370 meters/minute Single tile, double tile, triple tile wet section</p>
			<p>Wet section without belt technology Cadre without lubrication technology High board quality Advanced Syncro system control Process Control Supervision (PCS) Data Tracking Supervision (DTS)</p>
			<p>Instant Set: Dual Module Slitting Machine Gapless order change speed of 250 meters/minute Positioning accuracy of +/-0.5mm, Within 3 seconds to change the order and line up the knives</p>
<p>Corrugated &amp; pressure rollers</p>			<p>The world's leading supplier of corrugating rolls and pressure rolls with industry-leading machining and tungsten carbide treatment</p>

Primary Product Portfolio of Dongfang Precision's Smart Corrugated Packaging Equipment Business - Corrugated Box Printing and Packaging Production Line Equipment

Product type	Brand	Product image	Main characteristics
<p>Integrated corrugated box printing and packaging lines</p>		<p><b>DONGFANG STAR I QUICKSET TOP PRINTING FFG</b></p> 	<p>Upper printing fixed type                      Full servo control                      No downtime for plate change                      2 minutes quick order change                      Vacuum adsorption large belt, high precision cardboard transfer, long service life                      Energy saving up to 30                      Only 2 people are needed to operate the whole line</p>
		<p><b>DONGFANG STAR II TOP PRINTING OPEN-CLOSE TYPE FFG</b></p> 	<p>Print-on/off type                      Vacuum adsorption roller transfer;                      Computerized adjustment, easy to operate;                      High speed and stable operation;                      Patented folding structure; Improve carton molding effect                      Only 2-3 persons are needed to operate the whole line</p>
		<p><b>Asia-Pacific STAR I BOTTOM PRINTING DIE CUTTER STRIPPER VACUUM STACKER CONVERTING LINE</b></p> 	<p>Suitable for shaped box, machine box and pre-printed box, etc., with one point and multiple die-cutting.                      Mature down-printing die-cutting technology; Clean chip removal and accurate counting                      Efficient production; Uninterrupted</p>

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
<p><i>Integrated corrugated box printing and packaging lines</i></p>		<p><b>Asia-Pacific STAR II BOTTOM PRINTING OPEN-CLOSE TYPE FFG INLINE</b></p> 	<p>feeding; No-speed down output of bundles, flexible palletizing methods Configurable for double-sided printing; 2-3 person operation</p>
		<p><b>Asia-Pacific STAR III BOTTOM PRINTING OPEN-CLOSED TYPE/FFG &amp; STITCHER</b></p> 	<p>Vacuum adsorption roller transfer Computerized adjustment of the whole machine, easy to operate Good effect of clearing waste, can realize one opening and two die-cutting line gluing carton. Patented folding structure improves carton molding effect. The whole line is operated by 2-3 persons</p>
		<p><b>Asia-Pacific STAR III BOTTOM PRINTING OPEN-CLOSED TYPE/FFG &amp; STITCHER</b></p> 	<p>Design concept of down-printing type gluing and nailing as a whole Multi-purpose machine, to meet the production needs of different orders Saving space, reducing process, greatly reducing labor cost. Multiple pre-pressure to enhance folding and molding effect, precise control of molding accuracy.</p>

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
			<p>High-end down-printing fixed in-line</p> <p>Spindle servo drive</p> <p>Quick order change</p> <p>Complete pre-press and post-press supporting units</p>

## **b. Digital printers**

The business is primarily led by the subsidiary Shenzhen Wonder Digital Technology Co., Ltd. Wonder Digital provides solutions for customers in the digital printing industry, including digital printers, ink, accessories, and professional services. Wonder Digital has introduced a variety of digital printers to meet the diverse needs of different market segments and customer levels, including:

(1) Multi Pass digital printer series applicable for small-batch paper packaging printing

(2) Single Pass digital printer series applicable for large/medium/small batch paper packaging printing

(3) Single Pass digital series applicable for pre-printing on raw paper

(4) Hybrid printer series that combines Multi Pass high-precision printing and Single Pass high speed printing into one, supporting both scanning mode printing for large size, high precision, and full colour orders, and instantly switching to Single Pass mode for printing large volumes of small size orders.

Wonder Digital offers a diverse range of products that cover various types and specifications, from postprinting to pre-printing, from water-based dye/pigment, water-based ink to spot colour UV ink, from boxes, offset cartons to sheet metal. The products also support a range of application modes and scenarios, from single-sheet printing to exchange orders seamlessly with variable data printing, and from single machine printing to integration with ERP systems. As a leading enterprise in the domestic corrugated box digital printing industry, Wonder Digital has always focused on the application innovation of digital printing technology in the field of industrial printing. In 2024, Wonder Digital released the new WONDER INNO PRO SINGLE PASS industrial high-definition color digital printer. This is the first time that high-speed digital inkjet printing technology with a baseline printing accuracy of 1800 NPI has been applied in the field of industrial-grade paper packaging printing. This device provides the color printing packaging field with a high-definition color digital printing solution that can achieve an effect comparable to offset printing through digital printing technology.



Apart from digital printers, Wonder Digital also sells supporting units after printing section including slotting and varnish coating units, as well as special ink products that are compatible with its own-brand equipment. These special ink products, including water-based dye ink, water-based pigment ink, and UV ink. Wonder Digital's high cost-performance digital printing solution provides customers with cost-effective configuration plans for digital inkjet printing equipment and ink formulation plans. The cost-performance ratio of the ink is a crucial factor for customers to consider when evaluating the overall solution.

Based on accumulated know-how and experience, Wonder Digital provides digital printers for advertising, home decoration, and other fields, including flatbed printing and roll to roll printing technologies. The flatbed models can be used for digital printing on materials such as aluminum panels, glass, metal plates, acrylic sheets, and alucobond panels, while the roll-to-roll models are applicable for digital printing on corrugated cardboard, vehicle paste paper, lamp box fabric, PVC film, decorated paper, and sheet metal like aluminum sheets, among others. Additionally, Wonder Digital also offers digital printers for the label printing industry.

With its comprehensive product matrix, Wonder Digital provides paper packaging digital printers that meet the iverse needs of industry customers with different market positions and levels. Since its establishment in 2011, Wonder Digital's digital printers have been exported to countries and regions such as Europe, America, Middle East, Latin America, and Southeast Asia, with over 1,600 units of equipment installed worldwide. Leveraging its robust R&D prowess in China's digital printer sector, Wonder Digital has forged an enviable brand identity and industry standing. Its cutting-edge technology, superior reliability and stability, along with a compelling price-to-performance ratio, constitute the core competitive strengths of Wonder Digital.



Primary Product Portfolio of Dongfang Precision's intelligent packaging Equipment Business – Digital Printers

Product type	Brand	Product image	Main characteristics
<p>Digital Printers</p>	<p><b>WONDER</b> 万德数科</p>	<p><b>WONDER INNO PRO SINGLE PASS</b> <b>Industrial High-Definition Color Digital Printer</b></p> 	<p>Printing reference accuracy: 1800 NPI Improved stability and print clarity Better colour printing effect Printing speed: up to 150 metres per minute, to meet the needs of high-speed printing Printing thickness: 0.2mm-15mm Printing material: thin paper/cardboard, yellow and white kraft card, honeycomb board, coated paper, etc. Printing width up to 2500mm Water-based dye ink/water-based pigment waterproof ink is optional.</p>
		<p><b>WD250++ Series Scanning Wide Format</b> <b>High Quality Carton Digital Printer</b></p> 	<p>A cost-effective tool for bulk orders Adopts Epson's latest HD industrial printheads. Printing width up to 2500mm Speed up to 700 m<sup>2</sup>/h Printing thickness 1.5mm-35mm Full suction platform printing and feeding Coated paper and honeycomb board can also be easily printed. Base accuracy 1200dpi Water-based dye ink/water-based pigment waterproof ink is optional.</p>

Product type	Brand	Product image	Main characteristics
<p>Digital Printers</p>	<p><b>WONDER</b> 万德数科</p>	 <p><b>WD250 PRINT MASTER MULTI PASS</b> <b>Digital inkjet color printing equipment</b></p>	<p>Fully automatic feeder system                      CMYK+W ink colour scheme is optional.                      Printing quality is delicate and vivid                      Colour effect comparable to offset printing                      Printing thickness: 0.2mm-20mm                      Printing material: cardboard/copperplate paper, coated paper, yellow and white kraft card, etc.</p>
		 <p><b>Industrial SINGLE PASS roll-to-roll</b> <b>high-speed digital pre-printing machine</b></p>	<p>Reel-to-Reel Printing Suitable for corrugated paper, body stickers, light box fabric, PVC color film, decorative paper, thin aluminum sheet, etc. Decorative paper, thin aluminum plate, etc. Centralized printing and decentralized printing, cost saving</p>
		 <p><b>MULTI PASS-SINGLE PASS All-in-One</b> <b>Digital Printing Machine</b></p>	<p>Combines two different digital printing methods: Multi Pass high-precision scanning and Single Pass high-speed printing. Reduce the capital investment in equipment, save space, labor, maintenance and other costs, improve production efficiency</p>



adapted to various brands and specifications of corrugated box printing and packaging complete line products, including those under the Dongfang Precision brand. They can also help customers in the corrugated paper packaging and composite paperboard industries enhance the intelligence and digitization of numerous existing production line equipment, empowering “digital manufacturing” for packaging enterprises and assisting in the creation of digital factories and digital workshops.

“InterLink” is a dedicated software system for managing orders and printing equipment, deeply integrating the intelligent production management system with the HMI (Human-Machine Interface). This integration improves operational efficiency, increases order processing capacity, and further reduces deployment costs. “Micro Mes” is an integrated application solution based on the intelligent production management system and enterprise ERP. It helps customers in the paper packaging printing field achieve a complete closed-loop management from order creation, scheduling, and production to reporting. This product can be sold as an embedded system with paper packaging printing equipment or as standalone software. It features flexible customization and rapid delivery, helping customers in the paper packaging printing industry improve production and manufacturing intelligence while achieving cost reduction and efficiency gains. The newly launched “Equipment After-sales Service Management System” focuses on the after-sales service field of packaging printing equipment. Based on Dongfang Digicom’s independently developed equipment IoT platform, it realizes intelligent management of the entire process of customer equipment maintenance and repair through systematic after-sales service, online parts management, full lifecycle management of equipment archives, and remote maintenance of equipment, improving the quality of after-sales service for equipment suppliers.

#### **d. The operational model of the intelligent packaging equipment business**

**R&D model:** The Company has industry-leading independent design and R&D capabilities, continually establishing high-level R&D innovation management mechanisms. The R&D team, spearheaded by industry experts, employs a blend of long and short-term product R&D planning, supported by a market-oriented R&D mechanism. Additionally, a robust R&D talent incentive mechanism enhances the Company’s overall technical proficiency, cementing its leadership position in the industry.

**Procurement and production model:** The Company procures raw materials, such as steel plates, metal components, and electrical parts (such as motors and PLCs), from external suppliers, while producing some core components and corrugated rollers in-house.

The majority of the Company’s equipment products adhere to a “made-to-order production” model. Upon receiving orders and partial deposits from customers, the Company purchases raw materials from suppliers based on specific customer requirements and inventory levels, and develops production plans and schedules. The Company advocates a “lean production” model for production and operational management, ensuring precise control over BOM costs and manufacturing expenses, while continuously enhancing operational efficiency.

In the first half of 2024, the delivery period for orders of corrugated board production lines under the Fosber Group was further shortened from 9 months in the second half of 2023 to about 6 months. The delivery period for orders of corrugated box printing and packaging complete machine equipment under the Dongfang Precision brand was 3 to 6 months, and the delivery period for orders of digital printing equipment under the Wonder Digital brand was 1 to 3 months.

**Marketing Model:** The Company employs a “direct selling + distribution” marketing model. It utilizes a direct sales approach for the domestic market and a combination of direct sales and agent distribution for overseas markets, tailoring the strategy to suit the unique needs of different countries and regions. This approach not only widens the scope of sales channels and increases sales volume but also reduces market expansion and sales costs.

The Company’s complete production line and single machine products are typically one-time sales, with more significant transaction amounts. However, accessories, software, and services can be sold multiple times throughout the life-cycle of complete production line or single machine products. The growing number of existing equipment sold in the downstream industry market presents a steady stream of sales opportunities for accessories, software, and services. Additionally, providing high-quality technical support and services helps to promote the sales of complete production line products.

In terms of the settlement of orders, the Company enjoys a high brand awareness and superior bargain power in the industry, so it collects down payment in advance and payment by stages for the sales of corrugated cardboard production lines and corrugated box printing and packaging equipment. Generally, 80% to 90% of the sales payment can be collected upon the delivery of products.

## **B The water powersports equipment division**

The subsidiary, Parsun Power, is a leading enterprise in the domestic outboard motor industry. According to the certificate issued by the China Internal Combustion Engine Industry Association, Parsun Power’s outboard motors ranked first in the industry for three consecutive years from 2020 to 2022. Parsun Power’s main products are outboard motors of various specifications and different series, with horsepower ranging from 2 to 130. Its outboard motors span a diverse power spectrum, compatible with fossil fuels, electricity, and alternative energy sources. The majority of its product models have been CCS-, CE- and EPA-certified. These products are widely used in water recreation, fishing, water traffic, emergency rescue, shore landing and maritime patrol. The outboard motor products are exported to hundreds of countries and regions, including Europe, Africa, Oceania, South America, North America, the Middle East, and Southeast Asia.

### **(1) Outboard motors**

By the source of power, outboard motor products of Parsun Power are divided into gasoline outboard motors, electric outboard motors, and diesel outboard motors.

Gasoline outboard motors enjoy the most abundant specifications and varieties. Parsun Power has accumulated years of industry experience in the field and has had several proprietary technologies and applied them to products. It has achieved mass production of the maximum 115hp gasoline outboard motors and has successfully broken the long-term monopoly by international well-known brands in the 115hp sector. The stable and reliable quality of its 115hp gasoline outboard motors, contributing to the domestic substitution of medium- and high-horsepower outboard motors and the improvement of the global market share of domestic brands. After successfully conquering the 115hp gasoline model, Parsun Power's R&D team marches toward higher-horsepower models and strives the make domestic-brand high-horsepower outboard motors take a place in the global competition of the high-horsepower outboard motor market. In the first half of 2023, Parsun Power took it to the next level by successfully completing the mass production and sale of 130hp gasoline outboard motors. Meanwhile. In March 2024, Parsun Power officially released the 300-horsepower gasoline outboard motor at the Shanghai International Boat Show, marking a full entry of domestic outboard motors and Parsun Power into the global high-end mainstream market.

Electric outboard motors are powered by batteries. They convert electric power into kinetic power through

motors. Compared with oil-fired ones, electric outboard motors are characterized by zero emissions, low noise, and easy operation. Most of Parsun Power's electric outboard motors are of low- and medium-horsepower, which are mainly used in scenic spots and other sectors requiring stricter environmental protection.

Diesel outboard motors not only retain the characteristics of easy assembly, easy maintenance, and easy operation of gasoline outboard motors but also enjoy the advantages of fuel saving, lower emissions, greater torque, and being safer, more reliable, and easier for maintenance. Parsun Power's existing diesel outboard products are the agent in mainland China to sell the Swedish brand OXE Marine's outboard products, models mainly include 150 hp, 175 hp, 200 hp, and 300 hp diesel outboards. These motors are mainly used in commercial transportation, offshore oil extraction, and public law enforcement. Parsun Power is also promoting the research and development of its own brand of diesel outboard motors.

Parsun Power has achieved a complete product line layout of "gasoline-diesel-electric" outboard motors and will rely on its years of technical expertise and leading market share in the gasoline outboard motor field to expand into high-horsepower diesel outboard motors and electric outboard motors.

Parsun Power's outboard motor products have stable quality and reliable performance, and some of them enjoy comprehensive performance comparable to that of internationally well-known brands and emissions reaching European and American standards. In the future, Parsun Power will focus on medium- and high-horsepower outboard motors, enrich electric outboard motor production lines, continuously optimize the product structure of outboard motors, and consolidate its leading position among domestic outboard motor manufacturers.

## (2) General machines

Aside from outboard motors, Parsun Power also engages in the business of general machines. These general machines constitute versatile power solutions and associated end-user items, featuring primarily small gasoline and diesel engines for use in generators (like emergency power kits, and field operation power supplies), agricultural equipment (e.g., water pumps, cultivators), gardening machinery (e.g., lawnmowers, chainsaws), compact construction tools (e.g., cutters, tampers, concrete mixers, and levellers), among other miscellaneous applications. These products find extensive usage across various sectors.

Parsun Power's general machine products mainly include gasoline engines, gasoline generator sets and gasoline water pump sets. Gasoline engines, primarily single-cylinder four-stroke units, utilize gasoline as fuel and are adaptable for use in agricultural machinery, gardening equipment, and other small machinery applications. Gasoline generator sets combine these engines with generators, functioning as standby power sources. The gasoline water pump sets feature centrifugal pumps driven by gasoline engines and are extensively utilized in agricultural irrigation, livestock watering, and similar domains.

## (3) The operational model of the water powersports equipment business

Parsun Power follows an industry-standard sales model that primarily relies on distribution, supplemented by direct selling. The demand for outboard motors, which are the company's main product, is mainly distributed overseas, with end customers scattered throughout the world. Adopting a distribution-centric sales model enables Parsun Power to reach end customers to the fullest extent possible.

Parsun Power produces outboard motor products independently, utilizing sales demand forecasts, customer orders, product inventory status, material delivery progress, and product production cycles to formulate production

plans. The company then organizes the production of components in accordance with specialized processes and procedures. In procurement, Parsun Power following the principle of “sales determine production, production determines procurement,” Parsun Power determines the procurement requirements for its outboard motor business, while also taking into account reasonable safety stock.

## II Core Competitiveness Analysis

The analysis of the Company’s core competitiveness in the Reporting Period is as follows:

### **(I) Industry-leading technology and strong capabilities of R&D and innovation**

The Company is at the forefront industry-wide in China in terms of R&D and technology. In terms of intellectual property rights, as at the end of 2023, the Company had been granted a total of 420 domestic and foreign patents, an increase of 49 as compared to the end of 2022, and a total of 75 software copyrights, an increase of 42 as compared to the end of 2022.

#### **1. The smart corrugated packaging equipment business:**

The middle- and high-end corrugated cardboard production lines under the Fosber brand are industry-leading in speed, width, precision, stability, reliability, failure rate, and intelligence, characterized by high efficiency, energy saving, stability, reliability, intelligent control, and easy operation and maintenance. The corrugated cardboard production lines under the Fosber brand boast machinery with high technology, quality, and reliability, advanced intelligent software systems, and technical support services and have won the praise of customers worldwide.

Fosber Asia has launched the “Instant Set” unit and applied it to corrugated cardboard production lines. Each cutting blade and indenter are independently controlled by the servo motor, thus significantly improving the speed of the order change of the dry section of corrugated lines and shortening the average time of order change from 8-15 seconds to within 3 seconds. Moreover, it can better support the quick order switch of downstream customers and meet the characteristics of multiple types and small batches of paper packaging orders in China.

Fosber Group has control systems that are developed based on Industry 4.0 technologies for its own high-end corrugated cardboard production lines, including functional modules such as Syncro4, PCS (Process Control System), Pro/Care, and Pro/Quality. These systems can help achieve highly accurate, digital and intelligent management and control of the machine status, production process, routine maintenance, technical support, and quality inspection of corrugated cardboard production lines. Advanced technologies, such as sensors, Advanced Reality (AR), algorithm analysis, big data, and cloud computing, are adopted in these systems to realize the full automation and intelligence of the whole process of production and processing of corrugated cardboards, monitor the temperature, humidity, heat, folds, and other data of corrugated cardboard production lines in real time, and monitor the dashboard dynamically in the production process. Through data-based production performance analysis and cost analysis, it helps customers improve production efficiency. Through the “self-diagnosis system”, it identifies abnormal operations and sends alerts, and identifies solutions in an intelligent manner. Through the “big data analysis system” module, it collects real-time data in the corrugator production process through sensors, outputs recommended configuration parameters and improvements through algorithm analysis, and helps customers improve the effectiveness of production process control.

## How Fosber Group's PRO Series Intelligent Production Management Information Technology System Works



## 2. The digital printer business:

Wonder Digital is a leader in the domestic digital printer industry, a State-level High-tech Enterprise, and a State-level “Little Giant” Enterprise with specialties, refined management, unique technologies and innovation. With a complete digital printer offering, Wonder Digital breaks through the edge of mechanical engineering, bridges the physical world and the digital world, and provides industry customers with a full range of digital printing solutions.

Wonder Digital's UV digital color printers and high-speed digital printers have a baseline printing accuracy of 1200 dpi. Their color printing effects in terms of clarity, detail, color brightness, and saturation are comparable to traditional offset printing machines. In 2024, Wonder Digital released the new WONDER INNO PRO SINGLE PASS industrial high-definition color digital printer, with a baseline printing accuracy of up to 1800 NPI. This represents a revolution in domestic digital printing technology in the field of paper packaging printing, transitioning from color printing to high-definition color printing. This device provides the color printing packaging field with a high-definition color digital printing solution that can achieve an effect comparable to offset printing through digital printing technology.

Wonder Digital's large format roll to roll high speed digital printer outperforms domestic competitors in terms of width and resolution and is competitive on the market in terms of size, energy consumption, and cost-performance.

## 3. The water powersports equipment business:

The subsidiary Parsun Power is committed to independent R&D and innovation of China-made outboard motors, and is a state-level "Little Giant" enterprise with specialties, refined management, unique technologies and innovation, a national high-tech enterprise, the Provincial Outboard Motor Engineering and Technology Research Institute of Jiangsu, a technology center recognized by Jiangsu Province, a leading enterprise in China's internal combustion engine industry and a council member of the Small Gasoline Motor Branch of China Internal



Combustion Engine Industry Association. Its outboard motor products have won the Certificate for Industrialization Demonstration Program under the National Torch Plan and honors including Innovative Products in Chinese Machinery Industry, Products of Well-known Brands in Jiangsu, and Products of Well-known Brands in Suzhou.

Parsun Power has been developing in the outboard motor industry for over ten years and has had several China-leading core technologies and accumulated rich scientifically innovative achievements after long-term R&D input and technical accumulation. As of 31 December 2023, Parsun Power has been granted a total of 73 patents, including 11 invention patents; and it has won the Second Prize of China Machinery Industry Science and Technology Award for twice. Parsun Power is one of the main drafters of two industry standards including Outboard Gasoline Engines-General Requirements (JB/T 11875-2014) and General Technical Specification of Outboard Engine (CB/T 4505-2020).

In 2021, Parsun Power successfully mass-produced a 115-horsepower outboard motor, breaking the long-term monopoly of internationally renowned brands in this power segment. In 2023, Parsun Power successfully completed the mass production and sales of a 130-horsepower outboard motor. In March 2024, Parsun Power officially released the 300-horsepower outboard motor at the Shanghai International Boat Show. Currently, Parsun Power has overcome key core technologies for high-horsepower outboard motors, successfully designing a high-power gasoline outboard motor with a large-displacement V6 vertical shaft engine structure. This design solves the testing difficulties of high-power gasoline outboard motors and innovatively applies engineering combustion theory to the combustion and emission optimization of outboard motors, addressing many challenges in the development of high-horsepower outboard motors for domestic brands.

## **(II) Complete layout in the corrugated packaging machinery industry chain and the most complete and richest product portfolio in the industry**

Among enterprises of the same type in the domestic corrugated packaging machinery industry, Dongfang Precision has the most complete and comprehensive industry chain layout, with its business covering almost all key processes in the corrugated packaging production and processing business chain. Meanwhile, the Company has the most complete and richest corrugated packaging production line equipment in the industry, making it capable of meeting the demands for complete production line and single machine products of different market positioning, different customer types and dozens of specifications and models, second to none in China.

### **1. Corrugated cardboard production lines**

In the area of “high-end smart corrugated cardboard production lines”, the subsidiary Fosber Group offers S/Line and Pro/Line corrugated cardboard production lines under the brand of Fosber, Quantum Line microflute corrugated board production lines, as well as corrugated and pressure rollers (key components of corrugated cardboard production lines), among others. It provides medium- and high-end corrugated cardboard production lines of various specifications and prices for medium and large corrugated cardboard manufacturers across the world.

The corrugated lines of the Fosber brand are applicable for producing corrugated cardboard with a thickness of 2mm to 13mm, known for their high load-bearing capacity, excellent shock resistance, plasticity, and environmental performance. The resulting corrugated cardboard is extensively used in fields such as logistics and express delivery, furniture and household appliances, and electronic product packaging, serving as the outer packaging for various types of corrugated boxes. The Quantum Line production line of the subsidiary QCorr is

primarily used for creating solid fiberboard below 2mm and microflute corrugated board. These corrugated board products are known for being lightweight, strong, moisture-resistant, and environmentally friendly. As such, they are widely used in offset carton packaging, high-end products, electronic products, and cultural and artistic product packaging. From the perspective of end market, the three major series of corrugated cardboard production lines of Fosber Group, S/Line, Pro/Line, and Quantum Line, are complementary, achieving full coverage of the end market as a product portfolio.

Based on more than 40 years of experience in the corrugated and pressure roller segment, the subsidiary Tiru ña Group is familiar with a wide range of brands and specifications of corrugated cardboard production lines in the market, and is able to supply corrugated and pressure rollers compatible with these corrugated board production lines. Additionally, the company can design and produce customized rollers to meet the specific needs of customers, taking into account their machine types, special coating requirements, and paper characteristics.

## **2. Corrugated box printing and packaging production lines**

Dongfang Precision (China) and Dongfang Precision (Europe) offer high quality corrugated converting line and single machine products for China and the rest of the world. These products, which are of dozens of specifications and different market positioning, cover fixed type/open-close type, top printing/bottom printing, converting line (inline)/single machine, etc. They are the manufacturers with the widest range of products in this segment across the world.

## **3. Digital printers**

Wonder Digital possesses four major series of digital printers that cover various types and specifications, from postprinting to pre-printing, from water-based dye/pigment, water-based ink to spot colour UV ink, from boxes, offset cartons to sheet metal. The products also support a range of application modes and scenarios, from single-sheet printing to exchange orders seamlessly with variable data printing, and from single machine printing to integration with ERP systems. With a complete digital printer portfolio, Wonder Digital serves as a "supermarket of digital printers", providing domestic and foreign industrial customers with a wide range of low-, medium-, and high-end digital printers to satisfy the needs of these customers from different market segments.

Apart from digital printers, Wonder Digital also sells supporting units after printing section including slotting and varnish coating units, as well as special ink products that are compatible with its own-brand equipment. These special ink products, including water-based dye ink, water-based pigment ink, and UV ink.

## **(III) Profound Know-How experience and experienced team in the industry**

Dongfang Precision has an experienced team with profound Know-How experience in the industry, which has 20 years of experience in both global and domestic industry markets and has an in-depth understanding of the Company's industrial layout, development planning, R&D approach, production operation, marketing, and team management. The core management team has a broad vision, can promptly keep up with the general development trend of the smart corrugated packaging equipment manufacturing industry, and can enable the Company to achieve steady and sustainable development through forward-looking strategic planning and layout.

As an enterprise that practices the management model of professional manager team and attaches great importance to authorization management, Dongfang Precision takes "a wealth of talent" and "cultural guidance" as the basis of its corporate strategy and corporate culture, and develops its organizational capacity, improves the

Group's control over all business units and subsidiaries and integration of resources and assistance and aid, improves the Group's overall operational efficiency and reduces the Group's operation cost and promotes the Company's healthy and sustainable development by optimizing the organizational structure design, standardizing the authorization and control system, implementing medium- and long-term incentives and further developing the corporate culture.

#### **(IV) High brand popularity and customer recognition worldwide**

Dongfang Precision-branded corrugated box printing and packaging production line equipment, Fosber-branded corrugated cardboard production lines, Wonder Digital-branded digital printers, Quantum-branded corrugated cardboard production lines, Tiru ña-branded corrugated rollers and Parsun-branded outboard motors of the Company are enjoying considerable brand recognition and industry influence at home and abroad.

In the field of intelligent packaging equipment: The subsidiary Fosber Group, established in 1978, stands as one of the world's top two players in high-end corrugated cardboard production lines. Its Fosber-branded corrugated lines enjoy strong brand recognition and customer favour in markets like Europe, North America, and Latin America. Tiru ña Group, founded in 1921, boasts almost four decades of expertise in corrugated and pressure rollers, with products distributed to over 60 countries globally. The subsidiary Qcorr, previously known as Agnati, an esteemed Italian supplier of corrugated cardboard production lines with over 80 years' experience, commands a high standing internationally. Dongfang Precision's corrugated box printing and packaging lines lead among Greater China competitors, exporting to over 60 countries. Wonder Digital, a Chinese front-runner in the area of digital printers, ships its digital printers to over 80 countries, boasting a market presence of over 1,600 installations.

With the constant growth in concentration and the continuous upgrading of capacity in the downstream industry, large- and medium-sized packaging enterprises will need more middle- and high-end production line equipment, digital printing solutions, and industrial Internet industry solutions. The Company has seized opportunities and formed a better competitive edge by virtue of its stable business partnership during the industry changes.

In the field of water powersports equipment: The subsidiary Parsun Power is a top-ranking manufacturer in the domestic outboard motor industry. According to the certificate issued by the China Internal Combustion Engine Industry Association, Parsun Power's outboard motors ranked first in the industry for three consecutive years from 2020 to 2022. Following extensive industry immersion, the Parsun Power brand has garnered significant recognition and accolades, such as being named a "famous brand product of Jiangsu province" and a "famous brand product of Suzhou city." Internationally, Parsun Power's distribution network extends to hundreds of countries and regions across Europe, Africa, Oceania, South America, North America, the Middle East, and Southeast Asia. Domestically, the company's sales footprint blankets most provinces and regions in China. Backed by dependable product quality and comprehensive after-sales service, Parsun Power has forged enduring partnerships with numerous clients worldwide.

#### **(V) Global layout of business assets**

The Company mainly serves customers in the corrugated packaging industry worldwide, and has realized the global layout of its business assets:

In Asia, the Company has three domestic R&D and production bases in Foshan, Suzhou, and Shenzhen, in Europe, it has R&D and production bases in Lucca, Bologna and Milan, Italy, and Pamplona, Spain, and in North

America, it has a production base in Green Bay, Wisconsin, USA. With such a layout in the three continents, the Company has formed a global marketing and service network.

An internationalized marketing and service network enables the Company to seize all opportunities in the global industry market and to provide product machinery and technical services for customers in the industry in over 100 countries and regions worldwide.

An internationalized product R&D, production and supply chain layout enables the Company to make prompt responses worldwide and meet customer demands and is conducive to the Company's integration of global resources, improvement of resource allocation efficiency, complement of advantages, reduction of the total cost and improvement of the allocation efficiency, so that the Company can be increasingly competitive in the world when it is operated as a group.



## (VI) Strong capabilities of strategic control and integration

Since listing, the Company has kept expanding its presence in the upstream and downstream of the industry chain of its core business. After years of practice, the Company has developed strong strategic control and deep integration of its business divisions and accumulated rich experience and practice, through the deep perception of the industry, forecast of industry trends, and a clear understanding of its own strategic development objectives.

Strategic control is the core capability that the Company relies on to manage its various business entities. In practice, the Company adjusted the strategic development plans, business models, product portfolios, market strategies, and core management teams of the companies acquired with its in-depth understanding of the industry, forward-looking foresight to the development trend of the industry, clear awareness of its strategic development objectives, and well-established understanding of the capabilities and resources of all its business entities, so that these companies can be energized for new growth and step on a new development stage.

In terms of post-investment integration, the Company has formulated a set of effective controls for post-investment integration, including the corporate governance standardization policy, the “Board of Directors-Supervisory Committee-General Meeting” operation mechanism, the strategic and financial control system, decentralized authorization management, complete audits, and management incentives, forming a set of measures

for effective controls for post-investment integration with the Company's own characteristics to secure the effective implementation of the strategic plan.

- Corrugated cardboard production lines: Fosber Group recorded a compound annual growth rate (CAGR) of net profit of 26%

After acquiring the controlling stake of Fosber Italy in 2014, the Company and its management took several effective measures for integration, helped Fosber Group adjust its strategic planning and business strategies and standardize the authorization management system, implemented the performance incentive policy for the core management, and strengthened financial control. Such measures have successfully stimulated Fosber Group's business vitality. From 2015 to 2023, the CAGR of the operating revenue of Fosber Group was approximately 15%, and that of its net profit was 26%.

- Water powersports products: Parsun Power's CAGRs of operating revenue and net profit exceeded 20%

After acquiring the controlling stake of Parsun Power in 2015, the Company helped Parsun Power streamline and adjust its strategies, develop the new development roadmap, increase inputs in technology, products, and R&D, strengthen the marketing force, and improve the efficiency of the supply chain and production. It also supported Parsun Power to introduce excellent talent for a more powerful core team. These measures enabled Parsun Power to realize continuous and stable growth. From 2016 to 2023, both CAGRs of the operating revenue and net profit of Parsun Power stood at 20%.

- Tiruña Group and, the manufacturing pioneer, Agnati, were expanded to effectively stimulate new momentum of established enterprises

In 2019 and 2020, the Company acquired the relevant business assets of Tiruña Group, a nearly century-old corrugated roller manufacturer, and merged Agnati, an Italian corrugated cardboard production line manufacturer enjoying a high reputation for more than eight decades, into QCorr, a subsidiary of Dongfang Precision. The Company and its management fully streamlined and standardized the development strategies, R&D planning, product positioning, marketing, team building, and authorization management of these two established enterprises, based on which optimization and adjustment were performed. These measures effectively stimulated the vitality of the two old European companies and the enthusiasm of their manager teams. In 2023, subsidiaries QCorr and Tiruña Group both achieved good growth in annual operating revenue, the best annual results since they became members of the Dongfang Precision family.

Relying on its strong strategic control and integration of business divisions, based on "mutual respect and mutual trust" and with an open mind seeking common grounds while putting aside differences, the Company effectively integrated all its business entities continuously released the synergy with the industry chain. Moreover, it conducted active practice and accumulated precious experience in helping domestic private enterprises go global and perform overseas industrial M&As and overseas companies carry out post-investment integration and management optimization. Concurrently, such practice and experience facilitated the Company to lay a solid foundation and provided strong support for the Company to promote the implementation of the five-year strategic planning and realize long-term, sustainable, and steady development.

### III Analysis of Principal Operations

#### i Overview

In the first half of 2024, China's economy continued to show a positive recovery trend, operating steadily with progress. According to data from the National Bureau of Statistics, in June 2024, China's manufacturing PMI for equipment manufacturing was 51.0%, up 0.3 percentage points from the previous month, marking the fourth consecutive month of expansion. The transformation and upgrading of the manufacturing industry continue to advance, and new productive forces continue to grow.

Under the strong leadership of the board of directors and the management team, all employees worked hard and made progress in the first half of 2024, achieving stable growth in the company's core main business. From January to June 2024, the company achieved a total operating revenue of approximately 2.161 billion yuan, a year-on-year increase of 3.77%. The net profit attributable to shareholders of the listed company was approximately 164 million yuan, a year-on-year decrease of 20.50%. However, the net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses was approximately 229 million yuan, a year-on-year increase of 40.97%.

Unit: RMB 10,000

Business division	Operating revenue in 2024H1	YoY change	Gross profit margin in 2024H1	YOY Change
<b>Intelligent packaging equipment</b>	178,305.86	6.88%	33.86%	3.95%
Corrugated cardboard production lines	146,960.55	10.98%	34.01%	6.02%
Corrugated box printing and packaging production lines	22,027.40	-20.86%	34.57%	-1.06%
Digital printers	9,317.91	41.78%	29.77%	-14.52%
<b>Water powersports equipment</b>	37,813.03	-8.75%	23.64%	-3.17%

Benefiting from the significant improvement in the supply constraints of chips, electronic components, and raw materials since 2022, as well as the decline in raw material and energy prices, the operating costs of Fosber Group, the main business unit of Dongfang Precision's corrugated board lines, decreased year-on-year. Additionally, the reliability of the supply chain was significantly improved. This led to an increase in the overall gross profit margin of the company's intelligent packaging equipment business by 3.95% compared to the same period last year. Supported by efficient "lean production," Fosber Group shortened the delivery period for orders from about 9 months in the second half of 2023 to about 6 months in the first half of 2024.

#### ii Main Business Operations During the Reporting Period

From January to June 2024, the intelligent packaging equipment sector achieved a total operating revenue of

1.783 billion yuan, a year-on-year increase of 6.88%, and the gross profit margin increased by 3.95 percentage points year-on-year, further enhancing the profitability of the sector as it scaled up.

### **1. The intelligent packaging equipment division**

#### **A. Corrugated Board Production Line Business**

##### **a) Overseas Segment**

From January to June 2024, the subsidiary Fosber Group achieved a total operating revenue of 1.352 billion yuan, a year-on-year increase of 12.80%, and a net profit of 203 million yuan, a year-on-year increase of 76.4%. From the first half of 2018 to the first half of 2024, Fosber Group's compound annual growth rate (CAGR) of operating revenue was 13%, and the CAGR of net profit was 31% (the above operating revenue and net profit are based on Fosber Group's consolidated financial statements).

In the first half of 2024, Fosber Group maintained stable operations, and supply chain management efficiency continued to improve. The decline in raw material and energy costs in the European market further enhanced cost reduction and efficiency improvement. Fosber Group adhered to "lean production," taking measures to increase efficiency and reduce costs in response to external changes, effectively promoting the improvement of the overall gross profit margin during the reporting period.

In the European and North American markets, Fosber Group has maintained close cooperation with leaders and large enterprises in the corrugated packaging industry for many years, becoming a reliable partner with good industry customer recognition and brand reputation. During the reporting period, although mergers and acquisitions among several major corrugated packaging companies in the European and North American markets slightly slowed down capital expenditures in the corrugated packaging industry in these regions in the first half of 2024, Fosber Group maintained a stable development momentum due to its stable market position and ample orders on hand. As of the end of June 2024, the order delivery schedule for Fosber America's orders had been extended to the second quarter of 2025. Meanwhile, in Latin America, North Africa, and South Africa, Fosber Group achieved better growth, especially receiving full-line orders from several countries in the Latin American market. Additionally, the new service center established in Mexico this year has completed preliminary work and will begin normal operations within 2024.

During the reporting period, the company increased its efforts in the expansion of corrugated packaging equipment parts and after-sales support business. The subsidiary Tiru ña Group, while serving as a core parts supplier of Fosber-branded corrugated lines and supplying corrugated rollers and pressure rollers to Fosber Group, also provided high-performance corrugated rollers and pressure rollers to third-party customers in Europe and the Americas (including other brands of corrugated board production line manufacturers and corrugated packaging manufacturers). During the reporting period, Tiru ña Group achieved steady revenue growth, with significant progress in business expansion to third-party customers, further enhancing its competitiveness in the European and American markets. With the implementation of business plans and "lean production," Tiru ña Group's production capacity steadily increased, achieving significant cost reduction and efficiency gains. These factors collectively led to a net profit growth of over 20% for Tiru ña Group in the first half of 2024.

##### **b) Domestic Segment**

As a professional supplier of mid-to-high-end corrugated board production lines rooted in China and expanding across Asia, Fosber Asia achieved positive results in “going global” during the reporting period. The overseas market machine sales revenue increased by 17% year-on-year. In terms of parts and services, several equipment technical transformation and upgrade projects from both domestic and international customers were secured in the first half of the year, with parts and service sales revenue increasing by more than 30% year-on-year. In the domestic market, efforts such as establishing model factories and participating in industry exhibitions continuously strengthened domestic industry customers’ recognition of flagship products like the S/Line 370 high-speed corrugated line and the “Instant Set” dual-module slitter-scoring, which better supports “short-run/small-batch” production. During the reporting period, several machine orders were received from different regional markets, assisting in the digital and intelligent upgrade of the domestic corrugated board manufacturing industry.

During the reporting period, Fosber Asia’s supply chain stability and procurement costs continued to improve. The localization rate of main products, S/Line and Pro/Line, steadily increased. While maintaining a good level of order production lead times, cost reduction, quality improvement, and efficiency enhancement further strengthened the market competitiveness of Fosber Asia’s high-end corrugated lines. As the industry’s influence increased, more and more industry customers partnered with Fosber Asia, becoming users of domestic high-end corrugated board production lines.

The subsidiary Tiru ña Asia, responsible for localizing the production of Tiru ña brand corrugating rolls and pressure rolls, completed the equipment commissioning and process verification work for the new factory in the first half of 2024, initially achieving the capability for mass delivery of corrugating rolls and pressure rolls.

## **B. Corrugated Box Printing and Packaging Line Business**

**Overseas Market:** In the first half of 2024, Dongfang Precision (China) achieved significant breakthroughs in its overseas business, securing the first order for its new fixed linkage line in the European market. Dongfang Precision (China) adopts a combined “distribution + direct sales” model for its overseas market business. Since 2023, the company’s overseas business personnel have intensified efforts to expand the direct sales market, focusing on countries along the “Belt and Road.” During the reporting period, new overseas direct sales markets and multiple overseas machine orders were obtained. Starting from the first quarter, Dongfang Precision (China) launched a four-month “Key Overseas Market Inspection and Service Training Project,” sending teams to visit several countries to provide timely and efficient services to overseas customers, earning praise for the “China Speed.” By strengthening after-sales support services, the company offers not only machinery and equipment but also comprehensive lifecycle services and solutions to overseas industry customers.

**Domestic Market:** During the reporting period, Dongfang Precision (China) received multiple “smart factory logistics” orders in the domestic market. The company aims to create “smart factories” for its customers by providing intelligent logistics transportation systems under the Dongfang Precision brand, covering both raw paper logistics and cardboard logistics. This achieves visualized data and digital and intelligent logistics management processes, enhancing the digital and intelligent levels of factory workshops while reducing costs and improving quality and efficiency.

**Production Operations:** Dongfang Precision (China) continues to promote “energy saving and consumption reduction, cost reduction, and efficiency improvement.” Since passing acceptance in 2023, the “digital workshop”



has been operating well. By introducing intelligent equipment, data collection and analysis, production process optimization, and artificial intelligence assistance, the company optimizes management in areas such as order progress, production performance, capacity analysis, quality management, product traceability, and inventory management. Additionally, the company has taken measures such as improving production processes and strengthening supply chain management to further reduce overall costs, improve efficiency, and enhance profit margins. From January to June 2024, Dongfang Precision (China) achieved a year-on-year net profit growth of 12%.

### C. Digital Printing Equipment Business

From January to June 2024, Wonder Digital achieved an operating revenue of 93.1791 million yuan, a year-on-year increase of 41.9%, setting a new high for operating revenue in the first half of the year since 2022.

During the recovery and development of the national economy, the recognition of digital printing equipment has continued to increase, especially among the numerous tertiary factories in the corrugated paper packaging industry. Compared to traditional printing and packaging equipment, digital printing equipment has many features, such as lower initial one-time investment, better print data variability, higher adaptability to the flexibility of end packaging, and the characteristics of short-run and quick-turnaround marketing needs. In the current market environment, it helps tertiary factory customers achieve higher turnover rates and timely delivery rates, thereby achieving higher investment returns.

In the first half of 2024, Wonder Digital participated in four large-scale domestic and international exhibitions, including the Drupa exhibition, the world's largest trade show for the printing and graphic industry held for the first time in nearly four years, and the 2024 South China International Corrugated Exhibition. With the theme "Digital Inkjet, Colorful Printing Future," Wonder Digital released the new WONDER INNO PRO SINGLE PASS industrial high-definition color digital printer for the color printing packaging field. This innovation represents a revolution in domestic digital printing technology in the field of paper packaging printing, transitioning from color printing to high-definition color printing. This device provides the color printing packaging field with a high-definition color digital printing solution that can achieve an effect comparable to offset printing through digital printing technology.

By strengthening the construction of the overseas sales network and market expansion efforts, Wonder Digital achieved positive results in product sales in overseas markets. The WD250++ scanning high-definition digital printer series achieved good sales performance in both domestic and international markets

### 2. Marine Power Equipment Segment

The subsidiary Parsun Power's outboard motor business continues to benefit from the demand for outboard motor products driven by water leisure activities in overseas markets and the trend of domestic substitution for mid-to-high horsepower outboard motors. In March 2024, Parsun Power officially released a 300-horsepower gasoline outboard motor at the Shanghai International Boat Show, marking the full entry of domestic outboard motors and Parsun Power into the global high-end mainstream market.

## ii Analysis of key financial indicators

Unit: RMB yuan

	2024H1	2023H1	Change (%)	Reason for any significant change

Operating revenue	2,161,188,907.40	2,082,606,453.72	3.77%	No significant change.
Operating cost	1,468,050,770.60	1,472,630,144.11	-0.31%	No significant change.
Selling expenses	123,119,378.16	119,248,680.76	3.25%	No significant change.
Administrative expenses	161,949,583.52	174,818,664.63	-7.36%	No significant change.
Finance costs	-12,794,161.84	-4,539,148.71	181.86%	Mainly due to the increase in interest income in the reporting period.
Income tax expenses	90,957,489.73	56,229,619.60	61.76%	Mainly due to the increase in income tax payable during the reporting period.
R&D expenses	50,366,067.58	59,929,020.05	-15.96%	No significant change
Net cash generated from/used in operating activities	118,570,463.65	191,436,066.52	-38.06%	Mainly due to the decrease in cash inflow from operating activities in the reporting period.
Net cash generated from/used in investing activities	-160,975,009.11	20,667,431.59	-878.88%	Mainly due to the Company's investment in financial assets during the reporting period.
Net cash generated from/used in financing activities	-94,150,183.88	-135,534,045.74	-30.53%	Mainly due to the combined effect of loan repayment and recovery of loan deposits in the reporting period.
Net increase in cash and cash equivalents	-162,323,576.70	129,900,525.40	-224.96%	Mainly due to the impact of net cash flows from investing activities in the reporting period.

Unit: RMB

	2024H1		2023H1		Change (%)
	Operating revenue	As a % of total operating revenue (%)	Operating revenue	As a % of total operating revenue (%)	
Total	2,161,188,907.40	100%	2,082,606,453.72	100%	3.77%
By operating division					
Intelligent manufacturing	2,161,188,907.40	100.00%	2,082,606,453.72	100.00%	3.77%

By product category					
Corrugated cardboard production lines	1,469,605,534.73	68.00%	1,324,169,018.63	63.58%	10.98%
Corrugated box printing and packaging production line equipment(Including Digital Printers)	313,453,089.77	14.50%	344,038,055.26	16.52%	-8.89%
Water powersports products and general machines	378,130,282.90	17.50%	414,399,379.83	19.90%	-8.75%
By operating segment					
Mainland China	308,411,411.62	14.27%	367,898,338.78	17.67%	-16.17%
Other countries and regions	1,852,777,495.78	85.73%	1,714,708,114.94	82.33%	8.05%

## (2) Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	Change in gross profit margin (%)
By operating division						
Intelligent manufacturing	2,161,188,907.40	1,468,050,770.60	32.07%	3.77%	-0.31%	2.78%
By product category						
Corrugated cardboard production lines	1,469,605,534.73	969,756,942.02	34.01%	10.98%	1.70%	6.02%
Corrugated box printing and packaging production line equipment(Including Digital Printers)	313,453,089.77	209,569,912.21	33.14%	-8.89%	-2.88%	-4.14%
Water powersports products and general machines	378,130,282.90	288,723,916.37	23.64%	-8.75%	-4.80%	-3.17%
By operating segment						
Mainland China	308,411,411.62	239,827,136.65	22.24%	-16.17%	-15.16%	-0.93%
Other countries and regions	1,852,777,495.78	1,228,223,633.95	33.71%	8.05%	3.22%	3.11%

Under the circumstances that the statistical caliber of the Company's main business data is adjusted in the Reporting Period, the Company's main business data that adjusted according to the caliber at the end of the Reporting Period

Applicable  Not applicable

#### IV Analysis of Non-Core Businesses

Applicable  Not applicable

Unit: RMB yuan

	Amount	As a % of gross profit	Primary source/reason	Recurrent or not
Return on investment	-8,194,916.20	-2.94%	Mainly due to the change in investment income recognized from the implementation of investments in securities during the period.	Yes
Gain/loss on changes in fair value	-85,374,294.70	-30.67%	Mainly due to changes in fair value recognized in investments in securities implemented during the period	Yes
Asset impairment loss	-5,743,282.79	-2.06%	Mainly due to provision for decline in value of inventories and impairment of contract assets during the period.	Not
Non-operating income	939,908.99	0.34%	No significant change	Not
Non-operating expenses	389,972.29	0.14%	No significant change	Not

#### V Analysis of Assets and Liabilities

##### 1. Significant Changes in Asset Composition

Unit: RMB yuan

	30 June 2024		31 December 2023		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		
Cash and bank balances	1,557,965,316.51	21.23%	1,826,419,904.49	24.23%	-3.00%	No significant change.
Accounts receivable	842,776,537.22	11.48%	904,003,975.47	11.99%	-0.51%	No significant change.
Contract assets	46,416,016.67	0.63%	45,946,377.14	0.61%	0.02%	No significant change.
Inventories	1,300,425,341.66	17.72%	1,182,411,055.68	15.69%	2.03%	No significant change.
Long-term equity investments	0.00	0.00%	0.00%	0.00%	0.00%	N/A
Fixed assets	114,307,542.37	1.56%	117,265,884.84	1.56%	0.00%	No significant change.
Construction in progress	613,804,454.53	8.36%	611,851,577.04	8.12%	0.24%	No significant change.
Right-of-use assets	260,781,111.24	3.55%	195,557,097.80	2.59%	0.96%	No significant change.
Short-term borrowings	75,944,108.52	1.03%	82,342,398.83	1.09%	-0.06%	No significant change.
Contract liability	93,156,553.78	1.27%	370,549,972.80	4.92%	-3.65%	No significant change.
Long-term borrowings	553,691,546.87	7.54%	645,608,919.34	8.56%	-1.02%	No significant change.
Lease liabilities	133,690,882.97	1.82%	79,107,701.15	1.05%	0.77%	No significant change.
Cash and bank balances	60,173,070.42	0.82%	65,861,441.32	0.87%	-0.05%	No significant change.
Financial assets held for trading	607,015,754.09	8.27%	682,625,442.45	9.06%	-0.79%	No significant change.

## 2、Overseas assets that take up a large percentage of the Company's net asset value:

√ Applicable □ Not applicable

Asset	Source	Asset value (RMB)	Location	Management model	Control measures to protect asset safety	Return	As a % of the Company's net asset value	Any material impairment risk or not
100% interest of Fosber S.p.A.	M&A	1,126,610,856.68	Italy	Producing and marketing by itself	Integration of strategic control, authorisation control, operational control and	Good	23.02%	Not

					financial management			
100% interest of EDF S.R. L	M&A	24,358,650.35	Italy	Producing and marketing by itself	Integration of strategic control, authorisation control, operational control and financial management	Good	0.50%	Not

**3. Assets and Liabilities at Fair Value**

√ Applicable □ Not applicable

Unit: RMB yuan

Item	Opening amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Impairment allowance for the period	Purchased in the period	Sold in the period	Other changes	Closing amount
Financial assets								
1. Financial assets held for trading (exclusive of derivative financial assets)	651,296,267.76	-66,675,431.51			834,405,063.93	826,165,733.96		592,860,166.22
2. Derivative financial assets	31,329,174.69	-18,702,002.81			3,944,397.53	2,415,981.54		14,155,587.87
3. Other non-current financial assets	461,278,259.67				77,777,778.00	10,000,000.00	-979,545.61	528,076,492.06
Subtotal of financial assets	1,143,903,702.12	-85,377,434.32			916,127,239.46	838,581,715.50	-979,545.61	1,135,092,246.15
Other non-current financial assets	10,248,630.14	164,547.94						10,413,178.08
Total of the above	1,154,152,332.26	-85,212,886.38			916,127,239.46	838,581,715.50	-979,545.61	1,145,505,424.23
Financial liabilities	138,319,682.01	-3,139.62			327,771.81	161,616.03	-425,746.97	138,056,951.20

Indicate whether any significant change occurred to the measurement attributes of the major assets in the Reporting Period.

□ Yes √ No

**4. Assets to which the Company's Rights Were Restricted as at the Period-End**

Unit: RMB yuan

Item	Closing carrying amount	Reason for restriction
Cash and bank balances	47,774,281.37	Deposits used for obtaining bank acceptance bills and guarantees, etc.
Fixed assets	63,977,965.43	For bank loans obtained by subsidiaries
Total	111,752,246.8	



**VI Investments Made****1. Total Investment Amount**√ Applicable  Not applicable

Total investment amount in 2024H1 (RMB)	Total investment amount in 2023H1 (RMB)	Change (%)
970,338,776.80	957,152,298.32	1.38%

**2. Significant Equity Investments Acquired in the Reporting Period** Applicable  Not applicable**3. Significant Non-Equity Investments of which the Acquisition Was Uncompleted in the Reporting Period** Applicable  Not applicable

## 4. Financial Investments

### (1) Securities Investments

√ Applicable □ Not applicable

Unit: RMB yuan

Security type	Security code	Security name	Initial investment cost	Measurement method	Opening carrying amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Purchased in the period	Sold in the period	Gain/loss in the period	Closing carrying amount	Accounting title	Funding source
Domestically/overseas listed stocks	688563.SH	Baimtec Material	73,174,942.80	Fair value	73,174,942.80	-9,947,966.08				-9,947,966.08	63,226,976.72	Financial assets held for trading	Self-funded
Domestically/overseas listed stocks	002123.SZ	Montnets Technology	65,764,930.00	Fair value	65,764,930.00	-28,818,527.00		68,770,034.00		-28,818,527.00	105,716,437.00	Financial assets held for trading	Self-funded
Domestically/overseas listed stocks		Others	46,403,055.00	Fair value	46,403,055.00	-11,654,214.00		21,355,500.00	51,712,461.20	-16,046,093.80		Financial assets held for trading	Self-funded
Trust products			20,000,000.00	Fair value		175,347.20		20,000,000.00		175,347.20	20,175,347.20	Financial assets held for trading	Self-funded

Funds			332,290,725.57	Fair value	332,290,725.57	-16,598,284.92		10,000,000.00	20,010,142.35	-16,596,976.33	305,683,606.89	Financial assets held for trading	Self-funded
Others			133,662,614.39	Fair value	133,662,614.39	168,213.29		714,279,529.93	751,868,899.76	1,984,553.85	98,057,798.41	Financial assets held for trading	Self-funded
Total			671,296,267.76	--	651,296,267.76	-66,675,431.51		834,405,063.93	823,591,503.31	-69,249,662.16	592,860,166.22	--	--
Disclosure date of the board announcement approving the securities investments			28 March 2024										
Disclosure date of the general meeting announcement approving the securities investments (if any)			20 April 2024										

**(2) Investments in Derivative Financial Instruments**

√ Applicable   □ Not applicable

**1) Derivative Investments for Hedging Purposes in the Reporting Period**

√ Applicable   □ Not applicable

Unit: RMB'0,000

Type of derivative	Initial investment amount	Opening amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Closing amount	Closing amount as % of the Company's closing equity
Forward Foreign Exchange	35,597.64	30,341.06	72.21	0.00	5,256.58	756.05	34,841.59	7.50%
Swap Foreign	1,448.82	0.00	9.17	0.00	1,448.82	0.00	1,448.82	0.31%

Exchange								
合计	37,046.46	30,341.06	81.38	0.00	6,705.40	756.05	36,290.41	7.81%
Description of significant changes in accounting policies and specific financial accounting principles in respect of the Company's hedges for the Reporting Period as compared to the prior reporting period	No significant change							
Actual gains/losses in the Reporting Period	During the Reporting Period, the actual loss on derivative contracts for hedging purposes stood at RMB-813,800							
Results of hedges	Currently not available							
Funding source	Self-funded							
Risk analysis of positions held in derivatives during the Reporting Period and description of control measures (Including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	The above-mentioned hedging transactions are mainly intended to avert and prevent risks arising from fluctuations in exchange rates. In the Rules on the Management of Financial Derivative Transaction Business formulated by the Company, the operating rules, review and approval authority, routine management, and risk control mechanisms on the financial derivative transaction business have been prescribed to standardize business operation as well as prevent and control related risks. Chinese futures exchanges have established well-improved risk control mechanisms. As future exchanges assume the performance responsibility, there is a low probability of credit risk. The Company will strengthen the understanding and mastering of national policies and requirements of relevant governing bodies to avoid related credit and legal risks.							
Changes in market prices or fair value of derivative products during the Reporting Period, specific methods used, and relevant assumption and parameter settings shall be disclosed for	Undue forward forex settlement and sale contracts are measured at fair value, i.e., the difference between the signing price of an undue forward forex settlement and sale contract held at the period-end and the bank's forward forex rates at the period-end.							

analysis of fair value of derivatives	
Legal matter (if applicable)	N/A
Disclosure date of the announcement about the board's consent for the derivative investment (if any)	28 March 2024
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)	20 April 2024

## 2) Derivative Investments for Speculative Purposes in the Reporting Period

√ Applicable    □ Not applicable

Unit: RMB'0,000

Counterparty	Relationship with the Company	Related transaction	Type of derivative	Initial investment amount	Start date	End date	Opening investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment allowance (if any)	Closing investment amount	Closing investment amount as % of the Company's closing equity	Actual gain/loss in the Reporting Period
Shenwan Hongyuan Securities	N/A	No	Accumulator	5,000.00	15 August 2023	19 August 2024	5,000.00	0	0	0	1,012.24	0.22%	-1,858.56
China Merchants Bank	N/A	No	Foreign Exchange Options	50.00	22 May 2024	22 August 2024	0	50	0	0	49.71	0.01%	-0.29
<b>Total</b>				<b>5,050.00</b>	<b>--</b>	<b>--</b>	<b>5,000.00</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>1,061.95</b>	<b>0.23%</b>	<b>-1,858.85</b>

Funding source	Self-funded
Legal matter (if applicable)	N/A
Disclosure date of the announcement about the board's consent for the derivative investment (if any)	28 March 2024
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)	20 April 2024
Risk analysis of positions held in derivatives during the Reporting Period and description of control measures (Including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>Risk analysis:</p> <ol style="list-style-type: none"> <li>1. Decision-making risk: The Company's involvement in futures and derivatives trading is influenced by a variety of factors, including international and domestic economic policies, economic conditions, developments in the underlying commodity sectors, fluctuations in exchange rates and interest rates. Furthermore, this type of trading is inherently complex and requires a high level of specialisation, thus carrying a certain degree of risk in trading decision-making processes.</li> <li>2. Market risk: Financial markets are susceptible to macroeconomic conditions, industry cycles, and numerous other influences, causing linked underlyings in snowball products to fluctuate during holding periods, leading to variable valuations that could result in substantial gains or losses. Exchange rate movements are bi-directional; in the context of forward exchange rates, there's a possibility that locked-in forward exchange transactions may lead to settlement exchange rates below the company's book rate on the delivery date, potentially generating foreign exchange losses. Additionally, due to factors tied to futures and other derivative markets, futures prices and spot prices might exhibit discrepancies in timing and volatility, such that during the hedging period, related businesses could incur either additional profits or losses.</li> <li>3. Liquidity risk: A sudden and extreme shift in the relevant price index, or managing excessively large positions, could potentially result in untimely margin calls and force the liquidation of positions, thereby exposing the Company to liquidity risks.</li> <li>4. Policy and legal risks: The Company may suffer losses due to alterations in the legal framework, non-compliance with relevant laws, regulations, or contractual breaches by counterparties, leading to improper execution of contracts.</li> <li>5. Other risks: During transaction execution, failing to adhere to standard procedures for derivatives trading or inadequate comprehension of derivative product information can introduce operational risks, potentially leading to losses stemming from non-compliant actions or unforeseen legal contingencies.</li> </ol> <p>Description of control measures:</p> <ol style="list-style-type: none"> <li>1. In the Rules on the Management of Financial Derivative Transaction Business formulated by the Company, the operating rules, review and approval authority, routine management, and risk control mechanisms on the financial derivative transaction business have been prescribed to standardise business operation as well as prevent and control related risks.</li> <li>2. The Company will diligently select qualified financial institutions for partnership and may engage experienced external professionals when needed to offer advisory services. This ensures thorough and methodical research and analysis prior to investments, thereby minimising operational risks and performance uncertainties.</li> <li>3. Throughout its business operations, the Company and its associates rigorously comply with applicable national laws and regulations to avert legal hazards. They conduct regular supervision and inspections to ensure the derivatives business's standardisation, internal control efficacy, and information disclosure accuracy. They closely monitor shifts in domestic and international regulatory policies and changes to</li> </ol>

	<p>relevant rules, proactively adjusting hedging strategies accordingly to mitigate potential policy risks well ahead of time.</p> <p>4. Domestic futures exchanges maintain a robust risk control framework, assuming clearing responsibilities, thereby reducing the likelihood of credit risk significantly. The Company will diligently stay informed and aligned with national policies and management body requirements to mitigate credit and legal risks effectively.</p> <p>5. The Company will steadfastly uphold cautious investment principles, consistently enhancing its analysis and research on economic policies, market conditions, and environmental shifts, promptly adjusting its investment strategies and scales as needed. Moreover, it will continuously fortify the professional education of its team members, elevating the proficiency of its practitioners.</p> <p>6. The internal audit departments of the Company are responsible for supervising and verifying the implementation of futures and derivatives trading business, proposing timely rectification opinions on existing problems, and reporting to the Audit Committee of the Board of Directors of the Company.</p>
Changes in market prices or fair value of derivative products during the Reporting Period, specific methods used, and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives	Based on market value changes
Description of significant changes in accounting policies and specific financial accounting principles in respect of the Company's derivatives for the Reporting Period as compared to the prior reporting period	No significant change

## **5. Use of Raised Funds**

Applicable  Not applicable

No such cases in the Reporting Period.

## **VII Sale of Major Assets and Equity Investments**

### **1. Sale of Major Assets**

Applicable  Not applicable

No such cases in the Reporting Period.

### **2. Sale of Major Equity Investments**

Applicable  Not applicable

No such cases in the Reporting Period.



## VIII Principal Subsidiaries and Joint Stock Companies

√ Applicable   □ Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the consolidated net profit:

Unit: RMB yuan

Name	Relationship with the Company	Principal activities	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Fosber Group	Subsidiary	R&D, processing, manufacturing, and marketing of corrugated cardboard production lines and parts, as well as provision of after-sales services	EUR1.56 million	2,564,663,729.38	1,126,610,856.68	1,352,396,171.63	274,451,890.62	203,374,841.91
Shunyi Investment	Subsidiary	Shunyi Investment is principally engaged in business entity and project investments, etc. It is the direct controlling shareholder of Parsun Power.	RMB10 million	752,919,318.77	474,494,504.87	378,130,282.90	59,434,716.95	51,812,986.37

## IX Structured Bodies Controlled by the Company

√ Applicable   □ Not applicable

1. In March 2021, the Company established Tianjin Hangchuang Zhijin Investment Partnership (Limited Partnership) (the "Tianjin Hangchuang Fund") with AVIC Innovation Capital Management Co., Ltd. The Company, as the sole LP of the Fund, subscribed for the Partnership's contribution share of RMB20,000,000. The Fund is a special fund which is to invest in the equity of Sichuan Dajin Stainless Steel Co., Ltd. (now renamed as Chengdu Dajin Aero-Tech Co., Ltd.).

This investment is in line with the Company's development strategy considering the Fund's investment direction, decision-making, management, income distribution, loss allocation, etc. From the perspective of business

nature, the Company provides much of the capital of the Tianjin Hangchuang Fund, so it is reasonable to include the Fund in the Company's consolidated financial statements of the Reporting Period.

2. In March 2022, the wholly owned subsidiary Yineng Investment indirectly invested in Beijing Sinoscience Fullcryo Technology Co., Ltd. (referred to as "Fullcryo" in this Report) and Sinoscience Fullcryo (Zhongshan) Equipment Manufacturing Co., Ltd. by making a capital contribution to a limited partnership and obtained non-controlling interests of the two companies.

As one of the limited partners of the partnership, Yineng Investment accounts for 94.86% of the total capital contributions. Considering the partnership's agreements on investment orientation, investment decisions, operation and management, income apportionment, and loss bearing, and the fact that Yineng Investment accounts for the majority of the capital contributions to the partnership, the partnership is included in the consolidated statements of Dongfang Precision as a "structured body controlled by the Company" from the perspective of commercial substance and after complying with the Accounting Standard for Business Enterprises and referring to the professional opinions of the independent auditor.

#### □. Possible risks and countermeasures

##### 1. Risks arising from fluctuations in exchange rates

The main settlement currency and recording currency of Fosber Group, the principal overseas business entity of the Company, are euros, while the revenue of Fosber America and domestic entities from export is mainly settled with the US dollar. Fluctuations in the US dollar and euro exchange rates do not significantly impact the routine operation of overseas business entities but exert certain impacts on the presentation of their assets and operating results in the consolidated financial statements.

In the first half of 2024, the RMB exchange rate exhibited a "rise first, then fall" curve. Factors such as domestic macroeconomic conditions and policies, changes in the Federal Reserve's interest rate cut expectations, global geopolitical and trade situation changes, central bank monetary policy changes, international balance of payments, inflation rates, and interest levels can all affect the RMB exchange rate. Under the comprehensive influence of multiple complex factors, the volatility of the RMB foreign exchange market has significantly increased.

Countermeasures:

The Company can closely track the global financial market and national exchange rate policies, make timely decisions to select proper exchange rate management tools to manage exchange rate risks actively. It can also reduce risk exposure and increase exchange gains by increasing debts of foreign currency and rely on Group management to strengthen the level of capital coordination in different countries and regions, balance, and offset fluctuation risks at the Group level.

##### 2. Potential risks of financial investment business

In recent years, the Company has arranged some of its idle owned funds to carry out financial investment business such as securities investment and entrusted wealth management in an appropriate manner, based on the actual and development needs. There are certain risks of carrying out the above business due to fluctuations in the financial market and uncertainty of income; and the risk that the Company may suffer certain investment losses in case of risk events in the process of wealth management activities in terms of investment strategies and use of funds.

Countermeasures:

On the premise that the funds required for the daily operation of the main business will not be affected, the Company reasonably controls the capital scale for financial investment; it establishes and improves the internal control system and mechanism standards for securities investment and entrusted financial management, and strengthens the risk control management of securities investment business, safeguard the safety of investment funds, and strictly control the risk exposure. In accordance with the economic situation and changes in the financial market, it continuously tracks and analyses the progress of securities investment and the investment of funds, the progress of project investment and the performance of the capital market, and timely takes corresponding preservation measures to control investment risks.

#### . **Implementation of the “Quality and Earnings Dual Improvement” Action Plan**

Indicate whether the Company has disclosed the “Quality and Earnings Dual Improvement” Action Plan.

Yes  No

## Part IV Corporate Governance

### I Annual and Extraordinary General Meetings Convened during the Reporting Period

#### 1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Resolution
The 2023 Annual General Meeting	Annual General Meeting	36.37%	2024-04-19	2024-04-20	<ol style="list-style-type: none"> <li>1. The Proposal on the 2023 Work Report of the Board of Directors (including the 2023 Work Report of Independent Directors) was approved.</li> <li>2. The Proposal on the 2023 Work Report of the Supervisory Committee was approved.</li> <li>3. The Proposal on the 2023 Annual Report and Its Summary was approved.</li> <li>4. The Proposal on the 2023 Final Financial Accounts was approved.</li> <li>5. The Proposal on the 2024 Budget was approved.</li> <li>6. The Proposal on the 2023 Final Dividend Plan was approved.</li> <li>7. The Proposal on the 2023 Internal Control Assessment Report was approved.</li> <li>8. The Proposal on Intention to Appoint the Independent Auditor for 2024 was approved.</li> <li>9. The Proposal on the Use of Own Funds for Entrusted Wealth Management in 2024 was approved.</li> <li>10. The Proposal on 2024 Estimated Quota of Futures and Derivatives Transactions was approved.</li> <li>11. The Proposal on provide guarantees for wholly-owned subsidiaries</li> </ol>
The First Extraordinary General Meeting of 2024	Extraordinary General Meeting	33.35%	2024-05-27	2024-05-28	<ol style="list-style-type: none"> <li>1. The Proposal on the Unfulfilled Conditions for the Release of Restricted Shares during the Second Release Period of Part of the First Grant under the 2022 Restricted Share Incentive Scheme and the Repurchase and Cancellation of Part of the Restricted Shares.</li> <li>2. The Proposal on Change of the Company's Registered Capital and Amendments to the Company's Articles of Association was approved.</li> </ol>

#### 2. Extraordinary General Meetings Convened at the Request of Preference Shareholders with Resumed Voting Rights

Applicable  Not applicable

## II Changes of Directors, Supervisors and Senior Management

Applicable  Not applicable

The Company's directors, supervisors and senior management remained unchanged during the Reporting Period. For details, see the 2023 Annual Report.

## III Dividend Plan for the Reporting Period

Applicable  Not applicable

The Company has no semi-annual dividend plan, either in the form of cash or stock.

## IV Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable  Not applicable

### 1. Equity Incentives

To refine its long-term incentive mechanism, boost the enthusiasm of management personnel and key employees of all levels, effectively promote long-term development, and achieve the objective of "Promoting Team Stability and Morale, Attract Talent and Improve Operating Performance", the Company launched the 2020 Restricted Share Incentive Plan in the first quarter of 2020. For details, see the Summary of the 2020 Restricted Share Incentive Plan disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) dated 12 March 2020.

To further build and improve its long-term incentive mechanism, attract, and retain talent, fully motivate its key managerial, technological, and business personnel, effectively align the Company's and shareholders' interests with the personal interests of the core team, and make all the parties concerned to focus on the long-term development of the Company, the Company launched the 2022 Restricted Share Incentive Plan in the first quarter of 2022. For details, see the 2022 Restricted Share Incentive Plan disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) dated 15 March 2022.

The implementations of the above-mentioned incentive plans during the Reporting Period are as follows:

1. On 5 February 2024, the Company held the Second (Interim) Meeting of the Fifth Session of the Board of Directors and the Second (Interim) Meeting of the Fifth Session of the Supervisory Committee, at which the "Proposal on the Achievement of the Conditions for Unlocking of the Sale of Shares during the Third Unlocking Period of the Reserved Grant Portion of the 2020 Restricted Share Incentive Plan" was considered and passed. On 26 February 2024, the shares released from lock-up during the third lock-up release period of the Company's 2020 Restricted Share Incentive Plan were listed and put into circulation, and the number of incentive recipients who fulfilled the conditions for release from lock-up was 17, and the total number of incentive shares released from lock-up was 1,632,000 shares.

2. On 9 May 2024, the Company held the Fifth (Interim) Meeting of the Fifth Session of the Board of Directors and the Fifth (Interim) Meeting of the Fifth Session of the Supervisory Committee, at which the "Proposal on the

Failure to Achieve the Conditions for Unlocking of Sale of Part of the Second Unlocking Period of the First Award of Part of the Restricted Share Incentive Scheme in 2022 and the Repurchase and Cancellation of Part of the Restricted Shares" was considered and passed in light of the fact that the Company-level performance appraisal for the second unlocking period. In view of the fact that the Company's performance appraisal target for the second release period had not been achieved and the conditions for the release of restricted shares for the second release period had not been fulfilled, in accordance with the Incentive Scheme, the Company shall repurchase and cancel 880,000 shares of restricted shares held by 5 incentive recipients corresponding to the second release period of the first grant portion of the Restricted Share Incentive Scheme for the year 2022 in accordance with the grant price.

On 27 May 2024, the First Extraordinary General Meeting of 2024 was convened by the Company, at which the "Proposal on the Unfulfilled Conditions for the Release of Restricted Shares during the Second Release Period of the First Grant of Part of the Restricted Share Incentive Plan of 2022 and the Repurchase and Cancellation of Part of the Restricted Shares" was considered and passed.

## **2. Implementation of Employee Stock Ownership Plans**

Applicable  Not applicable

## **3. Other Incentive Measures for Employees**

Applicable  Not applicable

## Part V Environmental and Social Responsibilities

### I Significant Environmental Issues

Whether the listed company and its subsidiaries fell into major pollutant-discharge enterprises and institutions published by national environmental protection authorities.

Yes  No

The Company and its subsidiaries did not fall into major pollutant-discharge enterprises and institutions published by national environmental protection authorities, and the Company was not administratively punished for environmental issues in the Reporting Period. For other environmental information, please refer to “II Social Responsibilities” below.

Measures taken to reduce carbon emissions in the Reporting Period and the impact:

Applicable  Not applicable

The subsidiary Fosber Italia has established and implemented a sustainability management system and is certified in accordance with the following international standards: ISO 45001:2018, ISO 9001:2015, ISO 14001:2015, EMAS (European Union Eco-Management and Audit System) and SA8000:2014.

Our subsidiary, Esaote Power, will build a rooftop photovoltaic power plant with an installed capacity of 1MW in 2023, adopting the method of self-consumption of power generation and feed-in of surplus power, which saves fossil energy consumption and reduces carbon emissions at the same time.

### II Social Responsibilities

The Company attached importance to fulfil social responsibility in daily operations, intending to promote the harmony and co-prosperity between it and parties related to its interests. The Company also took active measures in the protection of the rights and interests of shareholders, creditors, employees, suppliers, customers and consumers, environmental protection, sustainable development, public relations and social public welfare undertakings, and strived to maximize comprehensive social benefits including the sustainable development of itself.

(1) Corporate governance: During the Reporting Period, the Company strictly abided by the Company Law, the Securities Law and Code of Corporate Governance for Listed Companies, continued to refine the corporate governance structure, improve the internal control system, formed the decision-making system comprising the Shareholders' General Meeting, the Board of Directors, the Supervisory Committee and the Management, and timely fulfilled its obligation of information disclosure according to laws and regulations and effectively safeguarded the rights and interests of all shareholders.

(2) Rights and interests of employees: The Company provided employees with welfare and care by providing holiday gifts and holding employee birthday parties, annual meetings and team building activities, improved employees' professional competence by offering regular or irregular training to employees in the headquarters and domestic and foreign branches and subsidiaries, and continued to improve the competitive comprehensive remuneration system to retain and attract talents needed for the Company's sustainable development.

(3) Relationship with customers and suppliers: Long adhering to the principle of "honest business" and "mutual benefit and win-win", the Company took the initiative to construct and develop strategic partnership with suppliers and customers and jointly built a platform of trust and cooperation, and earnestly fulfilled its social responsibilities to suppliers, customers and consumers. The Company has been well performing contracts with suppliers and customers and ensuring that the rights and interests of all parties are highly valued and duly protected.

(4) Safety Production: The company strictly complies with relevant laws and regulations such as the "Labor Law" and the "Labor Contract Law," focusing on people and addressing employees' needs. It strives to improve employees' working and living environments and has established a union to effectively protect employees' interests. The company provides labor protection supplies based on the hazardous factors encountered in different positions, organizes occupational health examinations for employees (before starting work, during work, and before leaving work), and purchases "safety liability insurance" for high-risk positions. Dongfang Precision and Fosber Asia have both obtained the "Level 3 Enterprise (Machinery) Safety Production Standardization Certificate," and Parsun Power has passed the "Level 2 Safety Production Standardization Rating."

(5) Environmental Protection: The parent company of Dongfang Precision has obtained the "National Pollution Discharge Permit" and commissioned a qualified third-party environmental agency to draft the "Emergency Response Plan for Sudden Environmental Incidents." The company has established an "Environmental Self-Monitoring Plan," commissioning a third party to install and operate 24-hour online sewage flow monitoring equipment and commissioning a third-party monitoring agency to conduct quarterly tests on wastewater, exhaust gas, and noise, providing third-party test reports. The parent company's environmental facilities (exhaust gas treatment facilities and wastewater treatment facilities) have passed the OHSAS18001:2007 Occupational Health and Safety Management System and the ISO14001:2015 Environmental Management System certification reviews and have been rated as a "Foshan Clean Production Enterprise." The subsidiary Parsun Power has obtained the "National Pollution Discharge Permit" and passed the ISO14001:2015 Environmental Management System certification, purchasing environmental protection equipment including a 50,000m<sup>3</sup>/h organic exhaust gas treatment device and an exhaust gas recovery system, which can meet daily pollutant treatment requirements.

(6) Anti-fraud: The Group compiled a thorough internal authorization manual that detailed provisions on internal authorization process of major matters to ensure appropriate internal control and reduce the risk of fraud. In order to create a fair, just, honest and non-corrupt internal business environment and strengthen internal monitoring, the Company also established and launched the anti-fraud reporting platform to encourage employees to report fraud findings.

(7) Social Honors: Dongfang Precision is a national high-tech enterprise and has been successively rated as one of the "Top 500 Private Manufacturing Enterprises in China," "Top 100 Private Manufacturing Enterprises in Guangdong Province," "Provincial Industrial Design Center in Guangdong Province," "Leading Enterprise in Subdivided Industry in Foshan," and "Invisible Champion Enterprise in Manufacturing in Foshan." The subsidiary Fosber Asia has been recognized as a "Guangdong Province Intellectual Property Demonstration Enterprise". The subsidiaries Wonder Digital and Parsun Power are national-level specialized and new "Little Giant" enterprises. The subsidiary Parsun Power is a national high-tech enterprise, the Jiangsu Provincial Outboard Motor Engineering Technology Research Center, the Jiangsu Provincial Recognized Enterprise Technology Center, a pioneer enterprise in the Chinese internal combustion engine industry, and a governing unit of the Small Gasoline Engine Branch of the China Internal Combustion Engine Industry Association. Parsun Power's outboard motor products have also received the National Torch Program Industrialization Demonstration Project Certificate, the China Machinery Industry Innovative Product, the Jiangsu Province Famous Brand Product, and the Suzhou City Famous Brand Product, among other honors.



## Part VI Significant Events

### **I Undertakings of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in the Reporting Period or Unfulfilled and Overdue at the Period-End**

Applicable  Not applicable

No such cases in the Reporting Period.

### **II Occupation of the Company's Capital by the Controlling Shareholder or Other Related Parties for Non-Operating Purposes**

Applicable  Not applicable

No such cases in the Reporting Period.

### **III Irregularities in Provision of Guarantees**

Applicable  Not applicable

No such cases in the Reporting Period.

### **IV Engagement and Disengagement of Independent Auditor**

Whether the semi-annual financial report was audited.

Yes  No

The semi-annual financial report was not audited.

### **V Explanations Given by the Board of Directors and the Supervisory Committee Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period**

Applicable  Not applicable

### **VI Explanations Given by the Board of Directors Regarding "Modified Opinion" on the Financial Statements of Last Year**

Applicable  Not applicable

## **VII Insolvency and Reorganization**

Applicable  Not applicable

No such cases in the Reporting Period.

## **VIII Legal Matters**

Significant Legal Matters

Applicable  Not applicable

No such cases in the Reporting Period.

Other Legal Matter

Applicable  Not applicable

## **IX Punishments and Rectifications**

Applicable  Not applicable

No such cases in the Reporting Period.

## **X Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller**

Applicable  Not applicable

## **XI Significant Related-Party Transactions**

### **1. Continuing Related-Party Transactions**

Applicable  Not applicable

No such cases in the Reporting Period.

### **2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Investments**

Applicable  Not applicable

No such cases in the Reporting Period.

### **3. Related-Party Transactions Regarding Joint Investments in Third Parties**

Applicable  Not applicable

No such cases in the Reporting Period.

#### **4. Amounts Due to and from Related Parties**

Applicable  Not applicable

No such cases in the Reporting Period.

#### **5. Transactions with Related Financial Companies**

Applicable  Not applicable

No such cases in the Reporting Period.

#### **6. Transactions between the finance company controlled by the company and related parties**

Applicable  Not applicable

No such cases in the Reporting Period.

#### **7. Other Significant Related-Party Transactions**

Applicable  Not applicable

No such cases in the Reporting Period.

### **XII Significant Contracts and Execution thereof**

#### **1. Entrustment, Contracting and Leases**

##### **(1) Entrustment**

Applicable  Not applicable

No such cases in the Reporting Period.

##### **(2) Contracting**

Applicable  Not applicable

No such cases in the Reporting Period.

##### **(3) Leases**

Applicable  Not applicable

No such cases in the Reporting Period.

## 2. Significant Guarantees

Applicable  Not applicable

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Guarantees provided by the Company as the parent for its subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Dongfang Precision (Netherland)	2023-06-14	No more than EUR34.5 million	2023-06-15	EUR34.4056 million	Joint liability; Pledge	Security deposits	--	From the date when the guarantee took effect to 15 June 2024	Yes	No
Tirufia Asia	2024-03-28	No more than RMB 1 billion	2024-04-28	RMB67.0375 million	Joint liability	--	--	From the effective date of the security agreement until three years after the maturity of the loan	No	No
Total approved line for such guarantees in the Reporting Period (B1)		No more than RMB 1 billion	Total actual amount of such guarantees in the Reporting Period (B2)		RMB 330.6429 million					
Total approved line for such guarantees at the end of the Reporting Period (B3)		No more than RMB 1 billion	Total actual balance of such guarantees at the end of the Reporting Period (B4)		RMB67.0375 million					
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
QCorr	2020-05-15	No more than	30 April 2020	EUR0.4124 million	General Guarantee	-	-	From the date when	Yes	No

		EUR3 million						the guarantee took effect to 30 June 2024		
Total approved line for such guarantees in the Reporting Period (C1)		0	Total actual amount of such guarantees in the Reporting Period (C2)							0
Total approved line for such guarantees at the end of the Reporting Period (C3)		0	Total actual balance of such guarantees at the end of the Reporting Period (C4)							0
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)		No more than RMB 1 billion	Total actual guarantee amount in the Reporting Period (A2+B2+C2)							RMB 330.6429 million
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		No more than RMB 1 billion	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)							RMB67.0375 million
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets										1.44%
Of which:										
Balance of guarantees provided for shareholders, the actual controller and their related parties (D)										0
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)										RMB67.0375 million
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)										0
Total of the three amounts above (D+E+F)										RMB67.0375 million
Joint liability possibly borne or already borne in the Reporting Period for outstanding guarantees (if any)										N/A
Guarantees provided in breach of prescribed procedures (if any)										N/A

### 3. Cash Entrusted for Wealth Management

Applicable  Not applicable

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount	Impairment provision for unrecovered overdue amount
Bank's wealth management product	Self-funded	24,600.00	9,800.00	0.00	0.00
Securities firm's wealth management product	Self-funded	32,700.00	32,700.00	0.00	0.00
Trust product	Self-funded	2,000.00	2,358.62	358.62	358.62

Total	59,300.00	44,858.62	358.62	358.62
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High-risk wealth management transactions with a significant single amount or with low security, low liquidity, and no principal protection:

Applicable  Not applicable

Wealth management transactions where the principal is expectedly irrecoverable or an impairment may be incurred:

Applicable  Not applicable

As of the end of the Reporting Period, the unrecovered amount of trust products was RMB3.5862 million, for which an impairment allowance of RMB3.5862million was established.

#### 4. Other Significant Contracts

Applicable  Not applicable

No such cases in the Reporting Period.

### XIII Other Significant Events

Applicable  Not applicable

### XIV Significant Events of Subsidiaries

Applicable  Not applicable

## Part VII Share Changes and Shareholder Information

### I Share Changes

#### 1. Share Changes

Unit: share

	Before		Increase/decrease in the period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	226,372,533	18.25%	0	0	0	-2,398,000	-2,398,000	223,974,533	18.37%
1.1 Shares held by the government	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Shares held by other domestic investors	226,212,533	18.23%	0	0	0	-2,238,000	-2,238,000	223,974,533	18.37%
Including: Shares held by domestic corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic individuals	226,212,533	18.23%	0	0	0	-2,238,000	-2,238,000	223,974,533	18.37%
1.4 Shares held by overseas investors	160,000	0.01%	0	0	0	-160,000	-160,000	0	0.00%
Including: Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas individuals	160,000	0.01%	0	0	0	-160,000	-160,000	0	0.00%
2. Unrestricted shares	1,014,245,867	81.75%	0	0	0	-19,174,060	-19,174,060	995,071,807	81.63%

2.1 RMB-denominated ordinary shares	1,014,245,867	81.75%	0	0	0	-19,174,060	-19,174,060	995,071,807	81.63%
2.2 Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.3 Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.4 Others	0	0.00%	0	0	0	0	0	0	0.00%
3. Total shares	1,240,618,400	100.00%	0	0	0	-21,572,060	-21,572,060	1,219,046,340	100.00%

### Reasons for share changes:

Applicable  Not applicable

#### 1. Cancellation of 21,572,060 retired shares

On 1 February 2024, the Company disclosed the Announcement on Completion of the Implementation of Share Repurchase and Changes in Shares, announcing the completion of the implementation of the 2023 share repurchase program launched in January 2023. During the implementation period of such share repurchase, the Company repurchased a total of approximately 21,572,060 shares of the Company through centralized bidding transactions, accounting for approximately 1.74% of the total share capital of the Company, with the highest traded price at RMB4.89 per share and the lowest traded price at RMB4.50 per share, and the total cumulative payment amounted to approximately RMB10,077,500,000 (excluding transaction costs).

On 4 March 2024, the Company issued the "Announcement on the Completion of Cancellation of Repurchased Shares and Changes in Shares", in which the aforesaid 21,572,060 shares of public shares had been repurchased and the cancellation had been completed.

#### 2. Release of certain restricted shares from restricted sale

##### (1) Unlocking of restricted shares for equity incentives

On 26 February 2024, the shares released from lock-up during the third lock-up release period of the portion of the Company's 2020 Restricted Share Incentive Plan reserved for the grant were listed for sale, and the total number of shares released from lock-up was 1,632,000 shares.

##### (2) Change in lock-up shares for senior management

In March 2024, the term of office of Mr. Zhou Wenhui, the outgoing director, as determined at the time of his assumption of office, expired and reached six months after the expiry of the term of office, and the shares held by him in Dongfang Precision were released from lock-up in accordance with the law and became outstanding shares.

### Approval of share changes:

Applicable  Not applicable

In the Reporting Period, with respect to share changes involved in the "unlocking for public trading of shares in the third unlocking period for the reserved restricted shares under the 2020 Restricted Share Incentive Plan", the Company followed the applicable laws and regulations and its Articles of Association, executed the approval procedures with the general meeting and the Board of Directors, and obtained approval from the Shenzhen Stock Exchange.

### Transfer of share ownership:

Applicable  Not applicable

In the Reporting Period, with respect to the transfers of share ownership involved in the "repurchase and retirement of some restricted shares", the Company completed the transfers with the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. after they were approved by the Shenzhen Stock Exchange.



**Progress of implementation of share buyback**

Applicable  Not applicable

On 1 February 2024, the Company disclosed the "Announcement on the Completion of the Implementation of Share Repurchase and Changes in Shares", announcing the completion of the implementation of the share repurchase program for the year 2023. During the implementation period of such share repurchase, the Company repurchased a total of approximately 21,572,060 shares of the Company, representing approximately 1.74% of the total share capital of the Company, through centralized bidding transactions, with the highest transaction price at RMB4.89 per share and the lowest transaction price at RMB4.50 per share, the total cumulative payment amounted to approximately RMB10,077,550,000 (excluding transaction costs).

**Progress on reducing the repurchased shares by way of centralized bidding:**

Applicable  Not applicable

**Effects of share changes on the basic earnings per share, diluted earnings per share, equity per share attributable to the Company's ordinary shareholders, and other financial indicators of the prior year and the prior accounting period, respectively:**

Applicable  Not applicable

**Other information that the Company considers necessary or is required by the securities regulator to be disclosed:**

Applicable  Not applicable

**2. Changes in Restricted Shares**

Applicable  Not applicable

Unit: share

Shareholder	Opening restricted shares	Unlocked in the period	Increase in restricted shares in the period	Closing restricted shares	Reason for restriction	Date of unlocking
Xie Weiwei	750,000	186,000	0	564,000	Restricted shares of senior management	2024-1-2
Zhou Wenhui	900,000	900,000	0	0	The term of office established at the time of assumption of office has expired and reached six months after the expiry of the term of office, and the restriction on sale has been lifted in accordance with the law.	2024-3-21
Shao Yongfeng	600,000	320,000	320,000	600,000	Participated in the Restricted Share Incentive Plan of the	2024-2-26

Shareholder	Opening restricted shares	Unlocked in the period	Increase in restricted shares in the period	Closing restricted shares	Reason for restriction	Date of unlocking
					Company/restricted shares of senior management	
The other 16 awardees of the reserved grant of the 2020 Restricted Share Incentive Plan	1,312,000	1,312,000	0	0	Participated in the Restricted Share Incentive Plan of the Company	2024-2-26
Total	3,562,000	2,718,000	320,000	1,164,000	--	--

## II Issuance and Listing of Securities

Applicable  Not applicable

**III Shareholders and Their Shareholdings**

Unit: share

Number of ordinary shareholders at the period-end		101,895		Number of preference shareholders with resumed voting rights at the period-end (if any) (see note 8)			0	
5% or greater ordinary shareholders or top 10 ordinary shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total ordinary shares held at the period-end	Increase/decrease in the Reporting Period	Restricted ordinary shares held	Unrestricted ordinary shares held	Shares in pledge, marked or frozen	
							Status	Shares
Tang Zhuolin	Domestic individual	22.21%	270,737,568	0	203,053,176	67,684,392	In pledge	110,090,000
Tang Zhuomian	Domestic individual	7.95%	96,885,134	0	0	96,885,134	In pledge	41,660,000
Pulead Technology Industry Co., Ltd.	State-owned corporation	2.93%	35,748,587	0	0	35,748,587	--	0
Luzhou Industrial Development Investment Group Co., Ltd.	State-owned corporation	2.61%	31,770,010	0	0	31,770,010	--	0
Qinghai Puren Intelligent Technology R & D Center (Limited Partnership)	Domestic non-state-owned corporation	2.18%	26,628,340	0	0	26,628,340	--	0
Qiu Yezhi	Domestic individual	1.92%	23,382,388	0	17,536,791	5,845,597	--	0
Hong Kong Securities Clearing Company Limited	Overseas corporation	1.14%	13,937,519	-34,245,614	0	13,937,519	--	0
Liu Wucui	Domestic individual	0.54%	6,597,688	0	0	6,597,688	--	0
Beixin Ruifeng Fund - Industrial	Other	0.51%	6,171,777	0	0	6,171,777	--	0

and Commercial Bank of China - Beijing Hengyu Tianze Investment Management Co., Ltd.								
Liu Lijun	Domestic individual	0.39%	4,746,001	20,000	0	4,746,001	--	0
Strategic investor or general corporation becoming a top-10 ordinary shareholder in a rights issue (if any) (see note 3)	None							
Related or acting-in-concert parties among the shareholders above	Mr. Tang Zhuolin and Mr. Tang Zhuomian are brothers. On 18 August 2010, they signed the Agreement on Acting in Concert. Pulead Technology Industry Co., Ltd. and Qinghai Puren Intelligent Technology R & D Center (Limited Partnership) are acting-in-concert parties.							
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	Apart from that, the Company is not aware of any related or acting-in-concert parties among the other shareholders above.							
Top 10 shareholders including the special account of repurchased shares (if any) (see note 11)	As of the end of the Reporting Period, there were 21,330,432 shares in the Company's special account for repurchase, accounting for 1.75% of its total share capital. As per the Shenzhen Stock Exchange Guideline No. 1 for the Self-regulation of Listed Companies—Business Handling, the existence of a special account of repurchased shares among the top 10 shareholders should be specifically stated but not included in the presentation of the top 10 shareholders.							
Top 10 unrestricted ordinary shareholders								
Name of shareholder	Unrestricted ordinary shares held at the period-end	Shares by type						
		Type	Shares					
Tang Zhuomian	96,885,134	RMB-denominated ordinary stock	96,885,134					
Tang Zhuolin	67,684,392	RMB-denominated ordinary stock	67,684,392					
Pulead Technology Industry Co., Ltd.	35,748,587	RMB-denominated ordinary stock	35,748,587					
Luzhou Industrial Development Investment Group Co., Ltd.	31,770,010	RMB-denominated ordinary stock	31,770,010					
Qinghai Puren Intelligent Technology R & D Center (Limited Partnership)	26,628,340	RMB-denominated ordinary stock	26,628,340					
Hong Kong Securities Clearing Company Limited	13,937,519	RMB-denominated ordinary stock	13,937,519					

Liu Wucai	6,597,688	RMB-denominated ordinary stock	6,597,688
Beixin Ruifeng Fund - Industrial and Commercial Bank of China - Beijing Hengyu Tianze Investment Management Co., Ltd.	6,171,777	RMB-denominated ordinary stock	6,171,777
Qiu Yezhi	5,845,597	RMB-denominated ordinary stock	5,845,597
Liu Lijun	4,746,001	RMB-denominated ordinary stock	4,746,001
Related or acting-in-concert parties among top 10 unrestricted ordinary shareholders, as well as between top 10 unrestricted ordinary shareholders and top 10 ordinary shareholders	Mr. Tang Zhuolin and Mr. Tang Zhuomian are brothers. On 18 August 2010, they signed the Agreement on Acting in Concert. Pulead Technology Industry Co., Ltd. and Qinghai Puren Intelligent Technology R & D Center (Limited Partnership) are acting-in-concert parties. Apart from that, the Company is not aware of any related or acting-in-concert parties among the other shareholders above.		
Description of the participation of the top 10 common shareholders in the financing and securities financing business (if any)	The Company's shareholder, Luzhou Industrial Development Investment Group Co., Ltd. holds 31,770,010 shares through a client credit transaction guarantee securities account with Guotai Junan Securities Co. Ltd.		

Top 10 shareholders involved in refinancing shares lending:

Applicable  Not applicable

Changes in top 10 shareholders compared with the prior period:

Applicable  Not applicable

Indicate whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes  No

No such cases in the Reporting Period

#### **IV Changes in the Shareholdings of Directors, Supervisors and Senior Management**

Applicable  Not applicable

There were no changes in the shareholdings of the Company's directors, supervisors and senior management during the reporting period, which can be found in the Annual Report 2023.

#### **V Changes of the Company's Controlling Shareholder and Actual Controller**

##### **Controlling Shareholder changed during the Reporting Period**

Applicable  Not applicable

No such cases in the Reporting Period.

##### **Actual Controller changed during the Reporting Period**

Applicable  Not applicable

No such cases in the Reporting Period.

## **Part VIII Preference Shares**

Applicable  Not applicable

No preference shares in the Reporting Period.

## Part IX Corporate Bonds

Applicable  Not applicable



## Part X Corporate Financial Statements

### I Auditor's Report

Whether the semi-annual financial statements were audited.

Yes  No

The semi-annual financial statements were not audited.

### II Financial Statements

Currency unit for the tables in the notes to the financial statements: RMB yuan

#### 1. Consolidated Balance Sheet

Prepared by: Guangdong Dongfang Precision Science & Technology Co., Ltd.

30 June 2024

Unit: RMB yuan

Item	30 June 2024	31 December 2023
Current assets:		
Cash and bank balances	1,557,965,316.51	1,826,419,904.49
Settlement provisions		
Dismantling funds		
Financial assets held for trading	607,015,754.09	682,625,442.45
Derivative financial assets		
Notes receivable	31,123,201.76	47,661,412.88
Accounts receivable	842,776,537.22	904,003,975.47
Receivable financing	22,923,994.65	9,365,344.07
Prepayments	41,289,117.33	45,741,143.90
Premium receivable		
Receivable reinsurance account		

Provision for reinsurance contract receivable		
Other receivables	39,417,246.69	51,797,943.96
Including: Interest receivable		
Dividend receivable		
Buy back resale financial assets		
Inventories	1,300,425,341.66	1,182,411,055.68
Of which, Data Resources		
Contract assets	46,416,016.67	45,946,377.14
Assets held for sale		
Current portion of non-current assets	7,456,750.00	5,970,000.00
Other current assets	96,230,399.69	75,234,656.07
Total current assets	4,593,039,676.27	4,877,177,256.11
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables	5,149,337.20	4,308,196.00
Long-term equity investment	114,307,542.37	117,265,884.84
Investment in other equity instruments		
Other non-current financial assets	528,076,492.06	461,278,259.67
Real estate investment		
Fixed assets	613,804,454.53	611,851,577.04
Construction in progress	260,781,111.24	195,557,097.80
Productive biological assets		
Oil and gas asset		
Right-of-use assets	75,944,108.52	82,342,398.83

Intangible assets	350,014,243.27	365,954,480.05
Of which, Data Resources		
Development expenditure		
Of which, Data Resources		
Goodwill	436,235,240.19	440,633,826.08
Long-term prepaid expenses	22,664,231.18	28,543,581.54
Deferred tax assets	249,355,211.99	255,872,409.78
Other non-current assets	89,564,193.76	97,437,602.28
Total non-current assets	2,745,896,166.31	2,661,045,313.91
Total assets	7,338,935,842.58	7,538,222,570.02
Current liabilities:		
Short-term borrowings	93,156,553.78	370,549,972.80
Borrowing from the Central Bank		
Borrowed funds		
Financial liabilities held for trading	116,220,211.63	115,900,827.21
Derivative financial liabilities		
Notes payable	167,522,939.78	152,433,276.09
Accounts payable	690,971,357.11	737,544,841.42
Advance receivables		
Contract liabilities	553,691,546.87	645,608,919.34
Selling back financial assets		
Deposits and Interbank deposit		
Agent trading securities		
Agent underwriting securities		
Employee benefits payable	129,469,547.35	153,282,932.10
Tax payable	102,981,487.69	67,609,203.41
Other payables	124,061,681.76	126,415,425.61
Including: Interest payable		
Dividend payable		

Fees and commissions		
Reinsurance accounts payable		
Liabilities held for sale		
Current portion of non-current liabilities	65,098,573.42	57,001,396.44
Other current liabilities	9,007,089.25	9,145,175.01
Total current liabilities	2,052,180,988.64	2,435,491,969.43
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	133,690,882.97	79,107,701.15
Bonds payable		
Including: Preference Shares		
Perpetual bonds		
Lease liabilities	60,173,070.42	65,861,441.32
Long-term payables		
Long-term employee benefits payable	13,459,377.58	13,964,394.20
Provisions	150,531,873.32	168,358,953.84
Deferred income	9,398,661.66	9,956,991.66
Deferred tax liabilities	3,068,415.55	8,854,294.28
Other non-current liabilities	22,635,906.84	22,418,854.80
Total non-current liabilities	392,958,188.34	368,522,631.25
Total Liabilities	2,445,139,176.98	2,804,014,600.68
Equity:		
Share capital	1,219,046,340.00	1,240,618,400.00
Other equity instruments		
Including: Preference Shares		
Perpetual bonds		
Capital surplus	2,811,791,319.77	2,889,928,997.21

Less: Treasury stock	117,523,041.40	218,298,532.79
Other comprehensive income	46,038,557.30	75,122,078.52
Special reserve	16,839,612.27	16,229,817.03
Surplus reserves	51,830,974.45	51,830,974.45
General risk preparation		
Retained earnings	620,139,431.69	456,258,959.55
Total equity attributable to owners of the parent	4,648,163,194.08	4,511,690,693.97
Non-controlling interests	245,633,471.52	222,517,275.37
Total equity	4,893,796,665.60	4,734,207,969.34
Total liabilities and equity	7,338,935,842.58	7,538,222,570.02

Legal representative: Tang Zhuolin Chief in charge of accounting work: Shao Yongfeng Head of accounting institution: Chen Nan

## 2. Parent Company Balance Sheet

Unit: RMB yuan

Item	30 June 2024	31 December 2023
Current assets:		
Cash and bank balances	527,140,201.07	522,275,723.41
Financial assets held for trading	552,971,937.31	641,997,959.60
Derivative financial assets		
Notes receivable	7,658,794.45	5,606,037.02
Accounts receivable	212,356,423.36	190,361,646.28
Receivable financing	17,869,499.43	4,268,677.09
Prepayments	6,059,859.05	5,298,841.09
Other receivables	487,194,509.81	654,825,093.49
Including: Interest receivable		
Dividend receivable	187,729,679.60	272,564,800.00
Inventories	180,246,826.73	159,389,489.31
Of which, Data Resources		

Contract assets	22,116,997.59	22,201,442.67
Assets held for sale		
Current portion of non-current assets	7,456,750.00	5,970,000.00
Other current assets	944,284.91	1,583,542.63
Total current assets	2,022,016,083.71	2,213,778,452.59
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables	5,149,337.20	4,308,196.00
Long-term equity investment	873,907,355.61	875,978,593.12
Investment in other equity instruments		
Other non-current financial assets	225,886,448.05	148,108,670.05
Real estate investment		
Fixed assets	288,385,313.70	296,287,511.68
Construction in progress	5,440,950.00	4,273,340.82
Productive biological assets		
Oil and gas asset		
Right-of-use assets	5,424,699.30	6,238,404.20
Intangible assets	54,143,025.89	55,652,155.93
Of which, Data Resources		
Development expenditure		
Of which, Data Resources		
Goodwill		
Long-term prepaid expenses	4,232,286.39	4,967,872.25
Deferred tax assets	166,790,216.19	174,616,613.96
Other non-current assets	73,528,512.50	72,919,162.50
Total non-current assets	1,702,888,144.83	1,643,350,520.51

Total assets	3,724,904,228.54	3,857,128,973.10
Current liabilities:		
Short-term loan	20,000,000.00	20,000,000.00
Financial liabilities held for trading	728.57	728.57
Derivative financial liabilities		
Notes payable	49,067,448.74	39,577,380.86
Accounts payable	56,349,219.15	65,855,068.76
Advance receivables		
Contract liabilities	56,381,340.41	53,704,255.92
Employee benefits payable	8,805,605.75	16,801,339.01
Tax payable	1,563,522.19	5,459,697.96
Other payables	54,071,905.42	103,498,597.36
Including: Interest payable		
Dividend payable		
Liabilities held for sale		
Current portion of non-current liabilities	9,409,236.07	9,361,216.26
Other current liabilities	4,314,804.12	588,152.27
Total current liabilities	259,963,810.42	314,846,436.97
Non-current liabilities:		
Long-term borrowings	28,588,000.00	32,436,000.00
Bonds payable		
Including: Preference Shares		
Perpetual bonds		
Lease liabilities	4,309,857.64	5,166,917.05
Long-term payables		
Long-term employee benefits payable		
Provisions	1,018,330.37	1,418,799.52

Deferred income	9,398,661.66	9,956,991.66
Deferred tax liabilities		
Other non-current liabilities		0.00
Total non-current liabilities	43,314,849.67	48,978,708.23
Total Liabilities	303,278,660.09	363,825,145.20
Equity:		
Share capital	1,219,046,340.00	1,240,618,400.00
Other equity instruments		
Including: Preference Shares		
Perpetual bonds		
Capital surplus	2,666,658,605.35	2,745,450,997.27
Less: Treasury stock	117,523,041.40	218,298,532.79
Other comprehensive income		
Special reserve	6,333,938.53	6,645,318.98
Surplus reserves	51,830,974.45	51,830,974.45
Retained earnings	-404,721,248.48	-332,943,330.01
Total equity	3,421,625,568.45	3,493,303,827.90
Total liabilities and equity	3,724,904,228.54	3,857,128,973.10

### 3. Consolidated Income Statement

Unit: RMB yuan

Item	H1 2024	H1 2023
1 Total operating revenue	2,161,188,907.40	2,082,606,453.72
Including: Operating revenue	2,161,188,907.40	2,082,606,453.72
Interest income		
Premiums earned		
Fee and commission income		
2 Total operating cost	1,800,173,050.63	1,830,369,837.74
Including: Cost of sales	1,468,050,770.60	1,472,630,144.11
Interest expense		



Payment of fees and commission		
Surrender fund		
Net indemnity expenditure		
Draw the net reserve of insurance liability contract		
Policy dividend expense		
Reinsurance cost		
Taxes and surcharges	9,481,412.61	8,282,476.90
Selling expenses	123,119,378.16	119,248,680.76
Administrative expenses	161,949,583.52	174,818,664.63
R&D expenses	50,366,067.58	59,929,020.05
Finance costs	-12,794,161.84	-4,539,148.71
Including: Interest expenses	10,539,931.90	5,872,796.16
Interest income	22,603,240.17	12,725,562.50
Add: Other income	10,323,357.51	4,339,827.39
Investment income (loss with "-" sign)	-8,194,916.20	36,109,196.08
Including: Share of profit or loss of joint ventures and associates	-2,914,122.66	-2,332,949.80
Income from derecognition of financial assets measured at amortised cost (loss with "-" sign)		
Exchange gain (loss with "-" sign)		
Net exposure hedging gain (loss with "-" sign)		
Gain/loss on changes in fair value (loss with "-" sign)	-85,374,294.70	2,006,095.39
Credit impairment loss (loss is listed with "-" sign)	662,562.69	-2,271,114.46
Asset impairment loss (loss with "-" sign)	-5,743,282.79	-5,612,938.09
Gain/loss on disposal of assets (loss with "-" sign)	5,094,479.46	-2,277,157.05
3 Operating profit (losses are listed with "-" sign)	277,783,762.74	284,530,525.24
Add: Non-operating income	939,908.99	2,034,810.24
Less: Non-operating expenses	389,972.29	1,131,918.48
5 Gross profit (the gross loss shall be filled in with the sign "-")	278,333,699.44	285,433,417.00
Less: Income tax expenses	90,957,489.73	56,229,619.60
Net profit (net loss is listed with "-" sign)	187,376,209.71	229,203,797.40
(1) Net profit from continuing operations		

i. Net profit from continuing operations (net loss with "-" sign)	187,376,209.71	229,203,797.40
ii. Net profit from termination of operation (net loss with "-" sign)		
(2) Net profit classified by attribution of ownership		
i. Net profit attributable to owners of the parent	163,880,472.14	206,149,605.30
ii. Net profit attributable to non-controlling interests	23,495,737.57	23,054,192.10
6 Other comprehensive income/(loss), net of tax	-28,881,848.39	63,837,540.77
Other comprehensive income/(loss) attributable to owners of the parent, net of tax	-29,083,521.22	64,443,141.24
(1) Other comprehensive loss that will not be reclassified to profit or loss	61,371.94	-247,369.25
i. Changes caused by remeasurements on defined benefit schemes	61,371.94	-247,369.25
ii. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
iii. Changes in fair value of investments in other equity instruments		
iv. Fair value change of enterprise's own credit risk		
v. Other		
(2) Other comprehensive income/(loss) that will be reclassified to profit or loss	-29,144,893.16	64,690,510.49
i. Other comprehensive income that can be transferred to profit or loss under the equity method		
ii. Changes in fair value of other debt investments		
iii. The amount of financial assets reclassified to other comprehensive income		
iv. Provision for credit impairment of other debt investments		
v. Cash flow hedging reserve		
vi. Differences arising from the translation of foreign currency-denominated financial statements	-29,144,893.16	64,690,510.49
vii. Other		
Other comprehensive income attributable to non-controlling interests, net of tax	201,672.83	-605,600.47
Total comprehensive income	158,494,361.32	293,041,338.17

Total comprehensive income attributable to owners of the parent	134,796,950.92	270,592,746.54
Total comprehensive income attributable to non-controlling interests	23,697,410.40	22,448,591.63
Earnings per share:		
(1) Basic earnings per share	0.14	0.17
(2) Diluted earnings per share	0.14	0.17

Legal representative: Tang Zhuolin Chief in charge of accounting work: Shao Yongfeng Head of accounting institution: Chen Nan

#### 4. Parent Company Income Statement

Unit: RMB yuan

Item	H1 2024	H1 2023
1 Operating Revenue	183,076,847.69	219,595,252.63
Less: Cost of sales	100,538,863.01	117,899,186.43
Taxes and surcharges	5,080,596.56	4,622,821.78
Selling expenses	13,018,716.98	18,963,858.37
Administrative expenses	32,618,565.06	47,531,438.00
R&D expenses	9,413,776.76	9,329,637.83
Finance costs	-3,498,579.49	-8,777,405.86
Including: Interest expense	2,157,788.10	443,302.69
Interest income	7,669,201.91	6,549,723.09
Add: other income	1,345,739.76	2,476,014.96
Investment income (loss with "-" sign)	-5,482,815.06	-4,520,432.89
Including: Share of profit or loss of joint ventures and associates	-2,158,740.92	-1,781,870.58
Termination of recognition of gains on financial assets measured at amortised cost (loss with "-" sign)		
Net exposure hedging gain (loss with "-" sign)		
Gain/loss on changes in fair value (loss with "-" sign)	-85,765,352.26	-5,837,992.54
Credit impairment loss (loss is listed with "-" sign)	419,338.54	336,909.99
Asset impairment loss (loss with "-" sign)	-423,541.64	-336,909.99
Gain/loss on disposal of assets (loss with "-" sign)		-0.01
2 Operating profit (loss shall be listed with "-" sign)	-64,001,721.85	22,143,305.60
Add: Non-operating income	50,204.16	285,781.66

Less: Non-operating expenses	3.01	837,597.40
3 Gross profit (gross loss shall be filled in with the sign "-")	-63,951,520.70	21,591,489.86
Less: Income tax expenses	7,826,397.77	3,649,218.29
4 Net profit (net loss is listed with "-" sign)	-71,777,918.47	17,942,271.57
(1) Net profit from continuing operation (net loss with "-" sign)	-71,777,918.47	17,942,271.57
(2) Net profit from termination of operation (net loss with "-" sign)		
5 Other comprehensive income/(loss), net of tax		
(1) Other comprehensive loss that will not be reclassified to profit or loss		
i. Re-measure the change in the benefit plan		
ii. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
iii. Changes in fair value of investments in other equity instruments		
iv. Fair value change of enterprise's own credit risk		
v. Other		
(2) Other comprehensive income/(loss) that will be reclassified to profit or loss		
i. Other comprehensive income that can be transferred to profit or loss under the equity method		
ii. Changes in fair value of other debt investments		
iii. The amount of financial assets reclassified to other comprehensive income.		
iv. Provision for credit impairment of other debt investments.		
v. Cash flow hedging reserve.		
vi. Differences arising from the translation of foreign currency-denominated financial statements		
vii. Other.		
6 Total comprehensive income	-71,777,918.47	17,942,271.57
7 Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

## 5. Consolidated Statement of Cash Flows

Unit: RMB yuan

Item	H1 2024	H1 2023
1 Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	2,133,184,710.51	2,234,391,644.12
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from the central bank		
Net increase in funds transferred to other financial institutions		
Cash received from the premium of the original insurance contract		
Net cash received from reinsurance business		
Net increase in depositors' deposits and investment funds		
Cash that collects interest, commission, and commission		
Net increase in borrowed funds		
Net increase in funds for repurchase business		
Net cash received by agents buying and selling securities		
Receipts of taxes and surcharges refunds	29,629,118.26	30,108,533.01
Cash generated from other operating activities	48,750,670.03	30,337,789.00
Subtotal of cash generated from operating activities	2,211,564,498.80	2,294,837,966.13
Payments for goods and services	1,384,098,428.71	1,499,173,858.61
Net increase in customer loans and advances		
Net increase in central bank and interbank deposits		
Cash to pay the indemnity of the		

original insurance contract		
Net increase in loan funds		
Cash for the payment of interest, fees, and commissions		
Cash for the payment of policy dividends		
Cash payments to and on behalf of employees	442,114,678.46	393,735,088.13
Payments of all types of taxes and surcharges	94,893,671.53	61,126,879.31
Cash used in other operating activities	171,887,256.45	149,366,073.56
Subtotal of cash used in operating activities	2,092,994,035.15	2,103,401,899.61
Net cash generated from/used in operating activities	118,570,463.65	191,436,066.52
2 Cash flows from investing activities:		
Proceeds from disinvestment	830,003,799.66	1,778,154,089.71
Investment income	1,966,111.00	60,835,876.45
Net proceeds from the disposal of fixed assets, intangible assets, and other long-lived assets	9,543,239.57	92,406.87
Disposal of net cash received by subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	841,513,150.23	1,839,082,373.03
Payments for the acquisition of fixed assets, intangible assets, and other long-lived assets	86,360,919.88	113,551,038.37
Payments for investments	916,127,239.46	1,704,863,903.07
Net increase in pledged loans		
Obtain net cash paid by subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing	1,002,488,159.34	1,818,414,941.44

activities		
Net cash generated from/used in investing activities	-160,975,009.11	20,667,431.59
3 Cash flows from financing activities:		
Absorb the cash received by the investment		
Including: the subsidiary absorbs the cash received from the investment of minority shareholders		
Borrowings raised	148,093,714.84	360,128,520.13
Cash generated from other financing activities	155,429,105.81	39,381,507.99
Subtotal of cash generated from financing activities	303,522,820.65	399,510,028.12
Repayment of borrowings	332,379,346.30	288,815,086.23
Interest and dividends paid	9,300,470.13	7,237,289.74
Including: Interest and dividends paid to minority shareholders		
Cash used in other financing activities	55,993,188.10	238,991,697.89
Subtotal of cash used in financing activities	397,673,004.53	535,044,073.86
Net cash generated from/used in financing activities	-94,150,183.88	-135,534,045.74
4 Effect of foreign exchange rates changes on cash and cash equivalents	-25,768,847.36	53,331,073.03
5 Net (decrease)/increase in cash and cash equivalents	-162,323,576.70	129,900,525.40
Add: Cash and cash equivalents, beginning of the period	1,672,514,611.84	1,233,720,697.27
6 Cash and cash equivalents, end of the period	1,510,191,035.14	1,363,621,222.67

## 6. Parent Company Statement of Cash Flow

Unit: RMB yuan

Item	H1 2024	H1 2023
1 Cash flow generated by business		

activities:		
Cash received from the sale of goods and the provision of services	150,619,380.19	282,261,729.73
Receipts of taxes and surcharges refunds	7,593,327.09	8,800,337.38
Cash generated from other operating activities	33,938,546.55	14,348,299.02
Subtotal of cash generated from operating activities	192,151,253.83	305,410,366.13
Payments for goods and services	119,991,428.65	115,692,389.65
Cash payments to and on behalf of employees	53,507,816.89	54,177,377.99
Payments of all types of taxes and surcharges	9,174,721.73	4,054,551.59
Cash used in other operating activities	18,963,431.44	126,905,787.49
Subtotal of cash used in operating activities	201,637,398.71	300,830,106.72
Net cash generated from/used in operating activities	-9,486,144.88	4,580,259.41
2 Cash flows from investing activities:		
Proceeds from disinvestment	463,677,581.78	1,174,847,116.06
Investment income	39,246,958.11	18,717,756.49
Net proceeds from the disposal of fixed assets, intangible assets, and other long-lived assets		0.00
Disposal of net cash received by subsidiaries and other business units		
Cash generated from other investing activities	60,000,000.00	270,000,000.00
Subtotal of cash generated from investing activities	562,924,539.89	1,463,564,872.55
Payments for the acquisition of fixed assets, intangible assets, and other long-lived assets	2,086,657.84	10,894,394.77
Payments for investments	540,547,812.01	1,281,050,329.82
Obtain net cash paid by subsidiaries and other business units		



Cash used in other investing activities		
Subtotal of cash used in investing activities	542,634,469.85	1,291,944,724.59
Net cash generated from/used in investing activities	20,290,070.04	171,620,147.96
3 Cash flows from financing activities:		
Absorb the cash received by the investment		
Cash received for obtaining loans		68,180,000.00
Cash generated from other financing activities	115,953,756.22	8,077,201.63
Subtotal of cash generated from financing activities	115,953,756.22	76,257,201.63
Repayment of borrowings	3,848,000.00	
Interest and dividends paid	903,599.82	2,635,213.97
Cash used in other financing activities	20,151,681.90	201,228,410.87
Subtotal of cash used in financing activities	24,903,281.72	203,863,624.84
Net cash generated from/used in financing activities	91,050,474.50	-127,606,423.21
4 Effect of foreign exchange rates changes on cash and cash equivalents		
5 Net (decrease)/increase in cash and cash equivalents	101,854,399.66	48,593,984.16
Add: Cash and cash equivalents, beginning of the period	405,841,967.20	142,319,826.12
6 Cash and cash equivalents, end of the period	507,696,366.86	190,913,810.28

**7. Consolidated Statements of Changes in Equity**

Amount of current period

Unit: RMB yuan

Item	H1 2024														
	Equity attributable to owners of the parent												Non-controlling interests	Total equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General reserve	Retained earnings	Others			Subtotal
	Preference shares	Perpetual bonds	Others												
I. On 31 December 2023	1,240,618,400.00				2,889,928,997.21	218,298,532.79	75,122,078.52	16,229,817.03	51,830,974.45		456,258,959.55		4,511,690,693.97	222,517,275.37	4,734,207,969.34
Add: Adjustments for changes in accounting policies															
Adjustments for correction of previous errors															
Other adjustments															
II. On 1 January 2024	1,240,618,400.00				2,889,928,997.21	218,298,532.79	75,122,078.52	16,229,817.03	51,830,974.45		456,258,959.55		4,511,690,693.97	222,517,275.37	4,734,207,969.34
III. Changes for the period ("+" for increase, "-" for decrease)	-21,572,060.00				-78,137,677.44	-100,775,491.39	-29,083,521.22	609,795.24			163,880,472.14		136,472,500.11	23,116,196.15	159,588,696.26
(I) Total comprehensive income							-29,083,521.22				163,880,472.14		134,796,950.92	23,697,410.40	158,494,361.32
(II) Owner's contributions and reduction in capital	-21,572,060.00				-78,137,677.44	-100,775,491.39							1,065,753.95	-581,214.25	484,539.70
1. Ordinary shares increased by owners															
2. Capital increased by holders of other equity instruments															

Item	H1 2024														Non-controlling interests	Total equity
	Equity attributable to owners of the parent												Subtotal			
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General reserve	Retained earnings	Others				
	Preference shares	Perpetual bonds	Others													
3. Share-based payments included in equity					1,065,753.95								1,065,753.95		1,065,753.95	
4. Others	-21,572,060.00				-79,203,431.39	-100,775,491.39								-581,214.25	-581,214.25	
(III) Profit distribution																
1. Appropriation to surplus reserves																
2. Appropriation to general reserve																
3. Appropriation to owners (or shareholders)																
4. Others																
(IV) Transfers within equity																
1. Increase in capital (or share capital) from capital surplus																
2. Increase in capital (or share capital) from surplus reserves																
3. Surplus reserves used to offset loss																
4. Changes in defined benefit schemes transferred to retained																

Item	H1 2024														Non-controlling interests	Total equity
	Equity attributable to owners of the parent															
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General reserve	Retained earnings	Others	Subtotal			
Preference shares		Perpetual bonds	Others													
earnings																
5. Other comprehensive income transferred to retained earnings																
6. Others																
(V) Special reserve							609,795.24					609,795.24			609,795.24	
1. Provision in the period							1,198,032.00					1,198,032.00			1,198,032.00	
2. Utilisation in the period							-588,236.76					-588,236.76			-588,236.76	
(VI) Others																
IV. On 30 June 2024	1,219,046,340.00				2,811,791,319.77	117,523,041.40	46,038,557.30	16,839,612.27	51,830,974.45		620,139,431.69	4,648,163,194.08	245,633,471.52	4,893,796,665.60		

Amount of previous period

Unit: RMB yuan

Item	H1 2023														Non-controlling interests	Total equity
	Equity attributable to owners of the parent															
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General reserve	Retained earnings	Others	Subtotal			
Preference shares		Perpetual bonds	Others													
I. On 31 December 2022	1,241,106,400.00				2,947,263,843.53	240,255,502.45	26,512,917.07	14,488,955.52	51,830,974.45		23,018,722.11	4,063,966,310.23	202,028,952.72	4,265,995,262.95		
Add: Adjustments for																

Item	H1 2023														Non-controlling interests	Total equity	
	Equity attributable to owners of the parent																
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General reserve	Retained earnings	Others	Subtotal				
Preference shares		Perpetual bonds	Others														
changes in accounting policies																	
Adjustments for correction of previous errors																	
Other adjustments																	
II. On 1 January 2023	1,241,106,400.00				2,947,263,843.53	240,255,502.45	26,512,917.07	14,488,955.52	51,830,974.45		23,018,722.11		4,063,966,310.23	202,028,952.72	4,265,995,262.95		
III. Changes for the period ("+" for increase, "-" for decrease)	-128,000.00				-54,701,978.53	-29,372,784.67	64,443,141.24	978,436.36			206,149,605.30		246,113,989.04	20,223,901.63	266,337,890.67		
(I) Total comprehensive income							64,443,141.24				206,149,605.30		270,592,746.54	22,448,591.63	293,041,338.17		
(II) Owner's contributions and reduction in capital	-128,000.00				-56,926,668.53	-29,372,784.67							-27,681,883.86		-27,681,883.86		
1. Ordinary shares increased by owners																	
2. Capital increased by holders of other equity instruments																	
3. Share-based payments included in equity					20,566,434.45								20,566,434.45		20,566,434.45		
4. Others	-128,000.00				-77,493,102.98	-29,372,784.67							-48,248,318.31		-48,248,318.31		
(III) Profit distribution																	
1. Appropriation to surplus reserves																	

Item	H1 2023														Non-controlling interests	Total equity
	Equity attributable to owners of the parent															
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General reserve	Retained earnings	Others	Subtotal			
Preference shares		Perpetual bonds	Others													
2. Appropriation to general reserve																
3. Appropriation to owners (or shareholders)																
4. Others																
(IV) Transfers within equity																
1. Increase in capital (or share capital) from capital surplus																
2. Increase in capital (or share capital) from surplus reserves																
3. Surplus reserves used to offset loss																
4. Changes in defined benefit schemes transferred to retained earnings																
5. Other comprehensive income transferred to retained earnings																
6. Others																
(V) Special reserve								978,436.36					978,436.36			978,436.36
1. Provision in the period								2,531,949.77					2,531,949.77			2,531,949.77

Item	H1 2023														Non-controlling interests	Total equity
	Equity attributable to owners of the parent															
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General reserve	Retained earnings	Others	Subtotal			
Preference shares		Perpetual bonds	Others													
2. Utilisation in the period							-1,553,513.41						-1,553,513.41		-1,553,513.41	
(VI) Others				2,224,690.00									2,224,690.00	-2,224,690.00		
IV. On 30 June 2023	1,240,978,400.00			2,892,561,865.00	210,882,717.78	90,956,058.31	15,467,391.88	51,830,974.45		229,168,327.41			4,310,080,299.27	222,252,854.35	4,532,333,153.62	

## 8. Company Statement of Changes in Equity

Amount of current period

Unit: RMB yuan

Item	H1 2024												Total equity
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others		
		Preference shares	Perpetual bonds	Others									
I. On 31 December 2023	1,240,618,400.00				2,745,450,997.27	218,298,532.79		6,645,318.98	51,830,974.45	-332,943,330.01			3,493,303,827.90
Add: Adjustments for changes in accounting policies													
Adjustments for correction of previous errors													
Other													

Item	H1 2024											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
adjustments												
II. On 1 January 2024	1,240,618,400.00				2,745,450,997.27	218,298,532.79		6,645,318.98	51,830,974.45	-332,943,330.01		3,493,303,827.90
III. Changes for the period ("-" for decrease)	-21,572,060.00				-78,792,391.92	-100,775,491.39		-311,380.45		-71,777,918.47		-71,678,259.45
(I) Total comprehensive income										-71,777,918.47		-71,777,918.47
(II) Owner's contributions and reduction in capital	-21,572,060.00				-78,792,391.92	-100,775,491.39						411,039.47
1. Ordinary shares increased by owners												
2. Capital increased by holders of other equity instruments												
3. Share-based payments included in equity					411,039.47							411,039.47
4. Others	-21,572,060.00				-79,203,431.39	-100,775,491.39						
(III) Profit distribution												
1. Appropriation to surplus reserves												
2. Appropriation to												



Item	H1 2024											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
owners (or shareholders)												
3. Others												
(IV) Transfers within equity												
1. Increase in capital (or share capital) from capital surplus												
2. Increase in capital (or share capital) from surplus reserves												
3. Surplus reserves used to offset loss												
4. Changes in defined benefit schemes transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserve								-311,380.45				-311,380.45
1. Provision in the period												

Item	H1 2024											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
2. Utilisation in the period								-311,380.45				-311,380.45
(VI) Others												
IV. On 30 June 2024	1,219,046,340.00				2,666,658,605.35	117,523,041.40		6,333,938.53	51,830,974.45	-404,721,248.48		3,421,625,568.45

Amount of previous period

Unit: RMB yuan

Item	H1 2023											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
I. On 31 December 2022	1,241,106,400.00				2,820,661,243.26	240,255,502.45		7,200,502.88	51,830,974.45	-643,877,009.80		3,236,666,608.34
Add: Adjustments for changes in accounting policies												
Adjustments for correction of previous errors												
Other adjustments												

Item	H1 2023											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
II. On 1 January 2023	1,241,106,400.00				2,820,661,243.26	240,255,502.45		7,200,502.88	51,830,974.45	-643,877,009.80		3,236,666,608.34
III. Changes for the period ("-" for decrease)	-128,000.00				-57,792,298.44	-29,372,784.67		375,487.90		17,942,271.57		-10,229,754.30
(I) Total comprehensive income										17,942,271.57		17,942,271.57
(II) Owner's contributions and reduction in capital	-128,000.00				-57,792,298.44	-29,372,784.67						-28,547,513.77
1. Ordinary shares increased by owners												
2. Capital increased by holders of other equity instruments												
3. Share-based payments included in equity					19,700,804.54							19,700,804.54
4. Others	-128,000.00				-77,493,102.98	-29,372,784.67						-48,248,318.31
(III) Profit distribution												
1. Appropriation to surplus reserves												
2. Appropriation to owners (or shareholders)												

Item	H1 2023											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
3. Others												
(IV) Transfers within equity												
1. Increase in capital (or share capital) from capital surplus												
2. Increase in capital (or share capital) from surplus reserves												
3. Surplus reserves used to offset loss												
4. Changes in defined benefit schemes transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserve								375,487.90				375,487.90
1. Provision in the period								825,942.88				825,942.88

Item	H1 2023											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Others	Total equity
		Preference shares	Perpetual bonds	Others								
2. Utilisation in the period							-450,454.98					-450,454.98
(VI) Others												
IV. On 30 June 2023	1,240,978,400.00				2,762,868,944.82	210,882,717.78		7,575,990.78	51,830,974.45	-625,934,738.23		3,226,436,854.04

### III Corporate Background

Guangdong Dongfang Precision Science & Technology Co., Ltd. (the "Company"), a joint stock company with limited liability registered in Guangdong Province of the People's Republic of China and established on 9 December 1996, obtained a Business License for Enterprise Legal Person with a registration number of 440682000040868.

In August 2011, upon the approval by the China Securities Regulatory Commission (CSRC) in the Reply on Approving the Initial Public Offering of Shares by Guangdong Dongfang Precision Science & Technology Co., Ltd. (ZH.J.X.K. [2011] No. 1237), the Company issued Renminbi-denominated ordinary shares to the public, and was listed on the Shenzhen Stock Exchange in the same month. The Company started to use the unified social credit code (914406002318313119) in 2016. The Company is headquartered in 2 Qiangshi Road, Shishan Town, Nanhai District, Foshan City, Guangdong Province, China.

With "intelligent equipment manufacturing" as its primary strategic focus, Dongfang Precision concentrates on the manufacturing of high-end intelligent equipment. Its principal operations include "intelligent packaging equipment" and "water powersports equipment". The "intelligent packaging equipment business" consists of smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions.

The actual controllers of the Company are Tang Zhuolin and Tang Zhuomian.

These financial statements were authorized for issue by the Board of Directors of the Company on 25 July mar2024.

### IV. Basis of Preparation of the Financial Statements

These financial statements have been prepared in accordance with China's "Accounting Standards for Business Enterprises — Basic Standards" promulgated by the Ministry of Finance and the specific accounting standards, application guidance, interpretations and other relevant regulations issued or amended thereafter (hereafter collectively referred to as "Accounting Standards for Business Enterprises" or "CAS"). In addition, the financial statements also disclose relevant financial information in accordance with the Rules No. 15 for the Preparation of Information Disclosure by Companies Offering Securities to the Public - General Provisions on Financial Reports.

The financial statements are prepared on a going concern basis.

## V. Principal Accounting Policies and Accounting Estimates

The Group has formulated specific accounting policies and accounting estimates according to the characteristics of its actual production and operation, which is mainly embodied in the provision for the bad debt of accounts receivable, provision for write-down of inventories, depreciation of fixed assets, provision for product warranties, capitalization conditions for expenditure on the development phase of research and development expenses and recognition and measurement of revenue.

### 1. Statement of compliance

The financial statements present truly and completely the financial positions of the Group and the Company as at 30 June 2024, and the financial performance and the cash flows for the 1<sup>st</sup> half of 2024 then ended in accordance with Accounting Standards for Business Enterprises.

### 2. Accounting year

The accounting year of the Group is from 1 January to 31 December of each calendar year.

### 3. Functional currency

The Group's functional currency and the currency used in preparing the financial statements were Renminbi. The amounts in the financial statements were denominated in Renminbi yuan, unless otherwise stated.

### 4. Determination method and selection basis of materiality criteria

#### Materiality criteria

Significant construction in progress	Budgeted amount for investment exceeds RMB50,000,000
Significant cash flows from investing activities	Amount exceeds RMB50,000,000
Significant non-wholly owned subsidiaries	Net assets of non-wholly owned subsidiaries account for more than 10% of consolidated net assets
Significant associates	The carrying amount of long-term equity investments in associates accounts for more than 5% of the consolidated net assets

### 5. Business combination

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

#### Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 5. Business combination (cont'd)

#### Business combinations involving entities under common control (cont'd)

Assets and liabilities obtained by combining party in the business combination involving entities under common control (including goodwill arising from the acquisition of the merged party by the ultimate controller) are recognized on the basis of their carrying amounts at the combination date recorded on the financial statements of the ultimate controlling party. The difference between the carrying amount of the consideration paid for the combination (or aggregate face values of the shares issued) and the carrying amount of the net assets obtained is adjusted to capital surplus. If the capital surplus are not sufficient to absorb the difference, any excess is adjusted to retained earnings.

#### Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair values at the acquisition date. The excess of the sum of the consideration paid (or equities issued) for business combination and equity interests in the acquiree held prior to the date of acquisition over the share of the attributable net identifiable assets of the acquiree, measured at fair value, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment loss. In case the fair value of the sum of the consideration paid (or equities issued) and equity interests in the acquiree held prior to the date of acquisition is less than the fair value of the share of the attributable net identifiable assets of the acquiree, a review of the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination (or equity issued) and the equity interests in the acquiree held prior to the date of acquisition is conducted. If the review indicates that the fair value of the sum of the consideration paid (or equities issued) and equity interests in the acquiree held prior to the date of acquisition is indeed less than the fair value of the share of the attributable net identifiable assets of the acquiree, the difference is recognized in profit or loss.

### 6. Consolidated financial statements

The consolidation scope for consolidated financial statements is determined based on the concept of control, including the Company and all subsidiaries' financial statements. Subsidiaries are those enterprises or entities which the Company has control over (including enterprises, separable components of investee units and structured entities controlled by the Company). An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Any inconsistent accounting policies have been adjusted to become consistent with the Company's accounting policies. All assets, liabilities, equities, revenues, costs and cash flows arising from intercompany transactions are eliminated on consolidation.



## **V.Principal Accounting Policies and Accounting Estimates (Cont'd)**

### **6. Consolidated financial statements (cont'd)**

The excess of current loss attributable to non-controlling shareholders of a subsidiary over their entitlements to the opening balance of equity shall be charged to non-controlling interests.

For subsidiaries obtained through a business combination not involving entities under common control, the operating results and cash flows of the acquirees will be recognized in consolidated financial statements from the date the Group effectively obtains the control until the date that control is terminated. When consolidated financial statement is prepared, the subsidiaries' financial statements will be adjusted based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

For subsidiaries acquired through combination of entities under common control, the business results and cash flows of the combined entities are included in the consolidated financial statements from the beginning of the period in which the combination occurred. When preparing and comparing the consolidated financial statements, the Group makes adjustments to relevant items of the financial statements of the previous period, deeming the reporting entity formed through combination as existing since initial implementation of control by the ultimate controlling party.

In the event of the change in one or more elements of control as a result of changes in relevant facts and conditions, the Group reassesses whether it has control over the investee.

If the control right is not lost, the change of minority shareholders' equity shall be regarded as equity transaction.

### **7. Cash and cash equivalents**

Cash comprises cash on hand and deposits readily available for payments. Cash equivalents represent short-term highly liquid investments which are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

### **8. Foreign currency translation**

For foreign currency transactions, the Group translates the foreign currency into its functional currency.

Upon initial recognition, foreign currency transactions are translated into the functional currency using the spot exchange rate of the dates on which transactions occur. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. The translation differences arising from the settlement and foreign currency monetary items are recognized in profit or loss. Also at the balance sheet date, foreign currency non-monetary items measured at historical cost continue to be translated using the spot exchange rate at the dates of the transactions and it does not change its carrying amount in functional currency. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate. The differences arising from the above translations are recognized in current profit or loss or other comprehensive income according to the nature of foreign currency non-monetary items.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 8. Foreign currency translation (cont'd)

The Group translates the functional currencies of foreign operations into Renminbi when preparing the financial statements. Asset and liability items in the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. Equity items, except for retained earnings, are translated at the spot exchange rates at the date when such items arose. Revenue and expense items in the income statement are translated using the average exchange rate for the periods when transactions occur. Translation differences arising from the aforesaid translation of financial statements denominated in foreign currency shall be recognized as other comprehensive income. When foreign operations are disposed, other comprehensive income relating to the foreign operation is transferred to current profit or loss. Partial disposal shall be recognized on a pro-rata basis.

Cash flows denominated in foreign currencies and foreign subsidiaries' cash flows are translated using the average exchange rate for the period when cash flows occur. The impact on cash by the fluctuation of exchange rates is presented as a separate line item of reconciliation in the statement of cash flows.

### 9. Financial instruments

Financial instruments refer to the contracts which give rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

#### Recognition and derecognition of financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the financial instrument.

A financial asset (or part of it, or a part of a group of similar financial asset) is derecognized when one of the following criteria is met, that is, when a financial asset is written off from its account and balance sheet:

- (1) The right of receiving the cash flow generated from the financial asset has expired;
- (2) The right of receiving cash flow generated by the financial assets is transferred, or an obligation of paying the full amount of cash flow received to third parties in a timely manner has been undertaken under "pass-through" agreements, where (a) substantially all risks and rewards of the ownership of such type of financial assets have been transferred, or (b) control over such type of financial assets has not been retained even though substantially all risks and rewards of the ownership of such type of financial assets have been neither transferred nor retained.

If the obligation of financial liability has been fulfilled, cancelled or expired, the financial liability is derecognized. If the present financial liability is substituted by the same debtee with another liability differing in substance, or the terms of the present liability have been substantially modified, this substitution or modification is treated as derecognition of a present liability and recognition of a new liability with any arising differences recognized in profit or loss.

Conventional dealings in financial assets are recognized or derecognized under the trade day accounting method. Conventional dealings refer to the receipt or delivery of financial assets within periods stipulated by the law and according to usual practices. The trade day is the date on which the Group undertakes to buy or sell a financial asset.

## V.Principal Accounting Policies and Accounting Estimates (Cont'd)

### 9. Financial instruments (cont'd)

#### Classification and measurement of financial assets

At initial recognition, the Group classifies its financial assets into: financial assets at fair value through profit or loss, financial assets at amortized cost, or financial assets at fair value through other comprehensive income, according to the Group's business model for managing financial assets and the contract cash flow characteristics of the financial assets. When and only when the Group changes its business model of managing financial assets, all relevant financial assets affected will be re-classified.

Financial assets are measured at fair value on initial recognition, but if the accounts receivable or notes receivable generated from the sales of goods or provision of services do not contain significant financing components or do not consider financing components of no longer than one year, the initial measurement will be based on the transaction price.

For financial assets at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss; for other financial assets, the relevant transaction costs are recognized in their initial recognition amount.

The subsequent measurement of financial assets is dependent on its classification:

#### *Debt instruments measured at amortized cost*

Financial assets fulfilling all of the following conditions are classified as financial assets at amortized cost: the objective of the Group's business management model in respect of such type of financial assets is to generate contract cash flow; the contract terms of such type of financial assets provide that cash flow generated on specific dates represents interest payment in relation to principal amounts based on outstanding principal amounts only. Interest income from such type of financial assets are recognized using the effective interest rate method, and any profit or loss arising from derecognition, amendments or impairment shall be charged to current profit or loss.

#### *Debt instruments at fair value through other comprehensive income*

Financial assets fulfilling all of the following conditions are classified as financial assets at fair value through other comprehensive income: the objective of the Group's business management model in respect of such type of financial assets is both to generate contract cash flow and to sell such type of financial assets; the contract terms of such type of financial assets provide that cash flow generated on specific dates represents interest payment in relation to principal amounts based on outstanding principal amounts only. Interest income from this type of financial assets is recognized using the effective interest rate method. Other than interest income, impairment loss and exchange differences which shall be recognized as current profit or loss, other fair value changes shall be included in other comprehensive income. Upon derecognition of the financial assets, the cumulative gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income to current profit or loss.

#### *Financial assets at fair value through profit or loss*

Other than financial assets measured at amortized cost and financial assets at fair value through other comprehensive income as aforementioned, all financial assets are classified as financial assets at fair value through profit or loss, which are subsequently measured at fair value, any changes of which are recognized in current profit or loss.

## V.Principal Accounting Policies and Accounting Estimates (Cont'd)

### 9. Financial instruments (cont'd)

#### Classification and measurement of financial liabilities

The Group classifies its financial liabilities at initial recognition: financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss; for other financial liabilities, the relevant transaction costs are recognized in their initial recognition amount.

The subsequent measurement of financial liabilities is dependent on its classification:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include mainly financial liabilities held for trading (comprising derivatives classified as financial liabilities). Financial liabilities held for trading (comprising derivatives classified as financial liabilities) are subsequently measured at fair value and all changes are recognized in current profit or loss.

#### *Other financial liabilities*

Subsequent to initial recognition, these financial liabilities are carried at amortized cost using the effective interest method.

#### Impairment of financial instruments

The Group performs impairment treatment on financial assets at amortized cost, debt instruments at fair value through other comprehensive income and contract assets based on expected credit losses (ECL) and recognizes allowances for losses.

For receivables and contract assets that do not contain significant financing components, the Group adopts a simplified measurement method to measure allowances for losses based on an amount equivalent to the lifetime expected credit losses.

Financial assets other than those measured with simplified valuation methods, the Group evaluates at each balance sheet date whether its credit risk has significantly increased since initial recognition. The period during which credit risk has not significantly increased since initial recognition is considered the first stage, at which the Group shall measure loss allowance based on the amount of expected credit loss for the next 12 months and shall compute interest income according to the book balance and effective interest rate; the period during which credit risk has significantly increased since initial recognition although no credit impairment has occurred is considered the second stage, at which the Group shall measure loss allowance based on the amount of expected credit loss for the entire valid period and shall compute interest income according to the book balance and effective interest rate; The period during which credit impairment has occurred after initial recognition is considered the third stage, at which the Group shall measure loss allowance based on the amount of the lifetime expected credit loss and shall compute interest income according to the amortized cost and effective interest rate.

The Group estimates the expected credit loss of financial instruments individually and on a group basis. The Group considers the credit risk features of different customers and estimates the expected credit losses of financial instruments based on aging portfolio.

## V.Principal Accounting Policies and Accounting Estimates (Cont'd)

### 9. Financial instruments (cont'd)

#### Impairment of financial instruments (cont'd)

For the Group's criteria for judging whether credit risks have significantly increased, the definition of assets subjected to credit impairment, and assumptions underlying the measurement of expected credit losses, please refer to Note IX.2.

The Group's approach to measuring ECLs on financial instruments reflects factors such as the unbiased probability-weighted average amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information about past events, current conditions and projections of future economic conditions available at the balance sheet date without undue additional cost or effort.

When the Group no longer reasonably expects to be able to fully or partially recover the contract cash flow of financial assets, the Group directly writes down the book balance of such financial assets.

#### Derivative financial instruments

The Group uses derivative financial instruments. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in the fair value of derivative instruments shall be directly recognized in current profit or loss.

#### Transfer of financial assets

If the Group has transferred substantially all the risks and rewards associated with the ownership of a financial asset to the transferee, the asset should be derecognized. If the Group retains substantially all the risks and rewards of ownership of a financial asset, the asset should not be derecognized.

When the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it may either derecognize the financial asset and recognize any associated assets and liabilities if control of the financial asset has not been retained; or recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability if control has been retained.

Assets formed by the continuing involvement by way of the provision of financial guarantee in respect of the transferred financial assets shall be recognized as the lower of the carrying value of the financial asset and the amount of financial guarantee. The amount of financial guarantee means the maximum amount among considerations received to be required for repayment.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 10. Inventories

Inventories include raw materials, work-in-progress, finished goods, product deliveries, semi-finished goods, materials consigned for processing, etc.

Inventories are initially recorded at costs. Inventories' costs include purchasing costs, processing costs and other costs. Actual costs of product deliveries are recognized using the weighted average method. Turnover materials include low-value consumables, packaging materials, etc., which are expensed in full.

The Group adopts the perpetual inventory system.

Inventories on the balance sheet date are stated at the lower of cost or net realisable value. Inventory valuation allowance is made and recognized in profit or loss when the net realisable value is lower than cost. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Valuation allowances for raw materials are established by category, and those for finished goods by individual item. For inventories that relate to products produced and sold in the same region, have the same or similar ultimate purpose, and are difficult to separate in measurement, valuation allowances are established on a combined basis.

## V.Principal Accounting Policies and Accounting Estimates (Cont'd)

### 11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

Long-term equity investments were recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital surplus (if the capital surplus are insufficient for setting off the difference, such difference shall be further set off against retained earnings). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Equity recognized as a result of changes in equity other than the set-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held at the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognized under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Equity recognized as a result of changes in equity other than the set-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognized in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments.

In the financial statements of the Company, the cost method is used for long term equity investments in investees over which the Company exercises control. Control is defined as the power exercisable over the investee, the entitlement to variable return through involvement in the activities of the investee and the ability to influence the amount of return using the power over the investee.

When the cost method is used, long-term equity investments are measured at initial cost on acquisition. When additional investments are made or investments are recouped, the cost of longterm equity investments shall be adjusted. Cash dividend or profit distribution declared by the investee shall be recognized as investment income for the period.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 11. Long-term equity investments (cont'd)

The equity method is used to account for long-term equity investments when the Group can jointly control or has significant influence over the invested entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence means having the authority to take part in the decision over the financial and operational policies but not the authority to control or jointly control with other parties the formulation of such policies.

Under the equity method, any excess of the initial investment cost over the Company's share of the net fair value of the investment's identifiable assets and liabilities is included in the initial investment cost of the long-term equity investment. When the carrying amount of the investment is less than the Company's share of the fair value of the investment's identifiable net assets, the difference is recognized in profit or loss of the current period and debited to long-term equity investments.

Under the equity method, after the long-term equity investments are acquired, investment gains or losses and other comprehensive income are recognized according to the entitled share of net profit or loss and other comprehensive income of the investee and the carrying amount of the long-term equity investment is adjusted accordingly. When recognising the Group's share of the net profit or loss of the invested entity, the Group makes adjustments based on fair values of the investees' identifiable assets and liabilities at the acquisition date in accordance with the Group's accounting policy and accounting period to investee's net profits, eliminating pro-rata profit or loss from internal transactions with associates and joint ventures attributed to investor (except that loss from inter-group transactions deemed as asset impairment loss shall be fully recognized), provided that invested or sold assets constituting businesses shall be excluded. When the invested enterprise declares profit distribution or cash dividends, the carrying amount of investment is adjusted down by the Group's share of the profit distribution and dividends. The Group shall derecognize its share of the losses of the investee after the long-term equity investment together with any long-term interests that in substance forms part of the Group's net investment in the investee are reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group also adjusts the carrying amount of long-term equity investments for other changes in owner's equity of the investees (other than the net-off of net profits or losses, other comprehensive income and profit distribution of the investee), and includes the corresponding adjustment in equity.

### 12. Fixed assets

A fixed asset is recognized when, and only when, it is probable that future economic benefits that are associated with the fixed asset will flow to the Group and the cost can be measured reliably. Subsequent expenditures related to a fixed asset are recognized in the carrying amount of the fixed asset if the above recognition criteria are met, and the carrying value of the replaced part is derecognized; otherwise, those expenditures are recognized in profit or loss as incurred.

Fixed assets are initially recognized at cost. Cost of purchased fixed assets includes purchasing price, relevant taxes, and any directly attributable expenditure for bringing the asset to working conditions for its intended use.



## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 12. Fixed assets (cont'd)

Except for those incurred by using the accrued expenses for safety production, fixed assets are depreciated on a straight-line basis, and the respective estimated useful lives, estimated residual value ratios and annual depreciation rates are as follows:

	Useful life	Estimated residual value ratio	Annual depreciation rate
Buildings and constructions	20-40 years	5.00%	2.38%-4.75%
Machinery	5-18 years	5.00%	5.28%-19.00%
Transportation equipment	5-10 years	5.00%	9.5%-19.00%
Electronic equipment	3-10 years	5.00%	9.5%-31.67%
Office equipment	3-10 years	5.00%	9.5%-31.67%
Other equipment	5-10 years	5.00%	9.5%-19.00%

The Group reviews, at least at each year end, useful lives, estimated residual values, and depreciation methods of fixed assets and makes adjustments if necessary.

### 13. Construction in progress

Construction in progress is measured at the actual construction expenditures, including necessary project work expenses incurred during the period while construction is in progress, and other related fees.

The criteria for construction in progress to be transferred to fixed assets when it is ready for its intended use are as follows:

	Criteria
Buildings and constructions	Actual start of use
Machinery	The earlier of actual start of use/completion of installation and acceptance

### 14. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred. The Group has no borrowing costs eligible for capitalization in the current year.

## V.Principal Accounting Policies and Accounting Estimates (Cont'd)

### 15. Intangible assets

Overseas land use rights and trademark rights are intangible assets with indefinite useful lives. Impairment tests shall be conducted annually regardless of whether there are indications of impairment. Such intangible assets shall not be amortized and their useful life shall be reviewed during each accounting period. If there is evidence suggesting that their useful life is limited, accounting treatment will be performed according to the above policy on intangible assets with definite useful life.

Other intangible assets are amortised on a straight-line basis over their useful lives as follows:

	Useful life	Determination basis
Land use rights	40-50 years	Term of land use right
Trademark	5-10 years	The shorter of the term of trademark rights/expected term of use
Patent	5-10 years	Expected benefit period

The land ownership of Fosber S.p.A. ("Fosber Group"), a subsidiary of the Company, in Italy has a permanent term, and the Company believes that the land ownership will be used and will bring expected inflows of economic benefits to the Company in the foreseeable future, so its useful life is regarded as indefinite. The trademarks registered by subsidiaries Fosber Group and Fosber America, Inc. ("Fosber America") have a useful life in accordance with the law, but at the expiration of the protection period, Fosber Group and Fosber America can apply for an extension at low service charges, so the Company will benefit from the above trademarks in the long term. Thus, the Company recognized the trademark use right as intangible assets with indefinite useful life. The useful life of intangible assets with indefinite useful life will be reviewed at the end of each year. After review, the useful life of the above intangible assets is still uncertain.

The Group classifies the expenses for internal research and development as research costs and development costs. All research costs are charged to the current profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits (including demonstration that the product derived from the intangible asset or the intangible asset itself will be marketable or, in the case of internal use, the usefulness of the intangible asset as such), the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset, and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria is recognized in profit or loss when incurred.

After meeting the above conditions, passing the technical feasibility and economic feasibility study, the corresponding projects of the Group enter the development stage and begin to be capitalized after being reviewed and approved.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 16. Impairment

The Group assesses impairment of assets other than inventories, contract assets and assets related to contract costs, deferred tax assets and financial assets, using the methods described below:

Impairment of assets (other than the impairment of inventories, contract assets and contract cost assets, investment properties measured using the fair value model, deferred tax assets, and financial assets) is determined in the following way: the Group assesses at the balance sheet date whether there is any indication that an asset may be impaired; if any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing; goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount is the higher of the asset's fair value less costs to sell and its present value of estimated future cash flows. The Group estimates recoverable value for individual assets. When it is difficult to estimate individually, the recoverable value of the cash generating units which the asset belongs to will be estimated. The definition of cash generating units is determined on the basis of whether the cash generating units generate cash flows which are largely independent of those from other cash generating units.

Where the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount. The difference between the carrying amount and recoverable amount is recognized in profit or loss and allowance for impairment is made accordingly.

In connection with impairment tests for goodwill, the carrying value of goodwill arising from business combination is allocated to relevant cash generating units ("CGU") from the date of acquisition on a reasonable basis. If it is difficult to allocate such goodwill to a relevant CGU, it should be allocated to a relevant CGU group. A relevant CGU or CGU group is defined as one which can benefit from the synergies of the business combination and is not larger than the reporting segments determined by the Group.

In connection with impairment tests for CGUs or CGU groups that comprise goodwill, where indications of impairment exists in a CGU or CGU group related to goodwill, impairment tests should be performed first on CGUs or CGU groups that do not comprise goodwill and recognize impairment loss after estimating the recoverable amount. Then impairment tests on CGUs or CGU groups that comprise goodwill should be performed and the carrying value and recoverable amount should be compared. Where the recoverable amount is lower than the carrying value, the impairment loss should first be offset against the carrying value of the goodwill allocated to CGUs or CGU groups and then against assets in the CGUs or CGU groups other than goodwill in proportion to the weighting of these assets.

Previously recognized impairment losses are not reversed in subsequent periods.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 17. Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method, with the amortization periods as follows:

	Amortization period
Decoration expenditures	3-5 years
Amortization of moulds	3 years
Other expenditures	3-5 years

### 18. Employee benefits

Employee benefits include all kinds of rewards or compensation incurred by the Group in exchange for service rendered by employees or in the termination of employment, other than share-based payment. Employee benefits include short-term benefits, retirement benefits, dismissal benefits and other long-term employees' benefits. Benefits provided by the Group to the spouses, children and dependents of employees and families of deceased employees are also a part of employee benefits.

#### Short-term benefits

For accounting periods during which services are rendered by employees, short-term benefits that will incur is recognized as liability and included in profit and loss or related capital costs.

#### Retirement benefits (defined contribution schemes)

Employees of the Group participated in pension insurance and unemployment insurance schemes managed by the local government. The contribution costs are charged as asset cost or to profit or loss when incurred.

#### Retirement benefits (defined benefit schemes)

The Group operates a defined benefit pension scheme, which requires payments to an independently operated fund. No funds have been injected into the scheme. The cost of benefits provided under the defined benefit scheme is calculated using the expected benefit accrual unit approach.

Remeasurement arising from defined benefit pension schemes, including actuarial gains or losses, changes in the asset cap effect (deducting amounts included in net interest on net liabilities of the defined benefit schemes) and return on scheme assets (deducting amounts included in net interest on net liabilities of the defined benefit schemes) are instantly recognized in the balance sheet and charged to equity through other comprehensive income for the period during which it is incurred. It will not be reversed to profit and loss in subsequent periods.

Previous service costs are recognized as current expenses when: the defined benefit scheme is revised, or relevant restructuring costs or dismissal benefits are recognized by the Group, whichever earlier.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 18. Employee benefits (cont'd)

#### Retirement benefits (defined benefit schemes) (cont'd)

Net interest is arrived at by multiplying net liabilities or net assets of defined benefits with a discount rate. Changes in net obligations of defined benefits are recognized as cost of sales, administrative expenses, R&D expenses, selling expenses and finance costs in the income statement. Service costs included current services costs, past service costs and settlement of profit or loss. Net interest included interest income from scheme assets, interest expenses for scheme obligations and interest of the asset cap effect.

### 19. Provisions

Other than contingent consideration and assumed contingent liabilities in a business combination not involving entities under common control, the Group recognizes as provision an obligation that is related to contingent matters when all of the following criteria are fulfilled:

- (1) the obligation is a present obligation of the Group;
- (2) the obligation would probably result in an outflow of economic benefits from the Group;
- (3) the obligation could be reliably measured.

Provisions are initially measured according to the best estimate of expenses on fulfilling the current liabilities, in connection with the risk, uncertainty and timing value of the currency. The carrying value of the provisions would be reassessed on every balance sheet date. The carrying value will be adjusted to the best estimated value if there is certain evidence that the current carrying value is not the best estimate.

The contingent liabilities obtained from a business combination not involving entities under common control shall be measured at fair value at the time of initial recognition. After the initial recognition, according to the amount confirmed by provisions and the balance of the initial recognition amount after deducting the accumulated amortization determined by the revenue recognition principle, the higher of the two shall prevail for subsequent measurements.

### 20. Share-based payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital surplus are credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognising services rendered during the period in relevant costs or expenses and crediting the capital surplus accordingly at the fair value on the date of grant according to the best estimates of the number of exercisable equity instruments conducted by the Group at each balance sheet date during the pending period. The fair value of equity instruments is determined using the closing price of the Company's stock on the date of grant.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 21. Revenue generating from contracts with customers

The Group recognizes its revenue upon the fulfilment of contractual performance obligations under a contract, namely, when the customer obtains control over the relevant products or services. The acquisition control over relevant products or services shall mean the ability to direct the use of the products or the provision of the services and receive substantially all economic benefits derived therefrom.

#### Contract for the sales of products

The product sales contract between the Group and its customers typically includes different contractual performance obligations for the transfer of products and the rendering of services. With respect to the sales of products, the Group typically recognizes its revenue at the time when the customer takes control over the products, taking into account the following factors: the acquisition of the current right to receive payments for the products, the transfer of major risks and rewards of ownership, the transfer of the legal title of the products, the transfer of the physical assets of the products, and customers' acceptance of the products.

#### Contract for the rendering of installation services

The service contract between the Group and its customers includes contractual performance obligations for installation services. As the customer is able to forthwith obtain and consume the economic benefits brought by the Group's contractual performance when the Group performs a contract, the Group considers such contractual performance obligations to be obligations performed over a period of time, and revenue shall be recognized on each balance sheet date according to the progress of installation.

#### Significant financing component

Where a contract contains a significant financing component, the Group determines transaction prices based on amounts payable assumed to be settled in cash by customers immediately upon the acquisition of control over the products or services. The difference between such transaction price and contract consideration is amortized over the contract period using the effective interest method based on a ratio that discounts the nominal contractual consideration to the current selling price of the products or services. The Group shall not give consideration to any significant financing component in a contract if the gap between the customer's acquisition of control over the products or services and payment of consideration is expected to be less than 1 year.

#### Warranty clauses

The Group provides quality assurance for products sold in accordance with contract terms and laws and regulations. The accounting treatment of quality assurance in the form of warranty assuring customers products sold are in compliance with required standards is set out in Note III.20. Where the Group provides a service warranty for a standalone service in addition to the assurance of compliance of products with required standards, such warranty is treated as a standalone contractual performance obligation, and a portion of the transaction price shall be allocated to the service warranty based on a percentage of the standalone price for the provision of product and service warranty. When assessing whether a warranty is rendering a standalone service in addition to providing guarantee to customers that all sold goods are in compliance with required standards, the Group will consider whether or not such warranty is a statutory requirement, the term of the warranty and the nature of the Group's undertaking to perform its obligations.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 22. Contract assets and contract liabilities

The Group presents contract assets or contract liabilities on the balance sheet according to the relationship between contractual performance obligations and customer payments.

#### Contract assets

Contract assets are the right to receive consideration following the transfer of products or services to customers which is dependent on factors other than the passage of time.

For details of the Group's determination and accounting treatment of expected credit losses from contract assets, please refer to Note III.8.

#### Contract liabilities

Contract liabilities are the obligation to pass products or services to customers in connection with customer consideration received or receivable, for example, amounts received prior to the transfer of the promised products or services.

### 23. Assets relating to contract cost

The Group's assets relating to contract costs include the contract acquisition costs and contract performance costs. The costs are presented in inventory, other current assets or other non-current assets based on liquidity of the assets.

Where the Group expects the incremental costs for acquiring a contract to be recoverable, such contract acquisition costs are recognized as an asset (unless the amortisation period of the asset is not more than 1 year).

Costs incurred by the Group for the performance of a contract are recognized as an asset as contract performance costs if they do not fall under the scope of the relevant standards for inventories, fixed assets or intangible assets but meet all the following conditions:

- (1) they are directly related to a current or anticipated contract, including direct labour, direct materials, manufacturing expenses (or similar expenses), to be borne by customers as specifically stipulated, and otherwise incurred solely in connection with the contract;
- (2) they will increase the resources to be utilized in the Company's future performance of its contractual obligations;
- (3) they are expected to be recoverable.

### 24. Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The grant is measured as the amount received or receivable where it takes the form of a cash asset, or at fair value where it is not a cash asset. Where the fair value cannot be reliably obtained, it should be measured at the nominal value.

In accordance with the stipulations of the government instruments, government grants applied towards acquisition or the formation of long-term assets in other manners are asset-related government grants; the instruments unspecifically refer to the exercise of judgement based on the basic conditions for receiving the asset-related grant applied towards or the formation of long-term assets in other manners. All other grants are recognized as income-related government grants.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 24. Government grants (cont'd)

Government grants relating to income and applied to make up for related costs or losses in future periods shall be recognized as deferred income, and shall be recognized in profit or loss of the period for which related costs or loss are recognized. Government grants specifically applied for the reimbursement of incurred related costs and expenses shall be directly recognized in profit or loss.

Government grants relating to assets shall offset the carrying amount of related assets, or be recognized as deferred income and credited to profit or loss over the useful life of the asset concerned by reasonable and systematic instalments (provided that government grants measured at nominal value shall be directly recognized in profit or loss). Where the asset concerned is disposed of, transferred, retired or damaged prior to the end of its useful life, the balance of the deferred income yet to be allocated shall be transferred to "asset disposal" under current profit or loss.

### 25. Deferred tax assets

The Group recognizes deferred tax assets and liabilities based on temporary differences using the balance sheet liability method. Temporary differences are differences between the carrying amount of assets or liabilities in the balance sheet and their tax base on the balance sheet date. Temporary differences also include the differences between the carrying values and tax bases of items not recognized as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (1) where the taxable temporary difference arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized except:

- (1) where the deductible temporary difference arises from transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (2) deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures are recognized when all following conditions are met: it is probable that the temporary differences will reverse in the foreseeable future, it is probable that taxable profit against the deductible temporary differences will be available.



## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 25. Deferred tax assets (cont'd)

As at balance sheet date, deferred tax assets and liabilities are measured in accordance with relevant tax laws at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and reflects the tax consequences that would follow the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset and presented as a net amount if all of the following conditions are met: the Group has the legal right to set off the current income tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, provided that the taxable entity concerned intends either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 26. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### As lessee

The Group recognizes leases as the right-of-use asset and lease liabilities, except for short-term leases and leases of low-value assets.

#### *Right-of-use assets*

At the commencement date of the lease, the Group recognizes a right-of-use asset. The cost of the right-of-use asset comprises: (1) the amount of the initial measurement of the lease liability; (2) any lease payments made at or before the commencement date less any lease incentives received; (3) any initial direct cost incurred; (4) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If ownership of the leased asset transfers to the Group at the end of the lease term, depreciation is calculated using the estimated useful life of the asset. Otherwise, the right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 26. Leases (cont'd)

#### *Lease liabilities*

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and low-value asset leases. Lease payments include constant payments and the substantial constant payments net of lease incentives, variable lease payments that depend on an index or ratio, the estimated payables of guaranteed residual value, and also include the exercise price of the purchase option or the amount to be paid upon vest of the termination option, provided that the Group is reasonably certain that the option will be vested or that the lease term reflects that the Group will exercise the termination option.

In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognizes such interest expenses in profit or loss, except those that in the related asset costs as required. Variable lease payments that are not included in the measurement of the lease assets are recognized in profit or loss as incurred, except those that shall be included in the related asset costs as required.

After the commencement date, the Group increases the book value of the lease liability when interest is recognized and decreases the book value of the lease liability when lease payments are made. In the event of any change to the substantial constant payments, the estimated payables of guaranteed residual value, the index or ratio used to determine lease payments, the assessment results or actual vesting of the purchase option, the renewal option or the termination option, the Group remeasures the lease liability at the present value of the modified lease payments.

#### *Short-term leases and leases of low-value assets*

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less, and does not contains any purchase option. The Group does not recognize the right-of-use assets and lease liabilities for buildings short-term leases. The Group recognizes lease payments on short-term leases and leases of low-value assets in the related asset costs or profit or loss on a straight-line basis over the lease term.

#### As a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

#### As a lessor of operating leases

Rental income of operating leases is recognized in current profit or loss over the respective periods during the lease term on a straight-line basis, while variable lease payment not included in lease receipts is charged to profit or loss as and when incurred.

Initial direct costs are capitalised and recognised over the lease term on the same basis as rental income, through profit or loss.

## **V.Principal Accounting Policies and Accounting Estimates (Cont'd)**

### **27. Share repurchase**

The consideration and transaction costs paid to repurchase equity instruments are charged against owner's equity. Except for share-based payments, the issue (including refinancing), repurchase, disposal or retirement of the Company's own equity instruments are accounted for as changes in equity.

### **28. Expenses for safety production**

The expenses for safety production set aside as stipulated shall be included in the cost of relevant products or current profits and losses, and included in the special reserve at the same time. When such expenses are used, accounting treatment will be performed according to whether fixed assets are formed. If identified as expense expenditures, the special reserve will be written down directly; if fixed assets are formed, the expenses incurred will be collected, fixed assets will be recognized when they reach a predetermined usable state, and the equivalent amount of special reserve will be written down and the equivalent accumulated depreciation will be recognized.

### **29. Put option related to non-controlling interests**

In the process of acquiring majority equity of subsidiaries, the Group grants to minority shareholders the option to sell the shares of subsidiaries held by them to the Group (put option). The Group recognizes the shares of subsidiaries held by minority shareholders as non-controlling interests in its consolidated financial statements; for the put option, the Group undertakes the obligation to redeem the shares of the subsidiaries held by minority shareholders in cash. The Group removes the present value of the amount payable to redeem the put option from its equity (excluding non-controlling interests) and classifies it as financial liability, which is remeasured in subsequent periods at the present value of the the amount payable to redeem the put option and recognized in profit or loss.

### **30. Fair value measurement**

At each balance sheet date, the Group measures the fair value of derivative financial instruments and equity instrument investments. Fair value means the price receivable from the disposal of an asset or required to be paid for the transfer of a liability in an orderly transaction incurred by market participants on the measurement date.

The fair value hierarchy to which an asset or liability measured or disclosed in the financial statements at fair value will be determined on the basis of the lowest level of input which is significant for the fair value measurement as a whole. Input at the first level represents unadjusted quoted prices in an active market for the acquisition of the same asset or liability on the measurement date. Input at the second level represents directly or indirectly observable assets or liabilities apart from input at the first level. Input at the third level represents unobservable input for the asset or liability.

At each balance sheet date, the Group reassesses assets and liabilities measured at fair value on an ongoing basis recognized in the financial statements to determine whether the level of fair value measurement should be changed.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 31. Significant accounting judgements and estimates

The preparation of financial statements requires judgement and estimation of the management. Such judgement and estimation will affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities as at the balance sheet date. However, the consequence arising from the uncertain nature of such estimation may result in significant adjustment to the carrying value of the asset or liability affected in the future.

#### Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

#### *Determination of standalone contractual performance obligations*

The intelligent packaging equipment (printers and corrugators) business of the Group includes four kinds of product or service commitments, i.e. the sale, installation, transportation and insurance services of machinery. As the customer can benefit from the individual use of the four kinds of products or services or their use together with other readily available resources and such product or service commitments are distinctly separable from other products or service commitments, the aforesaid product or service commitments constitute standalone contractual performance obligations respectively.

#### Business model

The classification of financial assets at initial recognition is dependent on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise valuation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contract cash flow, the Group is required to analyse and exercise judgment in respect of the reasons, timing, frequency and values of any disposals prior to maturity.

#### Characteristics of contract cash flow

The classification of financial assets at initial recognition is dependent on the characteristics of the contract cash flow of such type of financial assets. Judgement is required to determine whether the contract cash flow represents interest payment in relation to principal amounts based on outstanding principal amounts only, including judgement of whether it is significantly different from the benchmark cash flow when assessing modifications to the time value of currencies, and judgement of whether the fair value of early repayment features is minimal where the financial assets include such early repayment features.

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within subsequent financial years, are discussed below.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 31. Significant accounting judgements and estimates (cont'd)

#### Estimation uncertainty (cont'd)

##### *Impairment of financial instruments and contract assets*

The Group has adopted the expected credit loss model to evaluate the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgement and estimates and the consideration of all reasonable and soundly based information, including forward-looking information. In making such judgement and estimates, the Group estimates the projected movements of the debtor's credit risk according to past repayment records, economic policies, macro-economic indicators and industry risks. Different estimates may affect impairment allowances, and established impairment allowances may not equal the actual impairment loss amount in the future.

##### *Impairment of non-current assets other than financial assets (exclusive of goodwill)*

The Group assesses at each balance sheet date whether there is an indication that a non-current asset other than financial assets may be impaired. For an intangible asset with an indefinite useful life, in addition to the annual impairment test, it is also tested when there is an indication that it may be impaired. Non-current assets other than financial assets are tested for impairment when there is an indication that the carrying amount is irrecoverable. Where the carrying amount of an asset or an asset group exceeds its recoverable amount—the higher of the asset or asset group's fair value less costs to sell and its present value of estimated future cash flows, it is considered impaired. The net amount of the fair value less costs to sell is determined based on the price of a similar asset's sales contract in a fair transaction or the observable market price less the incremental cost directly attributable to the disposal of the asset. When estimating the present value of future cash flows, the management must choose a proper discount rate.

##### *Impairment of goodwill*

Goodwill must be tested for impairment at least annually. It requires estimating the present value of future cash flows of an asset group or asset group portfolio allocated with goodwill. When estimating the present value of future cash flows, the Group needs to estimate future cash flows generating from the asset group or asset group portfolio, and at the same time choose a proper discount rate to determine the present value of future cash flows. For details, see Note V.20.

##### *Fair value of unlisted equity investments*

The unlisted equity investments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Group to make estimates about expected future cash flows, credit risk, volatility and discount rates, and hence they are subject to uncertainty.

##### *Deferred tax assets*

Deferred tax assets are recognized for all unused tax losses, to the extent that it is likely that taxable profit will be available to utilize these unused tax losses. Significant judgments are needed from management to estimate the timing and amount of taxable profit in the future, with tax planning strategies, to determine the amount of the deferred tax assets that should be recognized.

## V. Principal Accounting Policies and Accounting Estimates (Cont'd)

### 31. Significant accounting judgements and estimates (cont'd)

#### Estimation uncertainty (cont'd)

##### *Lessee's incremental borrowing rate*

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The Group discounted the lease payments using the lessee's incremental borrowing rate. The Group determines the incremental borrowing rate based on the economic environment by reference to the observable interest rate. Then the Group adjusts the reference interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

##### *Provisions*

The Group estimates and makes corresponding provision for product quality guaranty according to contract terms, existing knowledge and past experience. When such contingencies have formed a present obligation and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, the Group recognizes the contingencies as provisions based on the best estimate of the expenditure required to settle the related present obligation. The recognition and measurement of provisions largely depend on the judgment of management. In the process of making judgment, the Group is required to assess the risks, uncertainties, time value of money and other factors related to such contingencies.

The Group will undertake the provisions for post-sale quality maintenance provided to customers for the sale, maintenance and renovation of the sold goods. The provisions have been made taking into account the Group's recent data of maintenance experience, and taking into account the risks, uncertainties and other factors related to maintenance matters. Any increase or decrease in this provision may affect the profit and loss in future years.

## VI. Taxation

### 1. Principal tax items and tax rates

	Tax basis	Tax rate
Value-added tax (VAT)	The output tax: taxable income; VAT: difference after deducting the input tax which is allowed to be deducted in the current period	13% and 6%
City maintenance and construction tax	Turnover tax actually paid	7%
Education surcharge	Turnover tax actually paid	3%
Local education Surcharge	Turnover tax actually paid	2%
Property tax	Ad valorem tax: remaining value after deducting 30% from the original value of the property; Tax levied from rent: rental income.	1.2% and 12%
Corporate income tax	Taxable income	15%-28%

The taxpaying entities subject to different corporate income tax rates are as follows:

	Income tax rate
Guangdong Dongfang Precision Science & Technology Co., Ltd.	15.0%
Suzhou Parsun Power Machine Co., Ltd. ("Parsun Power")	15.0%
Guangdong Fosber Intelligent Equipment Co., Ltd. ("Fosber Asia")	15.0%
Shenzhen Wonder Printing System Co.,Ltd. ("Wonder Printing")	15.0%
Dong Fang Precision (HK) Limited ("Dongfang Precision (HK)")	16.5%
Dong Fang Precision (Netherlands) Cooperatief U.A.("Dongfang Precision (Netherlands)")	20.0%
Fosber S.p.A.	24.0%
Fosber America, Inc.("Fosber America")	21.0%
EDF Europe s.r.l.("EDF")	24.0%
Tiruña America inc. ("Tiruña America")	21.0%
Quantum Corrugated S.r.l.("QCorr")	24.0%
Tiruña S.L.U.	28.0%
Tiruña France SARL	15.0%
SCI Candan	15.0%

## VI. Taxation (Cont'd)

### 2. Tax concessions

On 28 December 2023, the Company passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service of State Taxation Administration and Guangdong Provincial Local Taxation Bureau and obtained a High-tech Enterprise Certificate (certificate no.: GR202344004676) jointly issued by the above authorities, with a validity of three years, during which the Company paid the corporate income tax at a reduced rate of 15%, so the preferential tax rate of 15% was applicable to the Company's corporate income tax as at 30 June 2024.

Suzhou Parsun Power Machine Co., Ltd., a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Jiangsu Province, Department of Finance of Jiangsu Province and Jiangsu Provincial Tax Service of State Taxation Administration on 18 November 2022 and obtained a High-tech Enterprise Certificate (certificate no.: GR201932000339) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%, so the preferential tax rate of 15% was applicable to the corporate income tax of Parsun Power as at 30 June 2024.

Guangdong Fosber Intelligent Equipment Co., Ltd., a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service of State Taxation Administration on 20 December 2021 and obtained a High-tech Enterprise Certificate (certificate no.: GR202144003984) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%, so the preferential tax rate of 15% was applicable to the corporate income tax of Fosber Asia as at 30 June 2024.

Shenzhen Wonder Printing System Co., Ltd., a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service of State Taxation Administration on 19 December 2022 and obtained a High-tech Enterprise Certificate (certificate no.: GR202244206125) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%, so the preferential tax rate of 15% was applicable to the corporate income tax of Wonder Printing as at 30 June 2024.



## VII Notes to the Consolidated Financial Statements

### 1. Cash and bank balances

Unit: RMB yuan

Item	Closing balance	Opening balance
Cash on hand	2,431,022.70	438,600.93
Cash at banks	1,410,181,236.34	1,491,798,403.81
Other cash balances	145,353,057.47	334,182,899.75
Total	1,557,965,316.51	1,826,419,904.49
Of which: Total amount overseas	632,748,225.36	889,925,365.66

Other information:

The fund deposited abroad with restrictions on repatriation was equivalent to RMB16,652,093.09 (31 December 2023: RMB9,020,813.02). Current bank deposits earn interest income based on interest rates for current deposits.

### 2. Financial assets held for trading

Unit: RMB yuan

	2024	2023
Financial assets at fair value through profit or loss	607,015,754.09	682,625,442.45
Asset management plans		
including		
Asset management plans	305,683,606.89	312,284,352.19
Investments in bank's wealth management products	101,197,574.41	133,662,614.39
Stocks and Funds	168,943,413.72	205,349,301.18
Derivative financial assets	11,015,811.87	31,329,174.69
Investments in trust products	20,175,347.20	
Total	607,015,754.09	682,625,442.45

### 3. Notes receivable

#### (1) Notes receivable by type

Unit: RMB yuan

Item	Closing balance	Opening balance
Bank acceptance notes	31,123,201.76	47,661,412.88
Total	31,123,201.76	47,661,412.88

### 4. Accounts receivable

#### (1) Disclosure by the aging of accounts receivable

Unit: RMB yuan

	2024	2023
Within 1 year (inclusive)	775,404,216.37	797,174,742.31

1-2 years	70,958,640.66	97,122,608.26
2-3 years	13,588,419.17	30,354,347.33
Over 3 years	16,997,762.74	17,056,828.32
3-4 years	4,376,924.91	3,905,106.39
4-5 years	3,425,500.10	4,320,546.03
Over 5 years	9,195,337.73	8,831,175.90
Total	876,949,038.94	941,708,526.22

**(2) Disclosure classified by the allowance provision method of accounts receivable**

Unit: RMB yuan

Type	Closing balance					Opening balance				
	Gross amount		Allowance		Carrying amount	Gross amount		Allowance		Carrying amount
	Amount	Percentage	Amount	Allowance percentage		Amount	Percentage	Amount	Allowance percentage	
Accounts receivable for which the allowances are established individually	2,469,906.29	0.28%	2,469,906.29	100.00%		2,477,303.19	0.26%	2,477,303.19	100.00%	
Of which:										
Accounts receivable for which the allowances are established individually	2,469,906.29	0.28%	2,469,906.29	100.00%		2,477,303.19	0.26%	2,477,303.19	100.00%	
Accounts receivable for which the allowances are established by	874,479,132.65	99.72%	31,702,595.43	3.63%	842,776,537.22	939,231,223.03	99.74%	35,227,247.56	3.75%	904,003,975.47

group										
Of which:										
Accounts receivable for which the allowances are established by group with similar credit risk characteristics	874,479,132.65	99.72%	31,702,595.43	3.63%	842,776,537.22	939,231,223.03	99.74%	35,227,247.56	3.75%	904,003,975.47
Total	876,949,038.94	100.00%	34,172,501.72	3.90%	842,776,537.22	941,708,526.22	100.00%	37,704,550.75	4.00%	904,003,975.47

Accounts receivable for which the allowances are established individually:

Unit: RMB yuan

Entity	Opening balance		Closing balance			
	Gross amount	Allowance	Gross amount	Allowance	ECL	Reason for allowance
Customer 1	939,000.00	939,000.00	936,506.29	936,506.29	100.00%	Customer's inability to settle the amount due
Customer 2	641,600.00	641,600.00	641,600.00	641,600.00	100.00%	Customer's inability to settle the amount due
Customer 3	608,800.00	608,800.00	608,800.00	608,800.00	100.00%	Customer's inability to settle the amount due
Customer 4	283,000.00	283,000.00	283,000.00	283,000.00	100.00%	Customer's inability to settle the amount due
Customer 5	4,903.19	4,903.19				Customer's inability to settle the amount due
Total	2,477,303.19	2,477,303.19	2,469,906.29	2,469,906.29		

Accounts receivable for which the allowances are established by group with similar credit risk characteristics are as follows:

Unit: RMB yuan

Item	Closing balance		
	Gross amount	Allowance	ECL
Within 1 year	775,404,216.37	12,184,723.10	1.57%

1-2 years	70,958,640.66	4,626,196.03	6.52%
2-3 years	13,588,419.17	3,712,417.63	27.32%
3-4 years	4,376,924.91	2,159,036.61	49.33%
4-5 years	3,425,500.10	2,294,790.62	66.99%
Over 5 years	6,725,431.44	6,725,431.44	100.00%
Total	874,479,132.65	31,702,595.43	

### (3) Allowances established or reversed in the current period

Allowances in the current period:

Unit: RMB yuan

Type	Opening balance	Change in the current period				Closing balance
		Established	Reversed	Written off	Others	
Allowances for doubtful accounts receivable	37,704,550.75		746,267.19	2,279,718.21	-506,063.63	34,172,501.72
Total	37,704,550.75		746,267.19	2,279,718.21	-506,063.63	34,172,501.72

### (4) Actual accounts receivable written off in the current period

Unit: RMB yuan

Type	Amount
Accounts receivable actually written off	2,279,718.21

### (5) Top five entities with respect to accounts receivable

Unit: RMB yuan

Entity	Closing balance of accounts receivable	Closing balance of contract assets	Total closing balance of accounts receivable and contract assets	As a % of the closing balance of total accounts receivable and contract asset	Total closing balance of provision for allowances of accounts receivable and provision for impairment of contract asset
Customer 6	96,444,762.73		96,444,762.73	10.38%	759,914.75
Customer 7	62,749,549.78		62,749,549.78	6.76%	2,098,380.44
Customer 8	39,891,214.15		39,891,214.15	4.29%	1,994,560.71
Customer 9	33,708,057.58		33,708,057.58	3.63%	207,263.14
Customer 10	29,365,514.36		29,365,514.36	3.16%	293,655.14
Total	262,159,098.60		262,159,098.60	28.22%	5,353,774.18

## 5、Contract assets

### (1) Contract assets

Unit: RMB yuan

Type	Closing balance	Opening balance
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	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount
Contract assets	51,880,460.04	5,464,443.37	46,416,016.67	47,751,792.27	1,805,415.13	45,946,377.14
Total	51,880,460.04	5,464,443.37	46,416,016.67	47,751,792.27	1,805,415.13	45,946,377.14

**(2) Disclosure classified by the allowance provision method**

Unit: RMB yuan

Type	Closing balance					Opening balance				
	Gross amount		Allowance		Carrying amount	Gross amount		Allowance		Carrying amount
	Amount	Percentage	Amount	Percentage		Amount	Percentage	Amount	Percentage	
Of which:										
Provision for allowances by group	51,880,460.04	100.00%	5,464,443.37	10.53%	46,416,016.67	47,751,792.27	100.00%	1,805,415.13	3.78%	45,946,377.14
Of which:										
Contract assets for which allowances are established by group with similar credit risk characteristics	51,880,460.04	100.00%	5,464,443.37	10.53%	46,416,016.67	47,751,792.27	100.00%	1,805,415.13	3.78%	45,946,377.14
Total	51,880,460.04	100.00%	5,464,443.37	10.53%	46,416,016.67	47,751,792.27	100.00%	1,805,415.13	3.78%	45,946,377.14

Accounts receivable for which the allowances are established by group:

Unit: RMB yuan

Type	Closing balance		
	Gross amount	Allowance	Percentage
Within 1 year	32,023,201.29	611,665.61	1.91%
1-2 years	12,918,455.01	1,263,137.44	9.78%
2-3 years	6,938,803.74	3,589,640.32	51.73%
Total	51,880,460.04	5,464,443.37	

**(3) Allowances established or reversed in the current period**

Unit: RMB yuan

Type	Established	Reversed	Written off	原因
Provision for impairment of contract asset	3,772,053.30	113,659.97	-634.91	

Total	3,772,053.30	113,659.97	-634.91	
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## 6. Receivables financing

Unit: RMB yuan

Item	Closing balance	Opening balance
Notes receivable	22,923,994.65	9,365,344.07
Total	22,923,994.65	9,365,344.07

## 7. Other receivables

Unit: RMB yuan

Item	Closing balance	Opening balance
Other receivables	39,417,246.69	51,797,943.96
Total	39,417,246.69	51,797,943.96

### (1) Other receivables

#### 1) Disclosure by nature

Unit: RMB yuan

Nature	Closing gross amount	Opening gross amount
Prepaid service charges	14,460,923.20	19,593,768.86
Security deposits	12,015,002.88	7,956,393.69
Export tax refunds	814,611.40	2,952,066.14
Employee loans and petty cash	4,756,103.62	5,078,147.88
Others	8,815,107.40	17,553,973.50
Total	40,861,748.50	53,134,350.07

#### 2) Disclosure by the aging

Unit: RMB yuan

Aging	Closing gross amount	Opening gross amount
Within 1 year	30,021,392.17	38,472,808.52
1-2 years	4,980,101.04	6,754,108.79
2-3 years	2,222,921.89	4,574,557.21
Over 3 years	3,637,333.40	3,332,875.55
3-4 years	2,064,138.92	2,082,428.89
4-5 years	462,013.19	138,543.93
Over 5 years	1,111,181.29	1,111,902.73
Total	40,861,748.50	53,134,350.07

#### 3) Disclosure classified by the allowances provision methods

Unit: RMB yuan

Type	Closing balance			Opening balance		
	Gross amount	Allowance	Carryin	Gross amount	Allowance	Carryin

	Amount	Percentage	Amount	Percentage	g amount	Amount	Percentage	Amount	Percentage	g amount
Of which:										
Provision for allowances by group	40,861,748.50	100.00%	1,444,501.81	3.54%	39,417,246.69	53,134,350.07		1,336,406.11	2.52%	51,797,943.96
Of which:										
Portfolio of credit risk characteristics	40,861,748.50	100.00%	1,444,501.81	3.54%	39,417,246.69	53,134,350.07		1,336,406.11	2.52%	51,797,943.96
Total	40,861,748.50	100.00%	1,444,501.81	3.54%	39,417,246.69	53,134,350.07	0.00%	1,336,406.11	2.52%	51,797,943.96

Unit: RMB yuan

Type	Closing balance		
	Gross amount	Allowance	Percentage
Ageing risk portfolio	40,861,748.50	1,444,501.81	3.54%
Total	40,861,748.50	1,444,501.81	

Allowances:

Unit: RMB yuan

Allowances	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at 1 January 2024	836,406.11	500,000.00		1,336,406.11
Balance as at 1 January 2024 in the current period				
Reversed in the current period	108,621.25			108,621.25
Other changes	525.55			525.55
Balance as at 30 June 2024	944,501.81	500,000.00		1,444,501.81

Balances with significant changes in loss allowances in the current period:

 Applicable  Not applicable

#### 4) Allowances established or reversed in the current period

Allowances in the current period:

Unit: RMB yuan

Type	Opening balance	Change in the current period				Closing balance
		Established	Reversed	Written off	Others	
Allowances for doubtful other	1,336,406.11	108,621.25	525.55			1,444,501.81

receivables					
Total	1,336,406.11	108,621.25	525.55		1,444,501.81

## 5) Top five entities with respect to other receivables

Unit: RMB yuan

Entity	Nature of other receivable	Closing balance	Aging	As a % of the closing balance of total other receivables	Closing balance of allowances for doubtful other receivables
Entity 1	Transactions with third parties	2,908,663.45	Within 1 year	7.12%	
Entity 2	Deposi	1,630,000.00	3-4years	3.99%	
Entity 3	Prepayments for service	1,524,466.07	Within 1 year	3.73%	
Entity 4	Transactions with third parties	1,432,865.93	1-2years	3.51%	
Entity 5	Deposi	1,286,764.20	Within 1 year	3.15%	
Total		8,782,759.65		21.49%	

## 8. Prepayments

### (1) Prepayments by aging

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	37,389,755.50	90.56%	42,509,851.47	92.94%
1-2 years	2,093,339.54	5.07%	2,960,199.29	6.47%
2-3 years	1,562,544.07	3.78%	20,968.14	0.05%
Over 3 years	243,478.22	0.59%	250,125.00	0.55%
Total	41,289,117.33		45,741,143.90	

### (2) Top five entities with respect to prepayments

The closing balance of total prepayments to the top five entities amounted to RMB13,322,248.75, accounting for 32.27% of the closing balance of the total prepayments.

## 9. Inventories

Is the Company subject to the disclosure requirements for the real estate industry?  
No.

### (1) Inventories by type

Unit: RMB yuan

Item	Closing balance			Opening balance		
	Gross amount	Inventory	Carrying	Gross amount	Inventory	Carrying



		valuation allowances or impairment allowances for contract performance costs	amount		valuation allowances or impairment allowances for contract performance costs	amount
Raw materials	657,648,183.22	23,246,459.40	634,401,723.82	658,870,239.78	23,591,282.36	635,278,957.42
Work-in-progress	531,213,033.55	20,381,771.56	510,831,261.99	422,201,722.20	20,499,380.02	401,702,342.18
Finished goods	73,511,649.10	2,428,096.73	71,083,552.37	75,950,836.96	3,475,752.29	72,475,084.67
Product deliveries	38,336,485.38		38,336,485.38	31,374,046.56		31,374,046.56
Semi-finished goods	45,728,927.36	657,696.13	45,071,231.23	41,372,916.93	662,291.37	40,710,625.56
Materials consigned for processing	701,086.87		701,086.87	869,999.29		869,999.29
Total	1,347,139,365.48	46,714,023.82	1,300,425,341.66	1,230,639,761.72	48,228,706.04	1,182,411,055.68

## (2) Inventory valuation allowances and impairment allowances for contract performance costs

Unit: RMB yuan

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Established	Others	Reversed or written off	Others	
Raw materials	23,591,282.36	2,959,527.93		3,002,584.85	301,766.04	23,246,459.40
Work-in-progress	20,499,380.02	8,500.96			126,109.42	20,381,771.56
Finished goods	3,475,752.29			1,047,655.56		2,428,096.73
Semi-finished goods	662,291.37			4,595.24		657,696.13
Total	48,228,706.04	2,968,028.89		4,054,835.65	427,875.46	46,714,023.82

## 10. Current portion of non-current assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Current portion of long-term receivables	7,456,750.00	5,970,000.00
Total	7,456,750.00	5,970,000.00

Substantial debt investments/other debt investments:

## 11. Other current assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Input value-added tax (VAT) to be deducted	1,412,773.37	19,118,882.69
Overpaid VAT	76,670,114.61	37,973,926.46

Tax repayments	4,633,256.13	5,248,796.24
Others	13,514,255.58	12,893,050.68
Total	96,230,399.69	75,234,656.07

## 12. Long-term receivables

### (1) Particulars about long-term receivables

Unit: RMB yuan

Item	Closing balance			Opening balance			Range of discount rates
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount	
Amounts receivable by installment for selling goods	5,199,250.00	49,912.80	5,149,337.20	4,382,500.00	74,304.00	4,308,196.00	
Total	5,199,250.00	49,912.80	5,149,337.20	4,382,500.00	74,304.00	4,308,196.00	

### (2) Movements in allowances for doubtful long-term receivables are as follows:

Unit: RMB yuan

Type	Opening balance	Change in the current period				Closing balance
		Established	Reversed	Written off	Others	
long-term receivables	74,304.00	0.00	24,391.20			49,912.80
Total	74,304.00	0.00	24,391.20	0.00	0.00	49,912.80

## 13. Long-term equity investments

Unit: RMB yuan

Investee	Opening balance (carrying amount)	Change in the current period								Closing balance (carrying amount)	Closing balance of impairment allowance	
		Additi onal invest ment	Reduc ed invest ment	Return on investm ent under the equity method	Adjustm ent to other compreh ensive income	Othe r equity chan ges	Decla red cash divid ends or profit	Impair ment allowa nce	Other s			
1. Joint ventures												
2. Associates												
Jaten Robot	87,476,726.17			-159,036.34							87,317,689.83	
Taleres Tapre	1,759,901.46								-44,219.81		1,715,681.65	
Nanj	28,029,2			-							25,274,1	

ing Prof eta	57.21			2,755,0 86.32						70.89	
Subt otal	117,265, 884.84			- 2,914,1 22.66				- 44,21 9.81		114,307, 542.37	
Total	117,265, 884.84			- 2,914,1 22.66				- 44,21 9.81		114,307, 542.37	

The recoverable amount is determined by the net amount after deducting the disposal expenses from the fair value.

Applicable  Not applicable

The recoverable amount is determined by the present value of the expected future cash flows.

Applicable  Not applicable

#### 14. Other non-current financial assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	528,076,492.06	461,278,259.67
Total	528,076,492.06	461,278,259.67

#### 15. Fixed assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Fixed assets	613,800,178.20	611,851,577.04
Disposal of fixed assets	4,276.33	
Total	613,804,454.53	611,851,577.04

##### (1) Particulars about fixed assets

Unit: RMB yuan

Item	Buildings and constructions	Machinery	Transportation equipment	Other equipment	Total
I. Gross amount					
1. Opening balance	664,484,475.58	521,052,136.63	35,511,284.44	71,533,440.95	1,292,581,337.60
2. Increase in the current period	6,782,132.50	22,607,955.74	17,701.28	2,305,429.89	31,713,219.41
(1) Purchases	242,218.62	12,543,564.14	11,061.95	2,305,429.89	15,102,274.60
(2) Transfers from construction in progress	6,539,913.88	10,064,391.60			16,604,305.48
(3) Increase in business combination					
(4) Effect of exchange rate movements			6,639.33		6,639.33
3. Decrease in	3,464,109.92	35,006,928.56	19,647.90	96,141.33	38,586,827.71

the current period					
(1) Disposal or retirement		27,396,196.61	19,647.90	74,778.63	27,490,623.14
(2) Effect of exchange rate movements	3,464,109.92	7,610,731.95		21,362.70	11,096,204.57
4. Closing balance	667,802,498.16	508,653,163.81	35,509,337.82	73,742,729.51	1,285,707,729.30
II. Accumulated depreciation					
1. Opening balance	221,075,804.37	394,132,969.99	19,130,759.80	46,390,226.40	680,729,760.56
2. Increase in the current period	8,556,580.50	9,518,623.18	2,055,250.37	4,269,444.27	24,399,898.32
(1) Provision	8,556,580.50	9,518,623.18	2,055,250.37	4,269,444.27	24,399,898.32
3. Decrease in the current period	2,292,746.42	30,833,269.63	20,588.05	75,503.68	33,222,107.78
(1) Disposal or retirement		23,928,114.73		67,671.48	23,995,786.21
(2) Effect of exchange rate movements	2,292,746.42	6,905,154.90	20,588.05	7,832.20	9,226,321.57
4. Closing balance	227,339,638.45	372,818,323.54	21,165,422.12	50,584,166.99	671,907,551.10
III. Impairment allowances					
1. Opening balance					
2. Increase in the current period					
(1) Established					
3. Decrease in the current period					
(1) Disposal or retirement					
4. Closing balance					
IV. Carrying amount					
1. Closing carrying amount	440,462,859.71	135,834,840.27	14,343,915.70	23,158,562.52	613,800,178.20
2. Opening carrying amount	443,408,671.21	126,919,166.64	16,380,524.64	25,143,214.55	611,851,577.04

As at 30 June 2024, no registration certificate for properties has been obtained for the new plant with carrying amount of RMB 51,528,107.01.

**16. Construction in progress**

Unit: RMB yuan

Item	Closing balance	Opening balance
Construction in progress	260,781,111.24	195,557,097.80
Total	260,781,111.24	195,557,097.80

**(1) Particulars about construction in progress**

Unit: RMB yuan

Item	Closing balance			Opening balance		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Plants and buildings	208,719,501.50		208,719,501.50	161,127,696.15		161,127,696.15
Equipment installation	52,061,609.74		52,061,609.74	34,429,401.65		34,429,401.65
Total	260,781,111.24		260,781,111.24	195,557,097.80		195,557,097.80

**(2) Changes in substantial construction in progress in the current period**

Unit: RMB yuan

Project	Budget	Opening balance	Increase in the current period	Transferred to fixed assets in the current period	Other decreases in the current period	Closing balance	Cumulative project investment as a % of the budget	Project progress	Cumulative capitalized interest	Of which: Capitalized interest in the current period	Interest capitalization rate for the current period	Funding source
Dongfang Precision - Plant Construction Project	32,753,000.00	4,268,623.84	1,167,609.18		0.00	5,436,233.02	16.60%					Self-funded
Tirufā (Guangdong) Intelligent Equipment Manufacturing Co., Ltd. ("Tirufā Asia") -Plant Construction	85,745,627.16	13,657,520.15	11,621,747.28	13,752,276.98		11,526,990.45	89.58%					Self-funded

Project												
Parsun Power - Plant Construction Project	348,503,300.00	86,863,545.66	24,520,462.50			111,384,008.16	31.96%					Self-funded
Fosber Asian - Fosber Songgang Plant	300,000.00	39,727,491.84	16,092,269.23		0.00	55,819,761.07	18.61%					Self-funded
Tirufā S.L.U. - Corrugated roller production equipment	74,874,598.40	25,079,297.27	6,931,931.35	2,806,988.67	659,159.72	28,545,080.23	42.75%					Self-funded
Fosber Group - Plant Construction Project	157,184,000.00	16,605,803.05	19,153,323.85		551,600.68	35,207,526.22	23.34%					Self-funded
Others		9,354,815.99	3,522,301.54	45,039.83	-29,434.39	12,861,512.09						Self-funded
Total	999,060,525.56	195,557,097.80	83,009,644.93	16,604,305.48	1,181,326.01	260,781,111.24						

## 17. Right-of-use assets

Unit: RMB yuan

Item	Buildings and constructions	Transportation equipment	Total
I. Gross amount			
1. Opening balance	118,754,693.52	28,790,487.11	147,545,180.63
2. Increase in the current period	711,105.56	5,288,128.85	5,999,234.41
(1) Increase in the current period	711,105.56	5,288,128.85	5,999,234.41
3. Decrease in the current period	5,048,280.85	760,576.90	5,808,857.75
(1) Disposal	3,012,425.65		3,012,425.65
(2) Effect of exchange rate movements	2,035,855.20	760,576.90	2,796,432.10
4. Closing balance	114,417,518.23	33,318,039.06	147,735,557.29
II. Accumulated depreciation			
1. Opening balance	47,297,298.40	17,905,483.40	65,202,781.80

2. Increase in the current period	4,577,843.47	5,288,128.85	9,865,972.32
(1) Established	4,577,843.47	5,288,128.85	9,865,972.32
3. Decrease in the current period	3,007,452.00	269,853.35	3,277,305.35
(1) Disposal	2,175,640.75		2,175,640.75
(2) Effect of exchange rate movements	831,811.25	269,853.35	1,101,664.60
4. Closing balance	48,867,689.87	22,923,758.90	71,791,448.77
III. Impairment allowances			
1. Opening balance			
2. Increase in the current period			
(1) Established			
3. Decrease in the current period			
(1) Disposal			
4. Closing balance			
IV. Carrying amount			
1. Closing carrying amount	65,549,828.36	10,394,280.16	75,944,108.52
2. Opening carrying amount	71,457,395.12	10,885,003.71	82,342,398.83

## 18. Intangible assets

### (1) Particulars about intangible assets

Unit: RMB yuan

Item	Land use rights	Patent rights	Non-patented technologies	Land ownership	Trademarks and software	Total
I. Gross amount						
1. Opening balance	177,783,228.49	119,970,675.09		16,814,786.28	205,927,442.07	520,496,131.93
2. Increase in the current period		10,015.11			142,024.92	152,040.03
(1) Purchases		10,015.11			142,024.92	152,040.03
(2) Internal R&D						
(3) Increase in business combination						
3. Decrease in the current period		2,475,759.40		422,551.94	4,398,332.39	7,296,643.73
(1) Disposal		524.67				524.67

(2) Effect of exchange rate movements		2,475,234.73		422,551.94	4,398,332.39	7,296,119.06
4. Closing balance	177,783,228.49	117,504,930.80		16,392,234.34	201,671,134.60	513,351,528.23
II. Accumulated amortization						
1. Opening balance	28,873,664.24	80,633,114.94			45,034,872.70	154,541,651.88
2. Increase in the current period	1,928,010.79	5,066,450.48			4,564,293.66	11,558,754.93
(1) Provision	1,928,010.79	5,066,450.48			4,564,293.66	11,558,754.93
3. Decrease in the current period		1,924,316.35			838,805.50	2,763,121.85
(1) Disposal		524.67				524.67
(2) Effect of exchange rate movements		1,923,791.68			838,805.50	2,762,597.18
4. Closing balance	30,801,675.03	83,775,249.07			48,760,360.86	163,337,284.96
III. Impairment allowances						
1. Opening balance						
2. Increase in the current period						
(1) Established						
3. Decrease in the current period						
(1) Disposal						
4. Closing balance						
IV. Carrying amount						
1. Closing carrying amount	146,981,553.46	33,729,681.73		16,392,234.34	152,910,773.74	350,014,243.27
2. Opening carrying amount	148,909,564.25	39,337,560.15		16,814,786.28	160,892,569.37	365,954,480.05

As at the period-end, intangible assets arising from internal R&D accounted for 1.26% of the carrying amount of total intangible assets.



## 19. Goodwill

### (1) Gross amounts of goodwill

Unit: RMB yuan

Investee or item generating goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Generated due to business combination	Effect of exchange rate movements	Disposal	Effect of exchange rate movements	
Parsun Power	208,031,946.10					208,031,946.10
EDF	68,997,515.28				1,733,892.67	67,263,622.61
Fosber Group	161,353,929.07				4,054,789.42	157,299,139.65
QCorr	13,680,836.70				343,796.47	13,337,040.23
Wonder Digital	119,422,168.56					119,422,168.56
Total	571,486,395.71				6,132,478.56	565,353,917.15

### (2) Impairment allowances for goodwill

Unit: RMB yuan

Investee or item generating goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Established	Effect of exchange rate movements	Disposal	Effect of exchange rate movements	
Parsun Power	61,855,054.35					61,855,054.35
EDF	68,997,515.28				1,733,892.67	67,263,622.61
Total	130,852,569.63				1,733,892.67	129,118,676.96

## 20. Long-term prepaid expenses

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Amortization in the current period	Other decreases	Closing balance
Plant decoration expenditures	3,119,789.38	111,926.60	652,050.95		2,579,665.03
Expenditures on plant supporting engineering	1,841,048.98	87,364.55	460,130.21		1,468,283.32
Internet access for offices	48,398.19	685,714.32	264,253.72		469,858.79
Amortization of lease assets	2,114,285.71		342,857.16	685,714.32	1,085,714.23
Office decoration expenditures	3,914,240.70		750,978.64		3,163,262.06
Amortization of moulds	17,021,708.05	104,567.24	3,799,715.38		13,326,559.91
CE certification fee	484,110.53	251,002.12	164,224.81		570,887.84
Total	28,543,581.54	1,240,574.83	6,434,210.87	685,714.32	22,664,231.18

Other information:

**21. Deferred tax assets/liabilities****(1) Deferred tax assets before offsetting**

Unit: RMB yuan

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Asset impairment allowances	45,301,530.09	9,289,922.03	41,464,787.21	7,585,286.13
Internal unrealized profit	36,175,227.36	8,682,054.56	31,106,124.16	7,465,469.80
Deductible loss	24,084,790.86	151,837,694.55	1,148,967,602.00	174,998,363.51
Provisions—after-sales maintenance service charges	133,188,952.64	35,179,064.47	137,007,925.99	35,957,989.47
Deferred income	50,785,831.92	11,342,720.11	52,411,022.56	11,682,516.17
Accrued expenses	42,214,932.50	9,137,185.60	48,552,350.45	9,375,318.47
Equity incentives	1,993,728.47	299,059.27	1,549,606.23	237,403.35
Credit impairment allowances	34,952,824.89	8,184,625.89	41,884,654.49	9,319,501.09
Lease liabilities	20,639,377.30	3,095,906.60	25,116,594.05	3,435,296.89
Financial assets at fair value through profit or loss	112,515,085.81	16,972,772.72		
Others	126,451,780.39	28,890,072.69	117,570,323.59	26,223,652.56
Total	628,304,062.23	282,911,078.49	1,645,630,990.73	286,280,797.44

**(2) Deferred tax liabilities before offsetting**

Unit: RMB yuan

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Increase in value in asset valuation in business combination not involving entities under common control	39,219,929.79	6,895,126.79	42,559,397.20	7,565,638.16
Financial assets at fair value through profit or loss			1,794,832.35	233,592.92
Depreciation difference of fixed assets	42,241,387.90	7,411,861.10	61,963,523.25	10,363,510.02
Right-of-use assets	11,444,813.48	1,716,722.03	22,733,086.57	3,069,779.96
Others	82,342,140.65	20,600,572.13	69,220,019.79	18,030,160.88
Total	175,248,271.82	36,624,282.05	198,270,859.16	39,262,681.94

**(3) Net balances of deferred tax assets/liabilities after offsetting**

Unit: RMB yuan

Item	Offset amount between deferred tax assets and liabilities as at the	Closing balance of deferred tax assets or liabilities after	Offset amount between deferred tax assets and liabilities as at the	Opening balance of deferred tax assets or liabilities after
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	period-end	offsetting	period-begin	offsetting
Deferred tax assets	33,555,866.50	249,355,211.99	30,408,387.66	255,872,409.78
Deferred tax liabilities	33,555,866.50	3,068,415.55	30,408,387.66	8,854,294.28

**(4) Breakdown of deferred tax assets unrecognized**

Unit: RMB yuan

Item	Closing balance	Opening balance
Deductible temporary differences	1,007,221.51	3,925,408.90
Deductible losses	164,920,745.73	149,803,433.80
Total	165,927,967.24	153,728,842.70

**(5) Deductible losses not recognized as deferred tax assets will expire as follows**

Unit: RMB yuan

Year	Closing amount	Opening amount	Remark
2024	1,500,658.71	4,418,846.10	
2025	13,984,168.64	13,984,168.64	
2026	12,841,957.31	12,841,957.31	
2027	73,324,757.62	73,324,757.62	
2028	47,378,458.10	49,159,113.03	
2029	16,897,966.86		
Total	165,927,967.24	153,728,842.70	

**22. Other non-current assets**

Unit: RMB yuan

Item	Closing balance	Opening balance
Prepayment for acquisition of long-term assets	79,089,022.11	87,122,697.89
Certificates of deposit	10,413,178.08	10,248,630.14
Others	61,993.57	66,274.25
Total	89,564,193.76	97,437,602.28

**23. Assets with restricted ownership or right of use**

Unit: RMB yuan

Item	Closing balance		Opening balance	
Cash and bank balances	47,774,281.37	Deposit and freezing	153,905,292.65	Deposit, pledge and freezing
Fixed assets	63,977,965.43	Mortgage	4,460,554.82	Mortgage
Total	111,752,246.80		158,365,847.47	

**24. Short-term borrowings****(1) Short-term borrowings by type**

Unit: RMB yuan

Item	Closing balance	Opening balance
Guaranteed loan		260,544,181.40
Credit loan	93,156,553.78	89,544,237.78
Bills discounted		20,461,553.62
Total	93,156,553.78	370,549,972.80

**25. Financial liabilities held for trading**

Unit: RMB yuan

Item	Closing balance	Opening balance
Financial liabilities held for trading	116,220,211.63	115,900,827.21
Of which:		
Non-controlling interests put options	116,220,211.63	115,900,827.21
Of which:		
Total	116,220,211.63	115,900,827.21

**26. Notes payable**

Unit: RMB yuan

Type	Closing balance	Opening balance
Bank acceptance notes	167,522,939.78	152,433,276.09
Total	167,522,939.78	152,433,276.09

**27. Accounts payable****(1) Breakdown of accounts payable**

Unit: RMB yuan

Item	Closing balance	Opening balance
Purchases of inventories	690,971,357.11	737,544,841.42
Total	690,971,357.11	737,544,841.42

**28. Other payables**

Unit: RMB yuan

Item	Closing balance	Opening balance
Other payables	124,061,681.76	126,415,425.61
Total	124,061,681.76	126,415,425.61

**(1) Other payables**

Unit: RMB yuan

Item	Closing balance	Opening balance
------	-----------------	-----------------

Accrued expenses	45,690,922.02	53,166,304.73
Repurchase obligation of restricted shares	2,290,000.00	2,290,000.00
Payables for settled lawsuit	3,228,592.11	3,311,817.37
Security deposits	4,658,760.69	2,557,648.92
Equity acquisition	28,754,622.55	31,587,327.06
Others	39,438,784.39	33,502,327.53
Total	124,061,681.76	126,415,425.61

## 29. Contract liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Contract liabilities	553,691,546.87	645,608,919.34
Total	553,691,546.87	645,608,919.34

## 30. Employee benefits payable

### (1) Breakdown of employee benefits payable

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term benefits	139,561,863.20	366,849,096.33	387,457,722.94	118,953,236.59
II. Retirement benefits-defined contribution schemes	13,721,068.90	55,532,699.08	58,737,457.22	10,516,310.76
Total	153,282,932.10	422,381,795.41	446,195,180.16	129,469,547.35

### (2) Breakdown of short-term benefits

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salaries, bonuses, allowances, and subsidies	132,643,220.01	320,125,067.07	342,206,272.24	110,562,014.84
2. Employee welfare	5,755,809.78	17,309,631.69	16,015,280.99	7,050,160.48
3. Social security contributions	295,721.94	26,248,331.47	26,104,125.55	439,927.86
Including: medical insurance	242,676.82	18,679,249.36	18,698,219.61	223,706.57
Work injury insurance	36,933.13	7,265,337.17	7,102,476.35	199,793.95
Maternity insurance	16,111.99	303,744.94	303,429.59	16,427.34
4. Housing funds	614,072.00	2,567,525.12	2,560,605.12	620,992.00
5. Labour union funds and employee education funds	253,039.47	598,540.98	571,439.04	280,141.41
Total	139,561,863.20	366,849,096.33	387,457,722.94	118,953,236.59

**(3) Breakdown of defined contribution schemes**

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance	13,703,110.06	55,142,091.58	58,346,739.96	10,498,461.68
2. Unemployment insurance	17,958.84	390,607.50	390,717.26	17,849.08
Total	13,721,068.90	55,532,699.08	58,737,457.22	10,516,310.76

**31. Tax payable**

Unit: RMB yuan

Item	Closing balance	Opening balance
Value-added tax	869,317.95	5,649,692.90
Corporate income tax	81,468,090.78	45,973,508.11
Individual income tax	17,752,961.37	11,897,332.76
City maintenance and construction tax	102,182.25	430,752.88
Education surcharge	73,108.62	307,070.00
Stamp duties	112,883.55	151,505.57
Property tax	1,543,451.86	2,731,038.94
Land use tax	235,994.95	468,302.25
environmental protection tax	448.20	
Others	823,048.16	
Total	102,981,487.69	67,609,203.41

**32. Current portion of non-current liabilities**

Unit: RMB yuan

Item	Closing balance	Opening balance
Current portion of long-term borrowings	45,128,537.87	35,871,630.01
Current portion of lease liabilities	19,970,035.55	21,129,766.43
Total	65,098,573.42	57,001,396.44

**33. Other current liabilities**

Unit: RMB yuan

Item	Closing balance	Opening balance
Output tax to be written off	5,385,410.56	3,769,255.24
Endorsed notes receivable	2,817,454.66	5,375,919.77
Others	804,224.03	
Total	9,007,089.25	9,145,175.01

**34. Long-term borrowings****(1) Long-term borrowings by type**

Unit: RMB yuan

Item	Closing balance	Opening balance
Collateralized loan	62,020,004.91	2,150,669.29
Guaranteed loan	50,914,619.40	55,374,274.02
Credit loan	65,884,796.53	57,454,387.85
Less: Current portion of long-term borrowings	-45,128,537.87	-35,871,630.01
Total	133,690,882.97	79,107,701.15

Other information, including interest rate ranges:

On 30 June 2024, the annual interest rates of the loans in the table above ranged from 0.0% to 7.48% (31 December 2023: 0.0%-5.65%).

On 30 June 2024 and 31 December 2023, the Group had no overdue loans.

### 35. Lease liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Lease liabilities	80,143,105.97	86,991,207.75
Less: Current portion of non-current liabilities	-19,970,035.55	-21,129,766.43
Total	60,173,070.42	65,861,441.32

#### (1) Long-term employee benefits payable

Unit: RMB yuan

Item	Closing balance	Opening balance
Retirement benefits- net liabilities of defined benefit schemes	13,459,377.58	13,964,394.20
Total	13,459,377.58	13,964,394.20

#### (2) Movements in the present value of defined benefit obligations are as follows:

Unit: RMB yuan

Item	Closing balance	Opening balance
Opening balance	13,964,394.20	13,179,944.17
Included in profit or loss	-80,509.59	-622,045.57
Current service cost	76,298.00	87,904.06
Net interest	-156,807.59	-709,949.63
Included in other comprehensive income	-68,006.75	247,369.25
Actuarial gains or losses	-68,006.75	247,369.25
Other changes	-356,500.28	927,029.61
Benefits paid	-6,666.14	133,262.44
Effect of exchange rate movements	-349,834.14	793,767.17
Closing balance	13,459,377.58	13,732,297.46

### 37. Provisions

Unit: RMB yuan

Item	Closing balance	Opening balance	Reason for provision
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Product quality warranty	134,226,620.26	135,804,488.12	
Others	16,305,253.06	32,554,465.72	
Total	150,531,873.32	168,358,953.84	

### 38. Deferred income

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reason for deferred income
Government grants	9,956,991.66		558,330.00	9,398,661.66	
Total	9,956,991.66		558,330.00	9,398,661.66	

### 39. Other non-current liabilities

Unit: RMB yuan

Item	Closing balance	Opening balance
Purchase obligations of non-controlling interest options	16,516,181.12	16,941,926.93
Other	6,119,725.72	5,476,927.87
Total	22,635,906.84	22,418,854.80

### 40. Share capital

Unit: RMB yuan

	Opening balance	Increase/decrease in the current period					Closing balance
		New issues	Shares as dividend converted from profit	Shares as dividend converted from capital surplus	Others	Subtotal	
Total share capital	1,240,618,400.00				- 21,572,060.0 0	- 21,572,060.0 0	1,219,046,340.00

Other information:

In the current period, the Company retired a total of 21,572,060 shares, reducing its total share capital from 1,240,618,400 shares to 1,219,046,340 shares.

### 41. Capital surplus

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share premium)	2,752,232,589.91		79,203,431.39	2,673,029,158.52
Other capital surplus	137,696,407.30	1,065,753.95		138,762,161.25
Total	2,889,928,997.21	1,065,753.95	79,203,431.39	2,811,791,319.77

Other information, including changes in the current period and reasons for changes:

(1) During the current period, the share-based payment of the Company was included in shareholders' equity, increasing capital reserve by RMB 1,065,753.95.

(2) During the current period, the Company retired a total of 21,572,060 shares (as described in Note VII, 40), reducing capital reserve by RMB 79,203,431.39.



**42. Treasury shares**

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share repurchase	218,298,532.79		100,775,491.39	117,523,041.40
Total	218,298,532.79		100,775,491.39	117,523,041.40

Other information, including changes in the current period and reasons for changes:

The decrease in treasury shares was mainly due to the share retirement (as stated in Item 40 under Note VII).

**43. Other comprehensive income**

Unit: RMB yuan

Item	Opening balance	Amount generated in the current period					After-tax amount attributable to non-controlling interests	Closing balance
		Amount before income tax generated in the current period	Less: amount previously recognized in other comprehensive income and currently transferred to profit or loss	Less: amount previously recognized in other comprehensive income and currently transferred to retained earnings	Less: Income tax expense	After-tax amount attributable to the parent		
I. Other comprehensive income that will not be reclassified to profit or loss	1,164,980.51	61,371.94				61,371.94		1,226,352.45
Of which: Changes due to remeasurement of defined benefit schemes	1,164,980.51	61,371.94				61,371.94		1,226,352.45
II. Other comprehensive income that will be reclassified to profit or loss	73,957,098.01	28,943,220.33	-			29,144,893.16	201,672.83	44,812,204.85
Differences arising from the translation	74,001,070.08	28,943,220.33	-			29,144,893.16	201,672.83	44,856,176.92

of foreign currency-denominated financial statements								
Others	-43,972.07							-43,972.07
Total other comprehensive income	75,122,078.52	-28,881,848.39				-29,083,521.22	201,672.83	46,038,557.30

Other information, including the reconciliation from the valid portion of gains and losses on cash flow hedges to initial recognition amounts of hedged items:

#### 44. Special reserve

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Expenses for safety production	16,229,817.03	1,198,032.00	588,236.76	16,839,612.27
Total	16,229,817.03	1,198,032.00	588,236.76	16,839,612.27

Other information, including movements in the current period and reasons for the movements:

#### 45. Surplus reserves

Unit: RMB yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserves	51,830,974.45			51,830,974.45
Total	51,830,974.45			51,830,974.45

Notes to surplus reserves, including movements in the current period and reasons for the movements:

#### 46. Retained earnings

Unit: RMB yuan

Item	Current period	Last year
Opening retained earnings before adjustment	456,258,959.55	23,018,722.11
Opening retained earnings after adjustment	456,258,959.55	23,018,722.11
Add: Net profit attributable to owners of the parent in the current period	163,880,472.14	433,240,237.44
Closing retained earnings	620,139,431.69	456,258,959.55

Adjustments to opening retained earnings:

1) Retrospective adjustments as a result of the Accounting Standards for Business Enterprises and related new regulations had an effect of RMB0.00 on opening retained earnings.

2) Accounting policy changes had an effect of RMB0.00 on opening retained earnings.

3) Correction of material accounting errors had an effect of RMB0.00 on opening retained earnings.

4) Changes to the consolidation scope as a result of any business combination involving entities under common control had an effect of RMB0.00 on opening retained earnings.

5) Other adjustments had a combined effect of RMB0.00 on opening retained earnings.

#### 47. Operating revenue and costs

Unit: RMB yuan

Item	H1 2024		H1 2023	
	Revenue	Costs	Revenue	Costs
Principal operations	2,158,219,373.35	1,466,482,328.94	2,069,224,162.36	1,459,261,571.03
Other operations	2,969,534.05	1,568,441.66	13,382,291.36	13,368,573.08
Total	2,161,188,907.40	1,468,050,770.60	2,082,606,453.72	1,472,630,144.11

Information related to contract performance obligations:

Information related to the transaction price allocated to residual performance obligations:

At the end of the Reporting Period, the amount of revenue corresponding to performance obligations that had been contracted but not yet performed or fulfilled was RMB553,691,546.87, of which RMB553,691,546.87 is expected to be recognized during 2024-2025.

#### 48. Taxes and surcharges

Unit: RMB yuan

Item	H1 2024	H1 2023
City maintenance and construction tax	3,685,148.38	2,991,325.36
Education surcharge	2,687,834.54	2,143,432.58
Property tax	2,376,568.91	2,241,139.82
Land use tax	206,660.90	311,593.32
Vehicle and vessel use tax	6,882.77	4,782.72
Stamp duties	458,217.47	497,520.52
Others	60,099.64	92,682.58
Total	9,481,412.61	8,282,476.90

#### 49. Administrative expenses

Unit: RMB yuan

Item	H1 2024	H1 2023
Employee benefits	86,471,690.69	92,138,490.27
Depreciation and amortization expenses	14,210,998.52	15,556,417.85
Intermediary expenses	13,921,094.92	11,002,554.66
Equity incentives	714,743.91	15,217,575.03
Office expenses	10,201,972.20	8,539,427.19
Travel and reception expenses	6,636,531.47	8,038,848.68
Conference expenses	7,623,766.99	5,214,777.28
Rental expenses	4,170,373.66	3,258,863.24
Technology development expenses	7,544,884.23	4,513,652.67
Other expenses	10,453,526.93	11,338,057.76
Total	161,949,583.52	174,818,664.63

#### 50. Selling expenses

Unit: RMB yuan

Item	H1 2024	H1 2023
Commissions and agency fees	29,735,720.82	27,156,128.98
Employee benefits	34,818,930.88	33,175,562.84
Product quality warranties	34,166,847.70	35,889,981.39
Advertising and exhibition expenses	10,370,281.35	6,775,903.30
Travel expenses	6,863,531.64	6,013,175.38
equity incentive	63,351.06	2,152,048.69
Depreciation and amortization expenses	1,121,092.53	1,119,258.60
Other expenses	5,979,622.18	6,966,621.58
Total	123,119,378.16	119,248,680.76

## 51. R&D expenses

Unit: RMB yuan

Item	H1 2024	H1 2023
Employee benefits	34,842,850.55	34,207,002.02
Depreciation and amortization expenses	8,149,649.45	8,169,488.94
Material expenses	2,892,339.95	4,204,251.70
Technology development expenses	120,746.76	5,470,265.49
equity incentive	217,044.08	2,019,107.48
Other expenses	4,143,436.79	5,858,904.42
Total	50,366,067.58	59,929,020.05

## 52. Finance costs

Unit: RMB yuan

Item	H1 2024	H1 2023
Interest expenses	10,539,931.90	5,872,796.16
Less: Interest income	22,603,240.17	12,725,562.50
Exchange gains and losses	-2,315,440.36	-2,238,057.48
Others	1,584,586.79	4,551,675.11
Total	-12,794,161.84	-4,539,148.71

## 53. Other income

Unit: RMB yuan

Source of other income	H1 2024	H1 2023
Government grants	9,890,423.74	3,598,750.12
Handling charges for individual income tax withheld	432,933.77	741,077.27
Total	10,323,357.51	4,339,827.39

## 54. Gains and losses on changes in fair value

Unit: RMB yuan

Source of gains and losses on changes in fair value	H1 2024	H1 2023
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Financial assets held for trading	-85,374,294.70	2,006,095.39
Total	-85,374,294.70	2,006,095.39

**55. Investment income**

Unit: RMB yuan

	H1 2024	H1 2023
Income from long-term equity investments measured at equity method	-2,914,122.66	-2,332,949.80
Income from financial assets held for trading	-5,280,793.54	38,442,145.88
Total	-8,194,916.20	36,109,196.08

**56. Credit impairment loss**

Unit: RMB yuan

Item	H1 2024	H1 2023
Loss on doubtful accounts receivable	746,267.19	-2,281,819.86
Loss on doubtful other receivables	-108,095.70	5,293.40
Loss on doubtful long-term receivables	24,391.20	5,412.00
Total	662,562.69	-2,271,114.46

**57. Asset impairment loss**

Unit: RMB yuan

Item	H1 2024	H1 2023
Inventory valuation loss and loss on impairments of contract performance costs	-2,084,889.45	-5,276,028.10
Loss on impairments of contract assets	-3,658,393.34	-336,909.99
Total	-5,743,282.79	-5,612,938.09

**58. Gains on disposal of assets**

Unit: RMB yuan

Source of gains on disposal of assets	H1 2024	H1 2023
Loss on disposal of fixed assets	5,017,509.44	-2,277,157.05
Profit or loss from disposal of right-of-use assets	76,970.02	
Total	5,094,479.46	-2,277,157.05

**59. Non-operating income**

Unit: RMB yuan

Item	H1 2024	H1 2023	Amount recognized in exceptional gains and losses
Others	939,908.99	2,034,810.24	939,908.99
Total	939,908.99	2,034,810.24	939,908.99

**60. Non-operating expenses**

Unit: RMB yuan

Item	H1 2024	H1 2023	Amount recognized in exceptional gains and losses
Donations	163,461.77	213,596.37	163,461.77
Loss on disposal of non-current assets	2,205.15	10,937.57	2,205.15
Others	224,305.37	907,384.54	224,305.37
Total	389,972.29	1,131,918.48	389,972.29

**61. Income tax expenses****(1) Income tax expenses**

Unit: RMB yuan

Item	H1 2024	H1 2023
Current income tax expenses	83,725,950.64	52,891,480.67
Deferred income tax expenses	7,231,539.09	3,338,138.93
Total	90,957,489.73	56,229,619.60

**(2) Reconciliation between accounting profit and income tax expenses**

Unit: RMB yuan

Item	H1 2024
Gross profit	278,333,699.44
Income tax calculated at statutory/applicable tax rates	41,750,054.92
Different tax rates for specific provinces or enacted by local authority	26,632,080.38
Adjustment to income tax in previous periods	-770,537.27
Income not subject to tax	631,983.22
Costs, expenses, and losses not deductible for tax	223,292.65
Utilization of deductible losses on previously unrecognized deferred tax assets	-3,280.29
Effect of deductible temporary differences or deductible losses on current unrecognized deferred tax assets	25,951,876.83
Over-deduction of the taxable profit amount for R&D	-3,457,980.71
Income tax expenses	90,957,489.73

**62. Other comprehensive income**

See Item 43 under Note VII.

**63. Line items of the cash flow statement****(1) Cash related to operating activities**

Unit: RMB yuan

	H1 2024	H1 2023
Current accounts and others	13,443,346.57	8,272,973.12

Interest income	22,755,414.30	7,683,458.57
Government grants	9,765,027.51	6,781,497.39
Guarantee deposit received	1,332,228.88	6,419,859.92
Deposits	1,454,652.77	1,180,000.00
Total	48,750,670.03	30,337,789.00

Unit: RMB yuan

	H1 2024	H1 2023
Selling expenses in cash	87,390,198.62	68,986,775.28
Administrative expenses in cash	61,327,958.13	52,432,257.53
R&D expenses in cash	4,262,737.50	10,366,406.31
Letter of guarantee paid	5,855,098.69	6,168,384.35
Current accounts and others	12,744,856.93	10,329,778.09
Security deposits	306,406.58	1,082,472.00
Total	171,887,256.45	149,366,073.56

**(2) Cash related to investing activities**

Unit: RMB yuan

	H1 2024	H1 2023
Disposal/redemption of financial assets held for trading	820,003,799.66	1,778,154,089.71
Recovery of equity investments	10,000,000.00	
Total	830,003,799.66	1,778,154,089.71

Unit: RMB yuan

	H1 2024	H1 2023
Purchase of financial assets held for trading	838,349,461.46	1,654,863,903.07
Purchase of equity investments	77,777,778.00	50,000,000.00
Total	916,127,239.46	1,704,863,903.07

**(3) Cash related to financing activities**

Unit: RMB yuan

	H1 2024	H1 2023
Security deposits recovered for internal guarantees for external loans	107,345,506.70	
Security deposits for bank acceptance notes	48,083,599.11	39,381,507.99
Total	155,429,105.81	39,381,507.99

**Cash used in other financing activities**

Unit: RMB yuan

Item	H1 2024	H1 2023
Security deposits paid for internal guarantees for external loans		107,345,506.70
Share repurchase	67,200.00	69,926,318.31
Security deposits for bank acceptance notes	44,775,224.72	22,446,295.25
Rental and interest paid	11,150,763.38	10,779,914.10
Deposits for loans paid		17,700,000.00
Acquisition of non-controlling interests		10,793,663.53
Total	55,993,188.10	238,991,697.89

Unit: RMB yuan

	Opening balance	increase in the current period		decrease in the current period		Closing balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Short-term borrowing	370,549,972.80	64,989,376.25		314,906,530.68	27,476,264.59	93,156,553.78
Long-term borrowings (Including current portion of long-term borrowings)	114,979,331.16	83,104,338.59	7,509,036.84	26,773,285.75		178,819,420.84
Lease liabilities (Including current portion of non-current liabilities)	86,991,207.75		4,302,661.60	11,150,763.38		80,143,105.97
<b>Total</b>	<b>572,520,511.71</b>	<b>148,093,714.84</b>	<b>11,811,698.44</b>	<b>352,830,579.81</b>	<b>27,476,264.59</b>	<b>352,119,080.59</b>

## 64. Supplemental information on statement of cash flows

### (1) Supplemental information on statement of cash flows

Unit: RMB yuan

Supplementary information	H1 2024	H1 2023
1. Reconciliation of net profit to net cash generated from/used in investing activities:		
Net profit	187,376,209.71	229,203,797.40
Add: Asset impairment allowances	5,743,282.79	5,612,938.09
Credit impairment loss	-662,562.69	2,271,114.46
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive living assets	24,399,898.32	24,599,520.97
Depreciation of right-of-use assets	9,865,972.32	10,458,604.46
Amortization of intangible assets	11,558,754.93	12,097,591.52
Amortization of long-term prepaid expenses	6,434,210.87	7,480,462.67
Loss on the disposal of fixed assets, intangible assets, and other long-lived assets ("-" for gain)	-5,094,479.46	2,277,157.05
Loss on the retirement of fixed assets ("-" for gain)	2,205.15	10,937.57
Loss on changes in fair value ("-" for gain)	85,374,294.70	-2,006,095.39
Finance costs ("-" for income)	15,619,969.13	7,219,522.20
Loss on investment ("-" for income)	8,194,916.20	-36,109,196.08
Decrease in deferred tax assets ("-" for increase)	3,369,718.95	8,697,392.25



Increase in deferred tax liabilities (“-” for decrease)	-2,638,399.89	-4,816,451.79
Decrease in inventories (“-” for increase)	-139,102,847.17	-253,435,681.37
Decrease in operating receivables (“-” for increase)	57,187,082.83	89,453,122.15
Increase in operating payables (“-” for decrease)	-144,819,176.01	66,876,459.48
Others	-4,238,587.03	21,544,870.88
Net cash generated from/used in operating activities	118,570,463.65	191,436,066.52
2. Significant investing and financing activities that involve no cash proceeds or payments:		
Conversion of debt to capital		
Current portion of convertible corporate bonds		
Fixed assets leased in in finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	1,510,191,035.14	1,363,621,222.67
Less: Opening balance of cash	1,672,514,611.84	1,233,720,697.27
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-162,323,576.70	129,900,525.40

## (2) Breakdown of cash and cash equivalents

Unit: RMB yuan

Item	Closing balance	Opening balance
I. Cash	1,510,191,035.14	1,672,514,611.84
Including: cash on hand	2,431,022.70	438,600.93
Bank deposits readily available	1,410,181,236.34	1,491,798,403.81
Other cash and bank balances readily available	97,578,776.10	180,277,607.10
III. Closing balance of cash and cash equivalents	1,510,191,035.14	1,672,514,611.84

## 65. Monetary items in foreign currencies

### (1) Monetary items in foreign currencies

Unit: RMB yuan

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
Cash and bank balances			

Including: USD	72,345,689.08	7.1268	515,593,256.94
EUR	56,524,289.83	7.6617	433,072,151.39
HKD	21,538.46	0.9127	19,658.15
GBP	345,920.55	9.0430	3,128,159.53
Accounts receivable			
Including: USD	251,595.08	7.1268	1,793,067.82
EUR	89,176,173.47	7.6617	683,241,088.28
HKD			
Long-term borrowings			
Including: USD			
EUR	6,147,837.03	7.6617	47,102,882.97
HKD			
Accounts payable			
Including: EUR	59,424,830.45	7.6617	455,295,223.46
Other receivables			
Including: EUR	3,279,649.58	7.6617	25,127,691.19
Short-term borrowings			
Including: EUR	8,592,286.34	7.6617	65,831,520.25
Current portion of non-current liabilities			
Including: EUR	6,034,661.27	7.6617	46,235,764.25
Other payables			
Including: USD	463,449.61	7.1268	3,302,912.68
EUR	2,017,688.60	7.6617	15,458,924.75
Lease liabilities			
Including: EUR	6,342,871.65	7.6617	48,597,179.72
Contract Assets			
Including: USD	285,500.00	7.1268	2,034,701.40
EUR	94,102.37	7.6617	720,984.13

**(2) Overseas business entities (for substantial overseas business entities, the following information shall be disclosed: principal place of business, functional currency, and basis for the choice, change of functional currency and reasons)**

Applicable  Not applicable

Substantial overseas business entity	Principal place of business	Functional currency	Basis for the choice
--------------------------------------	-----------------------------	---------------------	----------------------

Fosber Group	Italy	EUR	Settlement currency for local business operations
Fosber America	America	USD	Settlement currency for local business operations
EDF	Italy	EUR	Settlement currency for local business operations
Tiruña Group	Spain	EUR	Settlement currency for local business operations

□ **R&D expenditure**

Unit: RMB yuan

Classified by nature	H1 2024	H1 2023
Employee benefit	34,842,850.55	34,207,002.02
Depreciation and amortization expenses	8,149,649.45	8,169,488.94
Material expenses	2,892,339.95	4,204,251.70
Technology development costs	120,746.76	5,470,265.49
Equity incentive expense	217,044.08	2,019,107.48
Other expenses	4,143,436.79	5,858,904.42
Total	50,366,067.58	59,929,020.05
Of which: Expensed R&D expenditure	50,366,067.58	59,929,020.05

## IX Interests in Other Entities

### 1. Interests in subsidiaries

Particulars of the subsidiaries of the Company are as follows:

	Principal place of business	Place of registration	Business nature	Registered capita	The Company's interest(%)	
					Direct	Indirect
<b>Subsidiaries acquired by way of incorporation or investment</b>						
Dongfang Precision (HK)	HK	HK	Trading	USD300,000	100.00	-
Dongfang Precision (Netherland)	Netherland	Netherland	Trading	EUR40,000	90.00	10.00
Fosber Asia	Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	RMB29,581,891	100.00	-
Italy QCorr	Italy	Italy	Manufacturing	EUR375,000	-	60.00
Suzhou High-Tech Zone Jinquan Business Management Partnership (Limited Partnership)*("High-Tech Zone Jinquan")	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Investment	RMB10,553,000	-	1.23
Suzhou Parsun Power Technology Co., Ltd. ("Parsun Power Technology")	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading	RMB10million	-	69.61
Suzhou Baisheng International Trade Co., Ltd. ("Baisheng International")	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading	RMB3 million	-	69.61
Dongfang Digicom Data Technology Co., Ltd. ("Dongfang Digicom")	Haikou, Hainan, China	Haikou, Hainan, China	Industrial Internet	RMB100 million	100.00	-
Dongfang Digicom Data Technology (Guangdong) Co., Ltd. ("Dongfang Digicom (Guangdong)")	Foshan, Guangdong, China	Foshan, Guangdong, China	Industrial Internet	RMB8 million	100.00	-
Hainan Yineng Investment Co., Ltd. ("Yineng Investment")	Haikou, Hainan, China	Haikou, Hainan, China	Investment	RMB100 million	100.00	-
Dongfang Yineng International Holdings Co., Ltd. ("Yineng International")	Foshan, Guangdong, China	Foshan, Guangdong, China	Investment	RMB50 million	100.00	-
Tianjin Hangchuang Zhijin Investment Partnership (Limited Partnership) ("Tianjin Hangchuang")	Tianjin, China	Tianjin, China	Investment	RMB21 million	95.24	-
Changzhou Xinchen Investment Partnership (Limited Partnership)	Changzhou,	Changzhou,	Investment	RMB50.6 million	-	94.86

("Changzhou Xincheng")	Jiangsu, China	Jiangsu, China					
Fosber Group	Italy	Italy	Manufacturing	EUR1.56 million	-	100.00	
Fosber America	America	America	Manufacturing	USD1.10 million	-	100.00	
Forsberg (Machinery) Tianjin Co., Ltd. ("Fosber Tianjin")	Tianjin, China	Tianjin, China	Manufacturing	USD500,000	-	100.00	
Parsun Power	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Manufacturing	RMB85.3 million	7.83	61.78	
Suzhou Shunyi Investment Co., Ltd. ("Shunyi Investment")	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Investment	RMB10 million	100.00	-	
EDF	Italy	Italy	Manufacturing	EUR100,000	-	100.00	
Tiruña S.L.U.	Spain	Spain	Manufacturing	EUR1.44 million	-	100.00	
Tiruña FranceSARL	France	France	Manufacturing	EUR100,000	-	100.00	
SCI Candan	France	France	Manufacturing	EUR10,000	-	100.00	
Tiruña America	America	America	Manufacturing	USD3 million	-	100.00	
Guangdong Tiruña Rolls Manufactory company limited ("Tiruña Rolls Manufactory")	Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	EUR21 million	-	66.30	
Tiruña Asia	Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	RMB50 million	100.00	-	
Wonder Printing	Shenzhen, Guangdong, China	Shenzhen, Guangdong, China	Manufacturing	RMB31,171,949	51.00	-	
Dongguan Wonder Digital Machinery Co., Ltd. ("Wonder Digital")	Dongguan, Guangdong, China	Dongguan, Guangdong, China	Manufacturing	RMB5million	-	51.00	

\*According to the partnership agreement, the general partner of the partnership shall execute partnership affairs, and other partners shall not execute partnership affairs. As the sole general partner, the Company forms control over the partnership, which is included in the scope of consolidation of the Group.

## IX Interests in Other Entities

### 2. Interests in associates

	Principal place of business	Place of registration	Business nature	Registered capital	The Company's interest (%)		Accounting method	
					Direct	Indirect		
Associates								
Guangdong Robot Automation Ltd.	Jaten & Co., Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	RMB31.759 million	19.84	-	Equity method	
Talleres Tapre,S.L.		Spain	Spain	Manufacturing	EUR37,563	-	20.00	Equity method
Nanjing Profeta		Nanjing, Jiangsu, China	Nanjing, Jiangsu, China	Manufacturing	RMB4.5427 million	15.00	5.67	Equity method

### Financial information of insignificant joint ventures and associates combined

Unit: RMB yuan

	Closing balance/H1 2024	Opening balance/H1 2023
Joint ventures:		
Totals based on the Company's interests		
Associates:		
Total carrying amount of investments	114,307,542.37	117,265,884.84
Totals based on the Company's interests		
--Net profit	-2,914,122.66	-2,332,949.80
--Total comprehensive income	-2,914,122.66	-2,332,949.80

Other information:

As there is no obligation to bear additional losses, the net losses incurred by the investee are recognized to the extent that the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment in the investee are reduced to zero.

## X. Government grants

The government grants recognised in profit or loss are as follows:

Unit: RMB yuan

	2024	2023
Government grants related to assets Recognised as other income	558,330.00	558,330.00
Government grants related to income Recognised as other income	9,890,423.74	3,598,750.12
Total	10,448,753.74	4,157,080.12

## **XI Risks Associated with Financial Instruments**

### **1. Risks of financial instruments**

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group's policies are summarised below.

#### **Credit risk**

The Group transacts only with recognized and reputable third parties. According to the Group's policies, credit checks are needed for all customers that require transactions should be conducted by means of credit. Additionally, the Group performs continuous monitoring of the balance of accounts receivable to ensure that the Group will not face major bad debt risk. For transactions not settled in the accounting standard currency of the relevant business unit, unless specifically approved by the credit control department of the Group, the Group will not provide credit transaction conditions.

Since the counterparties of cash and bank balances and notes receivable are banks with a good reputation and high credit rating, the credit risk of such financial instruments is low.

Other financial assets of the Group mainly include accounts receivable, other receivables and contract assets, the credit risk of which arises from counterparty default, and the maximum risk exposure is equal to the carrying value of these instruments.

The Group transacts only with recognized and reputable third parties, so no collateral is required. Credit risk concentration is managed by customer/counterparty, geographic region and industry. Because the customer base of accounts receivable of the Group is widely dispersed in different departments and industries, there is no major credit risk concentration within the Group. The Group does not hold any collateral or other credit enhancement on the balance of accounts receivable.

#### *Criteria for judging significant increases in credit risk*

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. The Group's main criteria for determining significant increase in credit risk are that the number of days past due exceed 30 days, or one or more of the following indicators have changed significantly: significant adverse changes in the operating environment of the debtor, internal and external credit ratings, and actual or expected operating results.

#### *Definition of credit-impaired financial assets*

The Group's main criterion for determining that credit impairment has occurred is that the number of days past due exceeds 90 days. However, in some cases, if internal or external information indicates that the contract amount may not be recovered in full before considering any credit enhancements held, the Group will also consider that credit impairment has occurred.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

#### **Liquidity risk**

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and other borrowings.

### Market Risk

#### Interest rate risk

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's long-term liabilities with floating interest rates.

#### Exchange rate risk

The Group is exposed to trading exchange rate risks. Such exposures arise from sales or purchases by business units in currencies other than the units' functional currencies.

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and in the risk profiles of relevant assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during 2023 and 2022.

## XII Disclosure of Fair Values

### 1. The closing fair value of assets and liabilities measured at fair value

Unit: RMB yuan

Item	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous measurement of fair value	--	--	--	--
(I) Financial assets held for trading	607,015,754.09			607,015,754.09
Receivables financing		22,923,994.65		22,923,994.65
Other non-current financial assets	31,420,551.63		496,655,940.43	528,076,492.06
Other non-current assets		10,413,178.08		10,413,178.08
Total assets continuously measured at fair value	638,436,305.72	33,337,172.73	496,655,940.43	1,168,429,418.88



(VI) Financial liabilities held for trading			116,220,211.63	116,220,211.63
Other non-current liabilities			22,635,906.84	22,635,906.84
Total liabilities continuously measured at fair value			138,856,118.47	138,856,118.47
II. Non-continuous measurement of fair value	--	--	--	--

### XIII Related Parties and Related-party Transactions

#### 1. Parent

Name	Relationship with the Company	Interest in the Company (%)
Tang Zhuolin (individual)	The Company's controlling shareholder and one of the actual controllers	22.21%
Tang Zhuomian (individual)	The Company's controlling shareholder and one of the actual controllers	7.95%

The ultimate controllers of the Company are Tang Zhuolin and Tang Zhuomian.

#### 2. Subsidiaries of the Company

See Item 1 under  Interests in Other Entities

#### 3. Joint ventures and associates of the Company

For substantial joint ventures and associates of the Company, see Item 2 under  Interests in Other Entities

#### 4. Other related parties

Other related parties	Relationship with the Company
Tang Zhuolin	chairman of the board
Qiu Yezhi	Director and General Manager
Xie Weiwei	Director and Deputy General Manager
Chen Huiyi	Chairman of the Supervisory Committee
Zhao Xiuhua	Employee Supervisor
He Baohua	Supervisor
Li Ketian	Independent Director
Liu Da	Independent Director

Tu Haichuan	Independent Director
Feng Jia	Director and Board Secretary
Shao Yongfeng	Chief Financial Officer and Vice President

## 5. Related-party transactions

### (1) Remuneration of key management

Unit: RMB yuan

Item	H1 2024	H1 2023
Remuneration of key management	8,429,047.79	8,086,182.30

## XIV Share-based Payments

Unit: RMB yuan

	Granted in the period		Exercised in the period		Unlocked in the period		Expired in the period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Marketing management							800,000.00	800,000.00
R&D								
Production & Operation							80,000.00	80,000.00
Total							880,000.00	880,000.00

### 2. Equity-settled share-based payments are as follows:

Unit: RMB yuan

Determination method of fair value of equity instruments at grant date	Based on the share price on the grant date minus the grant price, it is RMB3.74 (RMB4.74 minus RMB1)
Important parameters of fair value of equity instruments at grant date	Share price at grant date and Grant Price
Basis for determining the number of vested equity instruments	Make the best estimate of the number of vested employees based on the latest information such as turnover rate and substandard rate
Reasons for significant difference between current year's estimate and prior year's estimate	None
Accumulated amount of equity-settled share-based payment included in capital reserve	93,258,787.55
Total expense recognized for equity-settled share-based payments during the period	1,065,753.95

On 27 March 2020, the Company convened the Board of Directors, where the Proposal on Granting Restricted Shares to Awardees was approved, and the Board of Directors agreed to grant restricted shares to 42 qualified senior managers and core technicians, and agreed to have the right to purchase shares at RMB1 within the exercise validity period when the corresponding performance assessment objectives are met within the lifting period. The maximum period shall not exceed 60 months from the date of completion of registration of the first grant of some restricted shares to the date when all restricted shares granted to the incentive objects are lifted or repurchased and cancelled.

On 29 December 2020, the Company convened the Board of Directors, where the Proposal on Granting Reserved Restricted Shares to Awardees was approved, and the Board of Directors agreed to grant restricted shares to 18 qualified senior managers and core technicians, and agreed to have the right to purchase shares at RMB1 within the exercise validity period when the corresponding performance assessment objectives are met within the lifting period. The maximum period shall not exceed 60 months from the date of completion of registration of the first grant of some restricted shares to the date when all restricted shares granted to the incentive objects are lifted or repurchased and cancelled.

On 21 March 2022, the Company convened the Board of Directors, where the Proposal on Granting Restricted Shares to Awardees was approved, and the Board of Directors agreed to grant restricted shares to 7 qualified senior managers and core technicians, and agreed to have the right to purchase shares at RMB1 within the exercise validity period when the corresponding performance assessment objectives are met within the lifting period. The maximum period shall not exceed 60 months from the date of completion of registration of the first grant of some restricted shares to the date when all restricted shares granted to the incentive objects are lifted or repurchased and cancelled.

Share-based payment expenses incurred during the year are as follows:

Unit: RMB yuan

	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Marketing	63,351.06	
management	714,743.91	
R&D	217,044.08	
Production&Operation	70,614.90	
Total	1,065,753.95	

## XV Commitments and Contingencies

### 1. Substantial commitments

Outstanding substantial commitments at the balance sheet date:

At the balance sheet date, the Company had no commitments that were required to be disclosed.

### 2. Contingencies

#### (1) Explain if the Company has no substantial contingencies that need to be disclosed

The Company had no substantial contingencies that needed to be disclosed.

## XVI Events after the Balance Sheet Date

### 1. Other information on events after the balance sheet date

At the balance sheet date, the Company had no events after the balance sheet date that are required to be disclosed.

## XVII Other Significant Matters

### 1. Segment reporting

#### (1) Basis for the determination of reporting segments and accounting policies

For management purposes, the Group is divided into business units based on products and services.

#### (2) Financial information of reporting segments

Unit: RMB yuan

Item	Domestic entities	Overseas entities	Offset	Total
Operating revenue	815,441,773.38	1,407,235,902.24	-61,488,768.22	2,161,188,907.40
Cost of sales	554,283,062.84	971,818,928.15	-58,051,220.39	1,468,050,770.60
Total assets	5,660,526,554.00	2,955,395,531.38	-1,276,986,242.80	7,338,935,842.58
Total liabilities	1,286,004,594.83	1,767,172,340.07	-608,037,757.92	2,445,139,176.98

## XVIII Notes to Major Items in the Company Financial Statements

### 1. Accounts receivable

#### (1) Disclosure by the aging of accounts receivable

Unit: RMB yuan

age of accounts	H1 2024	H1 2023
Within 1 year	212,841,200.44	190,721,565.80
1-2 years	206,516.30	454,811.38
2-3 years	35,600.00	357,849.03
3-4 years	2,985,024.87	2,934,285.66
4-5 years	515,118.58	456,982.47
Over 5 years	2,469,906.29	2,477,303.19
Total	216,068,341.61	194,468,511.87

**(2) Disclosure classified by the bad debt provision methods**

Unit: RMB yuan

Type	Closing balance					Opening balance				
	Gross amount		Allowance		Carrying amount	Gross amount		Allowance		Carrying amount
	Amount	Percentage	Amount	Allowance percentage		Amount	Percentage	Amount	Allowance percentage	
Accounts receivable for which the allowances are established individually	2,469,906.29	1.14%	2,469,906.29	100.00%		2,477,303.19	1.27%	2,477,303.19	100.00%	2,469,906.29
Of which:										
Accounts receivable for which the allowances are established individually	2,469,906.29	1.14%	2,469,906.29	100.00%		2,477,303.19	1.27%	2,477,303.19	100.00%	
Accounts receivable for which the allowances are established by group	213,598,435.32	98.86%	1,242,011.96	0.58%	212,356,423.36	191,991,208.68	98.73%	1,629,562.40	0.85%	190,361,646.28
Of which:										
Accounts receivable for which the allowances are established	213,598,435.32	98.86%	1,242,011.96	0.58%	212,356,423.36	191,991,208.68	98.73%	1,629,562.40	0.85%	190,361,646.28

by group with similar credit risk characteristics										
Total	216,068,34 1.61	100.00 %	3,711,918 .25	1.72%	212,356,42 3.36	194,468,51 1.87	100.00 %	4,106,865 .59	2.11%	190,361,64 6.28

Accounts receivable for which the allowances are established individually:

Unit: RMB yuan

	H1 2024		H1 2023			
	Gross amount	Allowance	Gross amount	Allowance	ECL (%)	Reason for allowance
Customer 1	939,000.00	939,000.00	936,506.29	936,506.29	100.00%	Customer's inability to settle the amount due
Customer 2	641,600.00	641,600.00	641,600.00	641,600.00	100.00%	Customer's inability to settle the amount due
Customer 3	608,800.00	608,800.00	608,800.00	608,800.00	100.00%	Customer's inability to settle the amount due
Customer 4	283,000.00	283,000.00	283,000.00	283,000.00	100.00%	Customer's inability to settle the amount due
Customer 5	4,903.19	4,903.19				Customer's inability to settle the amount due
Total	2,477,303.19	2,477,303.19	2,469,906.29	2,469,906.29		

Accounts receivable for which the allowances are established by group with similar credit risk characteristics are as follows:

Unit: RMB yuan

Item	Closing balance		
	Gross amount	Allowance	Allowance percentage
Within 1 year (inclusive)	212,841,200.44	696,545.87	0.33%
1-2 years (including 2 years)	206,516.30	11,771.43	5.70%
2-3 years (including 3 years)	35,600.00	18,576.08	52.18%
3-4 years (including 4 years)	515,118.58	515,118.58	100.00%
Total	213,598,435.32	1,242,011.96	

Basis for grouping:

Where allowances for doubtful accounts receivable are established using the general model of expected credit loss.

Applicable  Not applicable

### (3) Allowances established or reversed in the current period

Allowances in the current period:

Unit: RMB yuan

Type	Opening balance	Change in the current period				Closing balance
		Established	Reversed	Written off	Others	
Allowances for doubtful accounts receivable	4,106,865.59		394,947.34			3,711,918.25
<b>Total</b>	<b>4,106,865.59</b>		<b>394,947.34</b>			<b>3,711,918.25</b>

As at 30 June 2024, the top five accounts receivable and contract assets were as follows:

Unit: RMB yuan

	Closing balance of accounts receivable	Closing balance of contract assets	Total closing balance of accounts receivable and contract assets	As a % of the closing balance of total accounts receivable and contract assets	Total closing balance of accounts receivable and contract assets
Dongfang Precision (Netherlands)	105,190,454.15		105,190,454.15	43.86%	
Dongfang Precision (HK)	58,449,392.78		58,449,392.78	27.05%	
Customer 6	8,170,876.20		8,170,876.20	3.78%	
Customer 7	5,409,018.00	1,220,176.56	6,629,194.56	3.07%	63,640.27
Customer 8	4,166,230.30	117,960.00	4,284,190.30	1.98%	41,128.23
<b>Total</b>	<b>181,385,971.43</b>	<b>1,338,136.56</b>	<b>182,724,107.99</b>	<b>79.74%</b>	<b>104,768.50</b>

## 2. Other receivables

Unit: RMB yuan

Item	Closing balance	Opening balance
Dividends receivable	187,729,679.60	272,564,800.00
Other receivables	299,464,830.21	382,260,293.49
<b>Total</b>	<b>487,194,509.81</b>	<b>654,825,093.49</b>

### (1) Dividends receivable

#### 1) Dividends receivable by type

Unit: RMB yuan

Item (or investee)	Closing balance	Opening balance
Dividends receivable	187,729,679.60	272,564,800.00

Total	187,729,679.60	272,564,800.00
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**(2) Other receivables****1) Disclosure by nature**

Unit: RMB yuan

Nature	Closing gross amount	Opening gross amount
Internal transactions with related parties	294,333,290.81	378,012,519.05
Prepaid service charges	1,353,965.65	1,211,065.51
Security deposits	1,165,323.68	976,244.53
Performance compensation	500,000.00	500,000.00
Employee loans and petty cash	1,536,842.60	1,451,110.72
Others	1,730,432.01	1,264,378.22
Total	300,619,854.75	383,415,318.03

**2) Disclosure by the aging**

Unit: RMB yuan

age of accounts	2024	2023
Within 1 year	233,569,750.82	288,812,991.16
1-2 years	48,492,234.36	68,762,598.71
2-3 years	14,743,534.48	24,699,392.06
Over 3 years	3,814,335.09	1,140,336.10
3-4 years	2,698,000.00	117,761.18
4-5 years	97,292.73	4,400.00
Over 5 years	1,019,042.36	1,018,174.92
Total	300,619,854.75	383,415,318.03

**3) Disclosure classified by the allowances provision methods**

Unit: RMB yuan

Type	Closing balance					Opening balance				
	Gross amount		Allowance		Carrying amount	Gross amount		Allowance		Carrying amount
	Amount	Percent age	Amount	Allowa nce percent age		Amount	Percent age	Amount	Allowa nce percent age	
Allowances are established individually	500,000.00	0.17%	500,000.00	100.00%		500,000.00	0.13%	500,000.00	100.00%	
Of which:										



allowances are established individually	500,000.00	0.17%	500,000.00	100.00%		500,000.00	0.13%	500,000.00	100.00%	
allowances are established by group	300,119,854.75	99.83%	655,024.54	0.22%	299,464,830.21	382,915,318.03	99.87%	655,024.54	0.17%	382,260,293.49
Of which:										
allowances are established by group with similar credit risk characteristics	300,119,854.75	99.83%	655,024.54	0.22%	299,464,830.21	382,915,318.03	99.87%	655,024.54	0.17%	382,260,293.49
Total	300,619,854.75	100.00%	1,155,024.54	0.38%	299,464,830.21	383,415,318.03	100.00%	1,155,024.54	0.30%	382,260,293.49

Allowances are established by group with similar credit risk characteristics

Unit: RMB yuan

	2024		
	Gross amount	Allowance	Carrying amount
allowances are established by group with similar credit risk characteristics	300,119,854.75	655,024.54	0.22%
Total	300,119,854.75	655,024.54	

Provision for allowance is made according to the general model of expected credit loss:

Unit: RMB yuan

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Financial assets with credit impairment (lifetime ECL)	
Opening and closing balance	655,024.54	500,000.00		1,155,024.54
Other movements	655,024.54	500,000.00		1,155,024.54

#### 4) Allowances established or reversed in the current period

Allowances for doubtful other receivables in the current period:

Unit: RMB yuan

Type	Opening balance	Change in the current period				Closing balance
		Established	Reversed	Written off	Others	
Allowances for doubtful other receivables	1,155,024.54					1,155,024.54
Total	1,155,024.54					1,155,024.54

## 5) As at 30 June 2024, top 5 of other receivables are as follows:

Unit: RMB yuan

	Nature	2024	Age	As a % of total other receivables	Closing balance of allowance
Hainan Yineng	Current account	177,726,782.70	Within 1 year	59.12%	
Tiru ña Aisa	Current account	55,329,075.24	Within 1 year; 1-2 years; 2-3years	18.40%	
Dongfang Digicom (Guangdong)	Current account	34,933,615.27	Within 1 year; 1-2 years; 2-3years	11.62%	
Dongfang Digicom	Current account	12,090,924.24	Within 1 year; 1-2 years; 2-3years	4.02%	
Dongfang Precision (Netherland)	Current account	6,682,462.38	Within 1 year; 1-2 years; 3-4years	2.22%	
Total		286,762,859.83		95.38%	

## 3. Long-term equity investments

Unit: RMB yuan

Item	Closing balance			Opening balance		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Investments in subsidiaries	812,322,784.10	45,303,485.99	767,019,298.11	812,235,280.69	45,303,485.99	766,931,794.70
Investments in joint ventures and associates	106,888,057.50		106,888,057.50	109,046,798.42		109,046,798.42
Total	919,210,841.60	45,303,485.99	873,907,355.61	921,282,079.11	45,303,485.99	875,978,593.12

**(1) Investments in subsidiaries**

Unit: RMB yuan

	Opening balance	Opening impairment allowance	Change in the period				Closing balance	Closing impairment allowance
			Additional investment	Reduction in investment		Change in other equity		
Dong Fang Precision (HK) Limited	1,856,010.00						1,856,010.00	
Dongfang Precision (Netherlands)	1,602,394.30						1,602,394.30	
Guangdong Fosber Intelligent Equipment	114,790,763.28					25,767.35	114,816,530.63	
Suzhou Shunyi Investment Co., Ltd	294,799,357.77	45,303,485.99					294,799,357.77	45,303,485.99
Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd.	21,903,462.34						21,903,462.34	
Dongfang Digicom Data Technology Co., Ltd.	4,718,918.74						4,718,918.74	
Dongfang Digicom Data Technology (Guangdong) Co., Ltd.	863,440.97		10,000,000.00			61,736.06	10,925,177.03	
Hainan Yineng Investment Co., Ltd.	102,121,575.83						102,121,575.83	
Tianjin Hangchuan	20,000,000.00			10,000,000.00			10,000,000.00	
Tianjin Hangchuan	173,800,000.00						173,800,000.00	
EDF	1,832,356.83						1,832,356.83	

Yineng International Holdings Co., Ltd	28,643,514.64							28,643,514.64	
Total	766,931,794.70	45,303,485.99	10,000,000.00	10,000,000.00			87,503.41	767,019,298.11	45,303,485.99

**(2) Investments in joint ventures and associates**

Unit: RMB yuan

	Opening balance	Opening impairment allowance	Change in the period							Closing balance	Closing impairment allowance	
			Addition investment	Reduction in investment	Return on investment recognized using the equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividends or profit	Impairment allowance			Others
<b>Associates/joint ventures</b>												
Guangdong Jaten Robot & Automation Co., Ltd.	87,476,726.17				-159,036.34						87,317,689.83	
Nanjing Profeta Intelligent Technology Co., Ltd.	21,570,072.25				-1,999,704.58						19,570,367.67	
Total	109,046,798.42				-2,158,740.92						106,888,057.50	

**4. Operating revenue and costs**

Unit: RMB yuan

Item	H1 2024		H1 2023	
	Revenue	Costs	Revenue	Costs

Principal operations	174,730,275.81	98,971,447.20	199,620,855.04	115,715,894.18
Other operations	8,346,571.88	1,567,415.81	19,974,397.59	2,183,292.25
Total	183,076,847.69	100,538,863.01	219,595,252.63	117,899,186.43

Information related to the transaction price allocated to residual performance obligations:

At the end of the Reporting Period, the amount of revenue corresponding to performance obligations that had been contracted but not yet performed or fulfilled was RMB56,381,340.41, of which RMB56,381,340.41 is expected to be recognized during 2024-2025.

## 5. Investment income

Unit: RMB yuan

Item	H1 2024	H1 2023
Income from long-term equity investments measured at equity method	-2,158,740.92	-1,781,870.58
Investment income generated from the disposal of long-term equity investment	529,048.11	
Income from financial assets held for trading	-3,853,122.25	-2,738,562.31
Total	-5,482,815.06	-4,520,432.89

## XIX Supplementary Information

### 1. Schedule of exceptional gains and losses in the current period

Applicable  Not applicable

Unit: RMB yuan

	Amount
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	5,092,274.31
Government grants through profit or loss (Except for government grants that are closely related to normal business, comply with national policies and regulations, enjoy according to the recognition criteria and have a sustained impact on profit and loss)	10,323,357.51
Profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss from disposal of financial assets and financial liabilities, except for effective hedging business related to normal business operations	-90,655,088.24
Reversal of impairment provision for receivables subject to separate impairment test	7,396.90
Non-operating income and expenses other than the above	552,141.85

Minus: Income tax effects	-10,195,770.51
Non-controlling interests effects (net of tax)	743,081.74
Total	-65,227,228.90

Other items that meet the definition of exceptional gain/loss:

Applicable  Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable  Not applicable

## 2. Return on equity (ROE) and earnings per share (EPS)

Profit of the Reporting Period	Weighted average ROE	EPS	
		Basic EPS (RMB yuan/share)	Diluted EPS (RMB yuan/share)
Net profit attributable to ordinary shareholders of the Company	3.58%	0.14	0.14
Net profit attributable to ordinary shareholders of the Company before exceptional gains and losses	5.00%	0.19	0.19

## 3. Accounting data differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and foreign accounting standards

### (1) Net profit and equity under CAS and IFRS

Applicable  Not applicable

### (2) Net profit and equity under CAS and foreign accounting standards

Applicable  Not applicable