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京城機電股份
JINGCHENG MAC

北京京城機電股份有限公司
Beijing Jingcheng Machinery Electric Company Limited

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0187)

ANNOUNCEMENT ON 2020 ANNUAL RESULTS

The board of directors (the "Board") of Beijing Jingcheng Machinery Electric Company Limited (the "Company") hereby announces that the preliminary consolidated results as of and ended 31 December 2020 (the "Reporting Period") prepared by the Company and its subsidiaries (the "Group") in accordance with the China Accounting Standards for Business Enterprises are as follows:

I. FINANCIAL DATA

(All amounts are stated in RMB Yuan unless otherwise stated)

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**31 December 2020**	31 December 2019
Current assets:			
Cash at bank and on hand		**279,067,536.83**	83,509,311.05
Settlement reserve			
Loans to banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	*9*	**191,929,152.84**	190,226,684.14
Receivables financings		**4,153,285.64**	8,247,436.93
Advances to suppliers		**63,821,034.83**	54,366,914.14
Premiums receivable			

Item	*Note*	**31 December 2020**	31 December 2019
Reinsurance premium receivable			
Reinsurance contract reserves receivable			
Other receivables		**8,706,093.49**	46,407,948.62
Including: Interests receivable			
Dividends receivable			7,619,884.14
Financial assets purchased under agreements to resell			
Inventories		**274,506,836.67**	322,173,505.52
Contractual assets			21,661,449.47
Assets held for sale			
Non-current assets due within one year			
Other current assets		**37,045,785.67**	55,967,530.79
Total current assets		**859,229,725.97**	782,560,780.66
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		**59,521,106.68**	61,184,187.22
Other equity instruments investments			
Other non-current financial assets			
Investment properties			27,917,854.93
Fixed assets		**605,655,905.18**	641,752,611.90
Construction in progress		**54,395,871.51**	25,554,133.59
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		**121,126,149.83**	124,393,260.49
Development expenditures			
Goodwill			
Long-term deferred expenses		**5,214,275.63**	7,042,191.37
Deferred income tax assets		**287,827.59**	434,480.65
Other non-current assets			
Total non-current assets		**846,201,136.42**	888,278,720.15
Total assets		**1,705,430,862.39**	1,670,839,500.81

Item	*Note*	**31 December 2020**	31 December 2019
Current liabilities:			
Short-term borrowings		**168,000,000.00**	290,964,226.81
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		**56,000,000.00**	
Accounts payable	*10*	**258,315,791.75**	291,509,493.82
Advances from customers			
Contractual liabilities		**60,853,270.89**	61,714,542.49
Financial assets sold under agreements to repurchase			
Deposits and placements from other financial institutions			
Securities brokering			
Securities underwriting			
Employee benefits payable		**28,176,562.77**	25,880,020.05
Taxes payable		**6,720,070.38**	6,941,271.99
Other payables		**45,176,375.13**	83,829,249.76
Including: Interests payable		**424,599.25**	
Dividends payable			
Handling charges and commissions payable			
Reinsurance amounts payable			
Liabilities held for sale			
Non-current liabilities due within one year		**15,540,454.46**	22,000,000.00
Other current liabilities		**8,472,856.14**	281,811.60
Total current liabilities		**647,255,381.52**	783,120,616.52
Non-current liabilities:			
Reserve of insurance contract			
Long-term borrowings		**1,154,907.30**	
Bonds payable			
Including: Preferred shares			
Perpetual bond			
Lease liabilities			

Item	*Note*	**31 December 2020**	31 December 2019
Long-term payables			155,100,000.00
Long-term employee benefits payable		**28,206,118.61**	26,035,280.87
Provisions		**11,197,893.84**	3,906,332.75
Deferred incomes		**6,011,627.67**	2,052,019.15
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		**56,570,547.42**	187,093,632.77
Total liabilities		**703,825,928.94**	970,214,249.29
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		**485,000,000.00**	422,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		**833,183,835.84**	687,349,089.60
Less: treasury stocks			
Other comprehensive incomes		**-325,424.59**	2,754,544.50
Special reserves			
Surplus reserves		**45,665,647.68**	45,665,647.68
Provisions for general risk			
Undistributed profit	*11*	**-664,051,428.89**	-820,483,186.46
Total owners' equity (or shareholders' equity) attributable to parent company		**699,472,630.04**	337,286,095.32
Non-controlling interest		**302,132,303.41**	363,339,156.20
Total owners' equity (or shareholders' equity)		**1,001,604,933.45**	700,625,251.52
Total liabilities and owners' equity (or shareholders' equity)		**1,705,430,862.39**	1,670,839,500.81

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

Unit: Yuan Currency: RMB

Item	*Note*	**2020**	2019
I. Total operating revenue		**1,088,296,501.51**	1,195,847,102.19
Including: Operating revenues	*8*	**1,088,296,501.51**	1,195,847,102.19
Interest incomes			
Earned premiums			
Handling charges and commissions incomes			
II. Total operating cost		**1,195,187,287.62**	1,311,270,371.18
Including: Operating cost		**984,893,416.27**	1,090,367,319.46
Interest expenses			
Fees and commissions expenses			
Cash surrender amount			
Net expenses of claim settlement			
Net provision for insurance contract reserves			
Policyholder dividend expenses			
Expenses for reinsurance accepted			
Taxes and surcharges		**11,522,295.19**	9,845,974.69
Selling expenses		**43,872,954.09**	61,218,869.03
Administrative expenses		**109,762,189.03**	112,494,870.48
R&D expenses		**26,555,135.65**	14,278,613.00
Financial expenses		**18,581,297.39**	23,064,724.52
Including: Interests expense		**17,022,353.30**	23,916,520.92
Interests income		**993,949.67**	347,799.44
Add: Other earnings		**3,043,991.19**	1,395,441.21
Investment incomes (with "-" for losses)		**-10,927,916.47**	-6,901,747.15
Including: Investment incomes from affiliated enterprises and joint ventures (with "-" for losses)		**-10,657,616.47**	-11,144,686.42
Derecognition income of financial asset measured at the amortized cost (with "-" for losses)			
Exchange gains (with "-" for losses)			
Gains from net exposure hedges (with "-" for losses)			
Gains from changes of fair values (with "-" for losses)			
Credit impairment losses (with "-" for losses)		**-704,596.37**	-11,772,908.42

Item	*Note*	**2020**	2019
Assets impairment losses (with “-” for losses)		**-40,765,372.67**	-27,196,350.86
Incomes of assets disposal (with “-” for losses)		**277,928,300.45**	12,910.15
III. Operating profit (with “-” for losses)		**121,683,620.02**	-159,885,924.06
Add: non-operating income		**1,952,336.46**	2,132,221.33
Less: non-operating expenses		**1,634,675.08**	2,065,682.17
IV. Total profits (with “-” for total losses)		**122,001,281.40**	-159,819,384.90
Less: income tax expenses	*12*	**2,636,860.52**	2,707,355.39
V. Net profits (with “-” for net losses)		**119,364,420.88**	-162,526,740.29
(I) Classified according to operating continuity			
1. Net profit from continuing operations (with “-” for net losses)		**119,364,420.88**	-162,526,740.29
2. Net profit from discontinuing operations (with “-” for net losses)			
(II) Classified according to attribution of the ownership			
1. Net profit attributable to the parent company’s shareholders (with “-” for net losses)		**156,431,757.57**	-130,036,755.55
2. Non-controlling interests profit and loss (with “-” for net losses)		**-37,067,336.69**	-32,489,984.74
VI. Other net comprehensive incomes after-tax		**-3,422,726.42**	863,225.84
(I) Other net after-tax comprehensive income attributable to the owner of the parent company		**-3,079,969.09**	446,543.93
1. Other comprehensive income that cannot be reclassified through profit or loss			
(1) Changes recalculating and setting of the benefit plan			
(2) Under the equity method, other comprehensive incomes that cannot be transferred to loss and profit in the future			
(3) Change of fair value of investments in other equity instruments			
(4) Changes of fair value of the Company’s own credit risk			

Item	Note	2020	2019
2. Other comprehensive incomes that can be reclassified into loss and profit in the future		**-3,079,969.09**	446,543.93
(1) Under the equity method, other comprehensive incomes that can be transferred to loss and profit in the future		**11,850.59**	
(2) Change of fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive incomes			
(4) Credit impairment provisions for other debt investment			
(5) Reserves for cash flows hedges			
(6) Converted difference in foreign currency statements for foreign currency		**-3,091,819.68**	446,543.93
(7) Others			
(II) Other comprehensive income attributable to minority shareholders after-tax		**-342,757.33**	416,681.91
VII. Total comprehensive incomes		**115,941,694.46**	-161,663,514.45
(I) Total comprehensive incomes attributable to owners of the parent company		**153,351,788.48**	-129,590,211.62
(II) Total comprehensive income attributable to minority shareholders		**-37,410,094.02**	-32,073,302.83
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan per share)	*13*	**0.34**	-0.31
(II) Diluted earnings per share (Yuan per share)		**0.34**	-0.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. Scope of Consolidated Financial Statements

The Company's consolidated financial statements cover Jingcheng Holding (Hong Kong) Co., Ltd., Beijing Tianhai Industry Co.,Ltd. and its subsidiaries Tianjin Tianhai High Pressure Container Co., Ltd., Shanghai Tianhai Composite Cylinders Co., Ltd., Beijing Tianhai Cryogenic Equipment Co., Ltd., Beijing Tianhai Hydrogen Energy Equipment Co., Ltd., Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd., Kuancheng Tainhai Pressure Container Co., Ltd. and BTIC AMERICA CORPORATION.

II. Basis for preparation of Financial Statements

(1) Preparation basis

The Group prepared the financial statements on the basis of going concern, as per the actually incurred transaction and events as well as related disclosure made according to Accounting Standards for Business Enterprises issued by the Ministry of Finance and relevant provisions (collectively hereinafter the "Accounting Standards for Business Enterprises"), and the Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports (revised in 2014) of China Securities Regulatory Commission and relevant provisions and as required by Companies Ordinance of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and based on the accounting policies and accounting estimates in the "Note III. Significant Accounting Policies and Accounting Estimates".

(2) Going concern

The Group has evaluated the going concern ability within 12 months since 31 December 2020 and has not found any event and condition causing substantial doubt about the going concern ability. Therefore, these financial statements were prepared on the basis of the going concern assumption.

III. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates indication: accounting policies developed by the Group according to characteristics of actual production and operation and accounting estimates including business cycle, the recognition and measurement of provisions for bad debts from receivables, the measurement of inventory dispatched, fixed assets classification and depreciation methods, amortization of intangible assets, conditions for capitalizing R&D expenses, recognition and measurement of incomes, impairment of long term assets and provisions, etc.

1. Statement of compliance with Accounting Standards for Business Enterprises (ASBE)

The Company declares that the financial statements prepared comply with the Accounting Standards for Business Enterprises, which reflect the financial position, results of operation, change in owners' equity and cash flow of the Company truly and completely.

2. Accounting period

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

3. Business cycle

The Group treats 12 months as a dividing standard for the liquidity of assets and liabilities since the business cycle is rather short for the Group's business.

4. Recording currency

RMB is recording currency for the Company and its subsidiaries, except for BTIC AMERICA CORPORATION and Jingcheng Holding (Hong Kong) Co., Ltd. which use USD as their recording currency.

5. Accounting treatment method for business merger under common control and different control

The assets and liabilities acquired by the Group, as the combination party, from business combination under common control should be measured based on the book value in the ultimate holding party consolidated statements of the combination party on the combination date. The balance between the book value of the net assets obtained and the book value of the consideration paid shall be used to adjust the capital reserves; where the capital reserves are not sufficient to be offset, the retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities acquired by the acquiree in the business merger not under common control are measured at fair value at the acquisition date. The cost for merging is the sum of book value of cash or non-cash assets paid, liabilities issued or assumed, equity securities issued, etc. for obtaining the control power of the acquiree and various direct expenses in business merger (in the business merger realized step by step through several transactions, the cost for merging is the sum of the cost for each single transaction). Positive balance between the cost of merging and the fair value of the identifiable net assets of the acquiree obtained by the Group on the acquisition date shall be recognized as goodwill; if the cost of merging is less than the fair value of the identifiable net assets of the acquiree obtained, the fair value of various identifiable assets, liabilities and contingent liabilities obtained in business merger and the fair value of non-cash assets or equity security issued in the consideration of merger shall be re-checked first. If the re-checked cost of merger is still less than the fair value of identifiable net assets of the acquiree obtained, the balance shall be included into current non-operating revenue.

6. Preparation methods of consolidated financial statements

The Group incorporates all subsidiaries controlled by it and structured entities into consolidated financial statements.

When preparing consolidated financial statements, if the accounting policy or the accounting period adopted is inconsistent between the subsidiaries and the Company, the financial statements of subsidiaries shall be adjusted according to the accounting policy or the accounting period of the Company.

All significant internal transactions, current balances and unrealized profits within the scope of the merger are offset in preparing consolidated statements. Shares in owners' equity of subsidiaries but not attributed to the parent company, net profit and loss for the current period, other comprehensive income and shares attributed to non-controlling interests in total comprehensive income shall be listed in consolidated financial statements as non-controlling interests, non-controlling profit and loss, other comprehensive income attributed to minority shareholders and total comprehensive income attributed to minority shareholders.

Operating results and cash flows of subsidiaries which are acquired by business merger under common control are included into consolidated financial statements on the beginning of the current period of the merger. Upon the preparation of comparative consolidated financial statements, any adjustments to relevant items in financial statements of the previous year are considered as the subject of reports formed after merger as if it might have existed since the time when final controlling party begin to take the control.

Under the circumstance that the equity of the investee is obtained under the common control through multiple transactions step by step, which results in business merger, such equity shall be adjusted in the preparation of consolidated financial statements as if they might have existed as the current state from the time when final controlling party takes the control. When preparing comparative accounts, relevant assets and liabilities of the acquiree are included in comparative accounts of consolidated financial statements of the Group according to the restriction that the time above shall be later than the time when the Group and the acquiree are under the common control of final controlling party, moreover, increased net assets resulting from the merger are adjusted as relevant items under owners' equity. In order to avoid repeated calculation of value of net assets of the merged party, the long-term equity investment held by the Group before the merger is achieved, the changes in relevant profits and losses, other comprehensive incomes and other net asset that have been recognized in the period from the later date, when the long-term equity investment is acquired and when the Group and the acquiree are under the final control of the same party, to the merger date, shall respectively be applied to write off the opening retained earnings or current profits and losses during the period of comparative statement.

As for subsidiaries acquired by business merger under the different control, operating results and cash flows shall be incorporated into consolidated financial statements from the date when the Group takes the control. In preparing consolidated financial statements, adjustments to financial statements of subsidiaries are based on the fair value of identifiable assets, liabilities or contingent liabilities, which is identified at the purchase date.

Under the circumstance that the equity of the investee is obtained under the different control through multiple transactions step by step, which results in business merger, the equity of the acquiree obtained before the purchase date shall be recalculated as per the fair value of the equity on the purchase date when preparing the consolidated financial statements, with the balance between the fair value and its book value included into the current investment profits; if the equity of the acquiree held before the purchase date involves other comprehensive income calculated under the equity method and other change of the owner's equity except net profits and incomes, other comprehensive incomes and profit allocation, the relevant other comprehensive incomes and other change of owners' equity shall be transferred into current income of the purchase date, except other comprehensive incomes arising out from that the acquiree remeasures change of the net liabilities or net assets of the set benefit plan.

The Group disposes of the long-term equity investment against subsidiaries partially without losing control right; in the consolidated financial statements, as for the balance between the disposing amount and the net asset continuously calculated from the purchase date or date of merging of the subsidiary enjoyed correspondingly in disposing long-term equity investment, capital premium or share premium shall be adjusted; if the capital reserves are not sufficient for offset, the retained earnings shall be adjusted.

Where control right over the investee is lost due to the disposal of partial equity investment of the Group or other reasons, the residual equity will be re-calculated based on the fair value thereof on the day the control is lost when preparing the consolidated financial statements. The balance from the sum of the consideration obtained from the equity disposal and the fair value of the residual equity minus the net assets of the original subsidiaries calculated continuously in proportion to the original holdings from the purchase date or date of merging shall be recorded into the investment income of the current period in which the control right is lost, with goodwill written off simultaneously. Other comprehensive incomes related with the equity investment of the original subsidiaries shall be converted to the current investment profit and loss when losing the control right.

When the Group disposes of equity investment of the subsidiaries step by step through multiple transactions till losing the control right, if various transaction from disposal of equity investment of subsidiaries till losing the control right belongs to package deal, accounting treatment shall be conducted for each transaction as the transaction that disposes of subsidiary with loss of control right; Nonetheless, before loss of control right, the balance between each price disposal and the net asset share of such subsidiary enjoyed correspondingly in asset disposal is recognized in the other comprehensive income in the consolidated financial statements and turned into the current profit and loss when losing control right.

7. **Classification of joint arrangements and accounting treatment method for joint operations**

The Group's joint arrangements include joint operations and joint ventures. In projects for joint operation, for assets held and liabilities assumed solely which are confirmed by the Group as the joint-venture party in joint operation and assets held and liabilities assumed according to shares, their relevant income and costs shall be determined as per related individual agreements or shares. If purchase or sales related to joint operation are not construed as assets transactions of business, it should only determine parts which belong to other participants of joint operation in profit and loss arising from such transactions.

8. **Turnover**

The turnover included the received and receivable net sales value of different types of cryogenic storage-transport vessels and spare parts and net value of service provision, and their analysis is shown as follows:

Unit: Yuan Currency: RMB

Item	**Amount in current year**	Amount in previous year
Seamless steel gas cylinders	**412,737,847.38**	457,238,392.59
Winding cylinders	**108,462,417.04**	133,322,479.64
Cryogenic gas cylinders	**163,985,458.23**	206,528,273.89
Cryogenic devices for storage and transportation	**154,719,109.40**	195,652,784.90
Others	**197,499,749.55**	142,825,780.38
Gross sales	**1,037,404,581.60**	1,135,567,711.40
Less: sales tax and other additional charges	**11,522,295.19**	9,845,974.69
Total	**1,025,882,286.41**	1,125,721,736.71

(1) Taxes

Item	**Amount in current year**	Amount in previous year
Corporate income tax in the current year	**2,490,207.46**	2,778,748.79
Deferred tax liabilities	**146,653.06**	-71,393.40
Total	**2,636,860.52**	2,707,355.39

(2) Dividend

No dividend paid or proposed during the year of 2020. No dividend has been proposed since the end of this reporting period (2019: nil).

9. Accounts receivable

(1) Accounts receivable

Unit: Yuan Currency: RMB

Type	Closing balance Book balance Amount	Closing balance Provision for bad debts Amount	Closing balance Book value	Opening balance Book balance Amount	Opening balance Provision for bad debts Amount	Opening balance Book value
Total	**253,894,767.04**	**61,965,614.20**	**191,929,152.84**	251,224,964.00	60,998,279.86	190,226,684.14

(2) Accounts receivable listed by age

Unit: Yuan Currency: RMB

Within 1 year	
Including: sub-items within 1 year	
Subtotal within 1 year	186,784,787.67
1 to 2 years	5,826,443.52
2 to 3 years	4,691,743.74
More than 3 years	
3 to 4 years	5,689,300.19
4 to 5 years	19,297,114.60
More than 5 years	31,605,377.32
Total	253,894,767.04

The basis of aging analysis of the Group is presented based on the relevant transaction dates.

10. Accounts payable

(1) Presentation of accounts payable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Material payment, etc.	**251,829,791.48**	285,228,037.89
Project payment	**6,486,000.27**	6,281,455.93
Total	**258,315,791.75**	291,509,493.82

(2) Significant payables with the aging over 1 year

Unit: Yuan Currency: RMB

Item	Closing balance	Reasons for non-repayment or carrying over
Gaobeidian Haihong Industrial Co., Ltd.	**5,178,581.10**	Unsettled
Tianjin Lebeier Catering Management Co., Ltd	**3,899,529.00**	Unsettled
Tianjin Seamless Investment Co., Ltd.	**2,590,165.89**	Unsettled
Shengzhongyuan Hoisting Machinery Operation Department, Dongli District, Tianjin	**2,259,903.16**	Unsettled
Beijing Branch of TUV SUD Certification and Testing (China) Co., Ltd.	**2,191,924.29**	Unsettled
Tianjin WERH Air Compressor Sales Co., Ltd.	**2,077,092.80**	Unsettled
Beijing Kaitian Chengxin Science And Technology Co., Ltd.	**1,483,902.58**	Unsettled
Shanghai Baitu Cryogenic Valve Co., Ltd.	**1,424,632.79**	Unsettled
Nanpi Taixin Machinery Manufacturing Co., Ltd.	**1,345,673.25**	Unsettled
Tianjin Fuyang Wood Products Co., Ltd. (天津福陽木製品有限公司)	**1,343,088.01**	Unsettled
Tianjin Compressor Parts Co., Ltd. (天津市壓縮機配件有限公司)	**1,339,769.84**	Unsettled
Zhongtai Jiecheng (Tianjin) Freight Forwarding Co., Ltd.	**1,310,959.93**	Unsettled
Tianjin Mingtianyang Construction Machinery Sales Co., Ltd. (天津名天揚工程機械銷售有限公司)	**1,277,150.00**	Unsettled
Beijing Shunxiang Foam Plastic Products Co., Ltd.	**1,273,201.58**	Unsettled
Tianjin Weishi Construction Machinery Commerce and Trade Co., Ltd.	**1,259,904.99**	Unsettled
Jiangsu Dali Energy Saving Technology Co., Ltd.	**1,222,549.92**	Unsettled
Total	**31,478,029.13**	–

(3) Presentation of accounts payable as per age

Unit: Yuan Currency: RMB

Aging	Closing balance	Opening balance
Within 1 year	**200,543,071.53**	258,608,389.73
1-2 years	**43,300,662.21**	23,950,388.74
2-3 years	**8,177,162.24**	6,491,516.92
Over 3 years	**6,294,895.77**	2,459,198.43
Total	**258,315,791.75**	291,509,493.82

11. Undistributed profit

Unit: Yuan Currency: RMB

Item	Current period	Previous period
Undistributed profit at the end of previous period before adjustment	**-820,483,186.46**	-690,446,430.91
Total amount of adjustment for undistributed profit at the beginning of period ("+" for plus; "-"for less)		
Undistributed profit at the beginning of period after adjustment	**-820,483,186.46**	-690,446,430.91
Add: net profits attributable to owners of parent company in current year	**156,431,757.57**	-130,036,755.55
Less: appropriation of statutory surplus reserve		
appropriation of discretionary surplus reserve		
appropriation of general risk provision		
ordinary share dividends payable		
ordinary share dividends transferred into share capital		
Undistributed profit at the end of the period	**-664,051,428.89**	-820,483,186.46

12. Income tax expenses

Unit: Yuan Currency: RMB

Income tax expenses	**Amount in current year**	Amount in previous year
Current income tax calculated according to tax law and relevant provisions	**2,490,207.46**	2,778,748.79
1. Mainland China corporate income tax	**2,351,184.01**	1,656,400.69
2. Hong Kong income tax		
3. Other regions (USA)	**139,023.45**	1,122,348.10
4. Over-measurement in the previous years (under-measurement)		
Deferred income tax expenses	**146,653.06**	-71,393.40
Total	**2,636,860.52**	2,707,355.39

13. Return on net assets and earnings per share

Unit: Yuan Currency: RMB

Profit for the Reporting Period	**Weighted Average return on net assets (%)**	**Earnings per share**	
		Basic earnings per share	**Diluted earnings per share**
Net profits attributable to ordinary shareholders of the Company	30.13	0.34	0.34
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	-24.64	-0.28	-0.28

According to Article XIII of the Accounting Standards for Business Enterprises No. 34 – Earnings Per Share, the profit and loss of the previous year shall be retrospectively adjusted in accordance with the provisions of the Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies and Accounting Estimates and Correction of Errors. If the restatement is retrospective, the earnings per share for each reporting period should be recalculated. For relevant items in the financial statements at the beginning of the year upon first implementation of the new lease standards, previous year's profit and loss have not been retroactively adjusted, and it is not necessary to recalculate the earnings per share during the comparison period.

II. MANAGEMENT DISCUSSION AND ANALYSIS

1. Chairman's Report

I. Review

In 2020, the world economic situation was experiencing unprecedented hardship and the accelerated restructuring of the global industrial structure has had a huge impact on China's economy. The outbreak of the novel coronavirus epidemic globally has placed tremendous pressure on the Company's production and operation. Faced with complex and changing market situation and arduous development task, the Company made a concerted effort to overcome difficulties and advanced the work in a steady and orderly manner.

In terms of principal business, the Company always adheres to market orientation and strengthens the building of products diversification structure. While maintaining the stable development of traditional products, the Company actively integrated resources and seized the market shares, and focused on strengthening the resource layout and cultivating of the hydrogen energy industry chain business, Type IV cylinder business and cryogenic tank business. At the same time, the Company also paid attention to strengthen the optimization and integration of internal management of the Company, and management was strengthened while operational efficiency was enhanced, business synergy level was increased, and industrial risk resistance capacity of the Company was strengthened through diversified business deployment. At the same time, making full use of the advantages of the capital market, laying a foundation for the Company's sustainable and healthy development.

During the reporting period, the Company realized operating income of approximately RMB1,088 million, representing a decrease of approximately 9% as compared with the corresponding period of the previous year. Net profits attributable to shareholders of the Company was approximately RMB156.4318 million.

During the Reporting Period, the Company focused on the following works:

1. *Achieving remarkable progress in market development, bringing renewed attention to the field of hydrogen energy*

During the Reporting Period, the Company focused on maintaining the main business's prosperity, and took the initiative to capture the domestic and international markets.

The field of industrial gas and fire services:

Domestic sales of small- and medium-sized industrial cylinders recorded a year-on-year increase, while sales of new products also recorded a year-on-year increase. This was due to a significant increase in aeration volume, less frequent replacement, and the gradual maturing of tracking and control systems such as additional electronic product tags, which garnered a favorable reputation within well-known gas companies. Subway fire-fighting and station use fire-fighting cylinders maintained their growth trend, with their market shares giving them a clear leading position in the industry. However, the industry still remains fiercely competitive. On the basis of its product quality and brand advantages, the Company will actively implement a sales policy of agency and direct sales to expand the sales channels through methods such as live commerce so as to improve its domestic and international sales systems and maintain market share.

The field of natural gas applications:

The Company closely monitored changes within market segments. Newly signed LNG storage orders nearly doubled year-on-year, and the delivery of orders for marine tanks continued to strengthen its effort, further consolidated and enhanced the Company's leading position in the marine tanks market. After a large number of market visits and promotions, the Type 2.5 cylinders made a breakthrough in the OEM market and continuously won orders from heavy truck OEMs.

The field of hydrogen energy applications:

In April, the Ministry of Finance and relevant departments issued a notice which clearly stipulated that the subsidy approach should be adjusted and the applications of fuel cell vehicles be demonstrated. In September, China announced that its carbon dioxide emissions would peak before 2030, and strive to achieve carbon neutrality by 2060. The position of the hydrogen energy market continued to rise. During the Reporting Period, the Company's hydrogen energy business grew year-on-year, the Company maintained a close relationship with synergistic units in the hydrogen industry, participated in projects such as the establishment of a National Hydrogen Energy Industry Innovation Center by the State Power Investment Corporation. Along with BAIC, Foton, Sinohytec and other upstream and downstream enterprises in the hydrogen energy industry, it jointly invested in the establishment of Beiqing Zhichuang (Beijing) New Energy Automobile Technology Co., Ltd., establishing a new industrial cooperation model that will increase the standardization, industrialization, and scale of hydrogen energy applications, opening a new chapter in the development of hydrogen energy.

2. Implementing the three-year reform of state-owned enterprises and improving the Company's asset structure

During the Reporting Period, the Company continued to rationalize its industrial structure and the direction of its development, keeping a focus on its principal business to enhance the quality of the Company's asset operation comprehensively. To improve the asset structure of Beijing Tianhai Industry Co., Ltd. ("Beijing Tianhai"), revitalize its assets, and support the sustained stable development of the principal business sectors of hydrogen energy, industrial gas and natural gas, Beijing Tianhai transferred its Wu Fang Qiao assets to Beijing Jingcheng Machinery Electric Asset Management Co., Ltd. (the "Asset Company").

3. Stimulating new development momentum with technological innovation

During the Reporting Period, the Company comprehensively accelerated its mechanism of product technology innovation, improving its research and development organization and institutional construction, of which, many technological research and development projects made significant progress.

The construction of a Type IV cylinders production line was carried out in an orderly manner. The trial production of a variety of products have been completed with a pressure level of 20-70MPa. In December 2020, the "three new" technologies review was passed, and on-site review of the manufacturing license is currently completed. A breakthrough was made in 70MPa Type III hydrogen storage cylinders, and it undertook two sub-tasks of the new energy vehicle major project of the Ministry of Science and Technology- the development of large-volume 70MPa vehicle gas cylinders for fuel cell road buses and public buses, and successfully passed all prototype tests (including the test for hydrogen circulation) as required by national standards, obtained a national standard product certificate, thus became the first domestic enterprise with 70MPa large-volume Type III cylinders to obtain national standard certification in the field of hydrogen fuel commercial vehicles and an enterprise with mass supply capabilities.

4. ***Refinancing was successfully completed to facilitate new product development***

The non-public issuance of shares by the Company was completed, the number of shares issued is 63,000,000, raising proceeds of approximately RMB214.83 million. The proceeds raised from the non-public issuance of A Shares will be principally used for the construction project of Type IV cylinders intelligent digital production line, a hydrogen energy product research and development project, and fund-raising projects to repay the debts of Beijing Jingcheng Machinery Electric Holding Co., Ltd. ("Jingcheng Machinery Electric") and financial institutions. This will enable the Company to enter the blue ocean of hydrogen energy industry as soon as possible, vigorously develop new high value-added products, expand the business space, and regard the hydrogen energy industry segment as the Company's new strategic growth point in the future, quickly establish a first-mover advantage, maintain technological leadership, and enhance the profitability and value of the Company.

5. ***Commencing M&A and restructuring to raise high-end equipment manufacturing***

The Company continues in its role as a capital operation platform for industrial transformation and upgrading, and the development of a high-end equipment business. The Company initiated the merger and acqusition project of Qingdao BYTQ United Digital Intelligence Co., Ltd. ("BYTQ"). If the merger and acquisition project is successfully implemented, high-quality assets will be injected into the Company, which is conducive to the coordinated development of the intelligent production line, upgrade and transformation of the solution business and the original pressure vessel business of the Company, and strengthens the ability of the Company to continue operations.

6. ***Reducing costs and increasing efficiency while optimizing the organizational structure***

The Company comprehensively strengthened its budget management, tightly controlled expenditures, and realized dynamic management of costs and expenses; strictly controlled the amount of revenue and inventories, scientifically formulated dynamic indicators and special measures, and kept a close eye on overdue receivables and overstocked inventories. The Company has transformed management functions, concentrated high-quality management resources, realized vertical professional management of core business units and management units, further reduced functional departments and merged job responsibilities.

II. Outlook

The year 2021 is the first for China's implementation of the Fourteenth Five-Year Plan. The external environment remains the biggest source of uncertainty for China's economic development. The global pandemic has a recurring risk, the long-term trend of Sino-US rivalry would not change while the global political and economic landscape is still complex and changeable. The Company will continue to concentrate its resources to promote the Company's industrial transformation and upgrade, make good use of the capital market to accelerate the Company's progress of "high-end, precise and advanced" industrialization, adjust its operating ideas in a timely manner, creating a new operating model in multiple directions, and increase the Company's profitability. To ensure the smooth realization of the strategic goals of the Fourteenth Five-Year Plan, strategic guarantee measures in areas such as the reform and adjustment of the management and control model, the integration of the organizational structures and the talent development plan, the adjustment of the industrial layout, the enhancement of R&D and innovation capabilities, the realization of digital transformation, the innovative marketing models, and the strengthening of internal control management have been developed to ensure the implementation of the Company's strategic goals are in place.

For 2021, the Company's specific objectives include the following:

1. Focus on the Company's principal business and adhere to the performance indicators

In 2021, the Company will continue to stick to the domestic market while actively expanding its marketing strategy on the international markets.

Field of international markets:

The pandemic situation and economic environment leaves little room for optimism in 2021. To find opportunities in the face of such adverse trends is to first increase the market expansion for new products such as natural gas and hydrogen energy and use multiple channels to increase brand promotion and corporate awareness. Second is to focus on opening up the international market and increasing the attention paid to and the exploration of high-end customers. Third is to form a business, technology, quality, and supply service team which will maintain key customers well, earnestly pay attention to and fulfill key customers' demands, focus on the issue of solving new customer requests, handle historical quality issues, and establish the future after-sales systems to enhance customer loyalty. Fourth is to increase its exploration and cultivation of potential regional distributors, respond to the travel bottleneck caused by the pandemic and political factors, and provide more standardized, professional and fast products and services at the market terminal. Fifth is to promote cost reductions for all products and maintain the Company's competitive market advantage.

Field of domestic market:

The Company will focus on annual sales targets, increase its efforts, actively strive for the resources of major customers, thoroughly explore existing customers' needs, and stay abreast of changes in the market and customer demand. To stabilize its current market scale, target future markets and grasp the key to break through the market boundary, the Company will continue to introduce innovative business models, adjust product structures, and adopt differentiated competitive strategies based on different businesses and products. It will also continue to maintain close cooperative relationships with synergistic units in the hydrogen industry chain, obtain bulk orders by utilizing resource channels, and seek a favourable competition pattern and development space, and establish a high-quality business model.

2. *Further structural reforms and steady advance for M&A projects*

The Company will refine its strategic management to ensure a positive start to the "Fourteenth Five-Year Plan". Using its strategic development center as a platform, the Company will ensure the scientificity, forward-looking and accuracy of the company's strategy while accumulating resources for sustainable development and furthering the reform of its management and control. The Company will continue to carry out organizational optimization and remuneration system reform. The Company also continues to improve operations at the Tianhai Hydrogen Energy Platform, firmly grasps the developmental rhythm of the hydrogen energy market, and accelerates business development; it will carry out remuneration system reform, and actively promote the innovative reform on the incentive mechanism and model to stimulate the employees' spirit of long-term striving.

The Company continued in its role as a capital operation platform for industrial transformation and upgrading, and the development of a high-end equipment business, while steadily promoting the implementation of the M&A and reorganization project to ensure that BYTQ is successfully consolidated into the Company.

3. *Continue innovation-driven development, increase pace of technological innovation*

In the strategic sectors of the Company's future development such as Type IV hydrogen cylinder, system integration and hydrogen filling station, the Company will strengthen the research and development, optimize training and introduction channels of the Company's technical personnel, emphasize on the cultivation of compound talents with the ability to complete overall solutions to accelerate the Company's core products development, build the Company's core competitiveness, transform first-mover advantages into product and technical advantages, and improve the Company's market competitiveness.

In the stable product segment of the Company, the Company completed the addition of products required by key customers, continued to promote the localization of imported materials and imported parts, and ensured the safety of the supply of key materials for the Company's strategic products. The Company will significantly reduce production costs through optimization of costs design from the technical level, to lay a solid cost foundation to adapt to market competition, to promote product transformation and upgrading. The Company solves the actual challenging issues of customers by strengthening the communication between market personnel and technical personnel, making technical improvements through market feedback, and seizing market opportunities.

4. *Promote intelligent manufacturing and informatization construction*

In view of the irrational process of the existing production line, the low level of automation, and the difficulty of downsizing on the production line, the Company actively connects resources, and coordinate the intelligent and digital upgrade of the production line of each production unit to achieve the three major goals of traceability of product manufacturing, more accurate product cost collection, and improvement of production efficiency and the output value per capita. The Company actively consolidates the results of the implementation of the "Exhibition ePlan", improves the level of enterprise networking, information security and application. The Company will break 'informatization silos' by adopting a single-domain structure, and by centrally managing each subsidiary's information.

5. *Normalizing epidemic prevention and control*

The Company continues to actively respond to and strictly comply with China's various regulations and requirements for prevention and control of the pandemic. To this end, it implemented a range of prevention and control measures for the pandemic, coordinated a resumption of business, production, operations and development, actively negotiated with customers, suppliers and logistics companies, to communicate and explain in helping to maintain relationships. The Company supports China's fight against the pandemic from the standpoint of guaranteeing supplies, social responsibility and internal management etc..

The Company is firmly committed to attaining a strategic position of "building the world's leading energy and gas storage and transportation equipment manufacturing and service enterprise". Under the current socio-economic environment clouded by both international and domestic problems, the Company must understand precisely the trend of socioeconomic development, enhance the awareness to risks and grasp and make use of the important strategic opportunities of China's development. With strong determination and steady progress, by targeting the two issues of innovation and market and accomplish different key missions with continuous effort and high quality, the Company will ensure a successful start to the "Fourteenth Five-Year Plan".

(II) Principal Operation during the Reporting Period

In 2020, faced with the severe and complex international situation and the severe impact of the novel coronavirus pandemic, all management and employees of the Company united as one. While normalizing the pandemic prevention and control, they actively coordinated the resumption of business and production. The Company guaranteed the personnel, guaranteed orders, guaranteed the delivery of orders, pursued market development, implemented technological innovations, and reduced costs whilst increasing efficiency etc.. These measures stabilized the Company's basic business operation and made progress in key tasks.

1. Improve corporate governance to enhance operation standard of the Company

In 2020, in strict compliance with the requirements of the listing rules of both stock exchanges, the Company established a sound governance mechanism, amended the Articles of Association and many Rules of Procedures, and implemented a number of measures to improve corporate governance and ensure its compliance and sustainable development.

2. Cooperate with various parties and achieve progress in market development

Domestic market: New orders for LNG storage tanks increased significantly, while the successful delivery of marine tanks and the newly signed inland river orders helped to further consolidate and elevate the Company's leading position in the marine tank market. The Company's market share in subway fire protection has a clear leading position in the industry. The Company also created a new marketing model with live commerce etc.. Batches of hydrogen series products were supplied to many automakers, and the Company actively participated in projects such as the establishment of a hydrogen fuel cell commercial vehicle innovation center and the establishment of a National Hydrogen Energy Industry Innovation Center by the State Power Investment Corporation and strived for new development opportunities by actively participating in industrial alliances.

International market: Despite the ongoing pandemic, the Company remained stable and achieved both revenue and sales growth. The decline in the US market has eased. Traditional industrial gas cylinders and fire-fighting cylinders gradually gained more market share due to improvements in local service capabilities, and composite cylinders also increased steadily. Sales revenue in the European market increased by 24% year-on-year, stabilizing its position as the Company's largest overseas market. In the future, while consolidating and expanding its traditional market, the Company will increase its efforts to develop emerging product markets, and will take a two-pronged approach to minimize the impact of the Sino-US trade war on its business. The Company's relations with multinational gas enterprises were further strengthened this year, with revenue increasing by 18% year-on-year. With the adjustment of market structure and intensive cultivation of emerging markets, emerging markets have achieved growth against the market during the spread of the global epidemic.

3. *Enable refinancing of the listed company to assist subsidiaries' development*

As reviewed and approved by the Company's second extraordinary general meeting in 2019, the first A share class meeting in 2019 and the first H share class meeting in 2019, and approved by the China Securities Regulatory Commission in the "Approval in relation to the Non-public Issuance of Shares by Beijing Jingcheng Machinery Electric Company Limited" (Zheng Jian Xu Ke [2019] No. 2551), the Company non-publicly issued 63,000,000 Shares of RMB ordinary shares (A Shares), and the raised funds is approximately RMB214.83 million. The registered capital of the Company increased from RMB422 million to RMB485 million. After deducting the issuance expenses, all the raised proceeds were used to increase the capital of Beijing Tianhai, a subsidiary of the Company.

4. *Initiate mergers and acquisitions to deploy smart manufacturing*

In order to facilitate industrial transformation and upgrading and develop high-end equipment business, the Company is implementing the acquisition of 80% equity interest in BYTQ, a manufacturer of intelligent production lines, by issuing shares to purchase assets and fund raising.

Quality assets will be injected to the listed company through the transaction, which would benefit the synergic development of the construction of the automation and informatization of the production lines, upgrading and transformation the indsutry's overall solution business and the original pressure vessels business of the listed company, optimize its industrial layout and strengthen its capability for ongoing business operation. If this transaction is implemented successfully, the listed company will be able to share fully the target company's accumulated technologies and advantageous resources in smart manufacture field and help the industrial transformation of the listed company.

5. *Strengthen internal control management against business risks of the enterprise*

The Company's system of quality management continued to operate effectively. The Company continued to strengthen the construction of its system of risk prevention and control and improve construction of measures, and sort out business processes. A leadership package mechanism was established to aid in the solution of major cases in the Company's system, the management and control of overseas investment operations was strengthened, and the internal control management was enhanced. The Company improved its audit system, performed internal audits, strengthened audit supervision, and enhanced its risk prevention and control capabilities to ensure orderly operation and management of the Company.

(III) Analysis of principal business

1. Table of movement analysis on the related items in income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Current year	Corresponding period of last year	Change (%)
Operating income	1,088,296,501.51	1,195,847,102.19	-8.99
Operating cost	984,893,416.27	1,090,367,319.46	-9.67
Selling expense	43,872,954.09	61,218,869.03	-28.33
Administrative expense	109,762,189.03	112,494,870.48	-2.43
R&D expenses	26,555,135.65	14,278,613.00	85.98
Finance cost	18,581,297.39	23,064,724.52	-19.44
Net cash flows generated from operating activities	-27,911,136.21	85,942,384.39	Not applicable
Net cash flows generated from investing activities	318,349,054.84	8,978,348.53	3,445.74
Net cash flows generated from financing activities	-118,539,798.98	-63,572,793.32	Not applicable
Other earnings	3,043,991.19	1,395,441.21	118.14
Investment income	-10,927,916.47	-6,901,747.15	Not applicable
Credit impairment losses	-704,596.37	-11,772,908.42	Not applicable
Assets impairment losses	-40,765,372.67	-27,196,350.86	Not applicable
Income from disposal of assets	277,928,300.45	12,910.15	2,152,689.09
Non-operating expenses	1,634,675.08	2,065,682.17	-20.87
Net profit attributable to the parent company's shareholders	156,431,757.57	-130,036,755.55	Not applicable
Other net comprehensive income after tax	-3,422,726.42	863,225.84	Not applicable

2. Analysis of income and cost

✔ Applicable ☐ Not Applicable

In 2020, the global outbreak of the novel coronavirus epidemic brought tremendous pressure to production and operation. During the Reporting Period, operating income of the Company decreased by approximately RMB107,550,600 over the same period last year. The Company controlled costs through various channels, and its operating cost decreased by RMB105,473,900 over the same period last year.

(1) Principal business by industry, by product and by region

Unit: Yuan Currency: RMB

Principal business by product						
By product	**Operating income**	**Operating cost**	**Gross profit margin (%)**	**Increase/ decrease in operating income over last year (%)**	**Increase/ decrease in operating cost over last year (%)**	**Increase/ decrease in gross profit margin over last year**
Seamless steel gas cylinders	412,737,847.38	364,985,012.20	11.57	-9.73	-11.82	Increase of 2.09 percentage points
Winding cylinders	108,462,417.04	108,897,705.63	-0.40	-18.65	-21.30	Increase of 3.39 percentage points
Cryogenic gas cylinders	163,985,458.23	141,095,200.99	13.96	-20.60	-19.70	Decrease of 0.96 percentage points
Cryogenic devices for storage and transportation	154,719,109.40	147,664,389.36	4.56	-20.92	-21.51	Increase of 0.71 percentage points
Others	197,499,749.55	182,310,668.52	7.69	38.28	36.50	Increase of 1.21 percentage points
Total	1,037,404,581.60	944,952,976.70	8.91	-8.64	-9.98	Increase of 1.35 percentage points

Principal business by region						
By region	Operating income	Operating cost	Gross profit margin (%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/ decrease in gross profit margin over last year
Domestic	610,738,275.67	558,741,150.58	8.51	-6.48	-7.68	Increase of 1.18 percentage points
Overseas	426,666,305.93	386,211,826.12	9.48	-11.57	-13.10	Increase of 1.60 percentage points
Total	1,037,404,581.60	944,952,976.70	8.91	-8.64	-9.98	Increase of 1.35 percentage points

Description of principal business by industry, by product and by region

As affected by the epidemic, operating income in the domestic market dropped by 6.48% year-on-year. European market in the overseas sector has steadily increased, and it continued to maintain its technological leadership and stabilized its position as the largest overseas market. Due to the multiple impacts of the Sino-US trade war, as well as domestic and foreign epidemics, the North American market continued to shrank, yet the downward trend in performance has eased.

(2) *Analysis of production and sales volume*

✔ Applicable ☐ Not Applicable

Principal product	Unit	Production volume	Sales volume	Inventory volume	Increase/ decrease in production volume over last year (%)	Increase/ decrease in sales volume over last year (%)	Increase/ decrease in inventory volume over last year (%)
Seamless steel gas cylinders	Unit	882,875	970,760	151,583	10%	4%	52%
Winding cylinders	Unit	27,920	30,161	1,215	-54%	-50%	-75%
Cryogenic tanks	Unit	370	415	13	-35%	-34%	-78%
Cryogenic gas cylinders	Unit	8,015	10,275	924	-32%	7%	-71%
Type III cylinders	Unit	3,490	3,594	156	-14%	-3%	-45%
Filling stations	Station	6	6	0	–	-14%	–
Carbon fiber full-winding compound gas cylinders	Unit	71,197	65,564	11,492	100%	7%	96%

Description of production and sales volume

In 2020, production volume increased by approximately 5% year-on-year, and sales volume stayed level. Affected by the epidemic and other factors, international shipping prices skyrocketed in the second half of the year, positions were tight, shipments were interrupted, and inventories increased. In particular, the inventories of seamless steel gas cylinders which accounted for a relatively large export business, increased by 52%.

(3) Cost analysis

Unit: Yuan Currency: RMB

By product							
By product	**Component of cost**	**Current period**	**Proportion over total cost for the current period (%)**	**Corresponding period of last year**	**Proportion over total cost for the corresponding period of last year (%)**	**Change in amount over last year (%)**	**Description**
Seamless steel gas cylinders	Materials	222,128,193.30	60.86	261,620,916.76	63.21	-15.10	
	Labour cost	28,068,004.40	7.69	32,449,105.96	7.84	-13.50	
	Manufacturing cost	114,788,814.51	31.45	119,821,634.87	28.95	-4.20	
	Total	364,985,012.20	100.00	413,891,657.59	100.00	-11.82	
Winding cylinders	Materials	73,736,322.94	67.71	97,125,943.92	70.19	-24.08	
	Labour cost	6,462,600.86	5.93	8,925,236.33	6.45	-27.59	
	Manufacturing cost	28,698,781.83	26.35	32,324,576.86	23.36	-11.22	
	Total	108,897,705.63	100.00	138,375,757.11	100.00	-21.30	
Cryogenic gas cylinders	Materials	112,674,124.84	79.86	140,340,563.43	79.86	-19.71	
	Labour cost	10,844,974.53	7.69	14,197,467.79	8.08	-23.61	
	Manufacturing cost	17,576,101.61	12.46	21,190,774.95	12.06	-17.06	
	Total	141,095,200.99	100.00	175,728,806.17	100.00	-19.71	
Cryogenic devices for storage and transportation	Materials	90,720,552.12	61.44	117,595,192.77	62.51	-22.85	
	Labour cost	15,910,517.94	10.77	22,461,791.74	11.94	-29.17	
	Manufacturing cost	41,033,319.30	27.79	48,065,224.37	25.55	-14.63	
	Total	147,664,389.36	100.00	188,122,208.88	100.00	-21.51	

Other information on cost analysis

In 2020, the Company continued to utilized the open, transparent and systematic purchasing platform to conduct specific businesses, reduce procurement costs, and achieved technological cost reduction through production line upgrades and transformation, product design refinement, and process optimization.

(4) Information on major customers and major suppliers

✔ Applicable ☐ Not Applicable

Sales to five largest customers amounted to approximately RMB233,849,400, representing 21.49% of total annual sales, of which sales to related parties were approximately RMB52,983,500, representing 4.87% of total annual sales.

Procurement from five largest suppliers amounted to approximately RMB232,772,800, representing 30.72% of total annual procurement cost, of which procurement from related parties were approximately RMB48,879,000, representing 6.45% of total annual procurement cost.

Other information

Nil

3. Expenses

✔ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	**Current year**	**Corresponding period of last year**	**Change (%)**
Selling expense	**43,872,954.09**	61,218,869.03	-28.33
Administrative expense	**109,762,189.03**	112,494,870.48	-2.43
R&D expenses	**26,555,135.65**	14,278,613.00	85.98
Finance cost	**18,581,297.39**	23,064,724.52	-19.44

4. ***Research and development expenditure***

(1) Breakdown of research and development expenditure

✔ Not Applicable ☐ Applicable

Unit: Yuan Currency: RMB

Research and development expenditure recorded in expenses during the period	26,555,135.65
Research and development expenditure capitalised during the period	
Total research and development expenditure	26,555,135.65
Percentage of total research and development expenditure over operating income (%)	2.44
Number of research and development staff	
Number of research and development staff over total number of staff (%)	
Percentage of research and development expenditure capitalised (%)	

(2) Description

✔ Applicable ☐ Not Applicable

During the Reporting Period, in the field of hydrogen energy applications, the Company stressed on carrying out the development and certification for different specification and series of 35MPa aluminum liner and carbon fiber full-winding compound gas cylinder (Type III cylinder) for hydrogen fuel vehicles, completed the key material substitution, process optimization and upgrading of the 35MPa product serialization, and completed the research and development of a variety of 35/70MPa hydrogen supply systems for hydrogen fuel vehicles. The Company has completed the research and manufacturing of 70MPa Type III cylinder and hydrogen supply system for buses, highway passenger vehicles and passenger vehicles by combining with the topics of research from Ministry of Science and Technology and Beijing Science and Technology Commission and successfully completed the certification for three specifications of 70MPa hydrogen cylinders and the supporting applications of vehicles.

The construction project of the Type IV cylinder production line was carried out in an orderly manner, and the trial production of a variety of products was completed, with a pressure level of 20-70MPa. In December 2020, it passed the three-new technology review, and the on-site review of the manufacturing license was completed.

In the field of natural gas applications, the Company has focused on the development and certification of lightweight steel liner carbon fiber full-winding gas cylinders, which have been placed on the market in batches and applied in the field of natural gas heavy trucks. The LNG tank for vessels has completed its series development and undertook two domestic large-scale demonstration projects while marine tanks has entered into the pilot run.

In the field of industrial gas and fire services, more than 100 developments and certification of various products such as various types of seamless steel gas cylinders, accumulator shells, SCBA respirator cylinders, cryogenic gas cylinders, and cryogenic tanks were completed in 2020.

5. Cash flows

Unit: Yuan Currency: RMB

Item	Current year	Corresponding period of last year	Change (%)
Cash inflows from operating activities	**990,858,541.54**	1,024,225,091.20	-3.26
Cash outflows from operating activities	**1,018,769,677.75**	938,282,706.81	8.58
Net cash flows generated from operating activities	**-27,911,136.21**	85,942,384.39	Not Applicable
Cash inflows from investing activities	**366,829,424.55**	27,634,150.00	1,227.45
Cash outflows from investing activities	**48,480,369.71**	18,655,801.47	159.87
Net cash flows generated from investing activities	**318,349,054.84**	8,978,348.53	3,445.74
Cash inflows from financing activities	**420,306,207.35**	238,442,835.31	76.27
Cash outflows from financing activities	**538,846,006.33**	302,015,628.63	78.42
Net cash flows generated from financing activities	**-118,539,798.98**	-63,572,793.32	Not Applicable

Description:

1. Net cash flows from operating activities decreased by approximately RMB113,853,500 as compared to the corresponding period of last year, mainly due to the decrease in cash inflow from operating activities and the increase in cash outflow from operating activities during the period, which reduced the net cash flows from operating activities during the period;

2. Net cash flows generated from investing activities increased by approximately RMB309,370,700 as compared to the corresponding period of last year, mainly due to the transfer of property assets located at Tianying North Road, Chaoyang District during the period.

3. Net cash flows generated from financing activities decreased by approximately RMB54,967,000 as compared to the corresponding period of last year, mainly because the net repayment of borrowings made during the period was higher than that during the corresponding period of last year.

(IV) Description of material change in profit due to non-principal business

Not applicable

(V) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan Currency: RMB

Name of item	Balance at the end of the current period	Balance at the end of the current period over total assets (%)	Balance at the end of the previous period	Balance at the end of the previous period over total assets (%)	Change in amount over the previous period (%)	Description
Monetary funds	279,067,536.83	163.6	83,509,311.05	5.00	234.18	Mainly due to the recipient of transfer price of the property assets located at Tianying North Road, Chaoyan District by Beijing Tianhai, a subsidiary of the Company during the period
Receivables financing	4,153,285.64	0.24	8,247,436.93	0.49	-49.64	Mainly due to the decrease in bank acceptance bill planned to be settled in advance
Other receiveables	8,706,093.49	0.51	46,407,948.62	2.78	-81.24	Mainly due to the recovery of Shandong Tianhai's equity transfer funds and dividends receivable during the period
Contractual assets	-	0.00	21,661,449.47	1.30	-100.00	Mainly due to the transfer of property assets located in Tianying North Road, Chaoyang District by Beijing Tianhai, a subsidiary of the Company, during the period
Other current assets	37,045,785.67	2.17	55,967,530.79	3.35	-33.81	Mainly due to the reduction in retained tax credits during the period
Investment properties	-	0.00	27,917,854.93	1.67	-100.00	Mainly due to the transfer of property assets located in Tianying North Road, Chaoyang District by Beijing Tianhai, a subsidiary of the Company, during the period
Construction in progress	54,395,871.51	3.19	25,554,133.59	1.53	112.87	Mainly due to the increase in investment in type IV cylinders project of the Company
Deferred tax assets	287,827.59	0.02	434,480.65	0.03	-33.75	Mainly due to the impact of deferred taxation of subsidiaries
Short-term borrowings	168,000,000.00	9.85	290,964,226.81	17.41	-42.26	Mainly due to the decrease in borrowings of subsidiaries during the period
Notes payable	56,000,000.00	3.28	-	0.00	100.00	Mainly due to the increase in issuance of the bank acceptance bill by subsidiaries at the end of the year

Name of item	Balance at the end of the current period	Balance at the end of the current period over total assets (%)	Balance at the end of the previous period	Balance at the end of the previous period over total assets (%)	Change in amount over the previous period (%)	Description
Other payables	45,176,375.13	2.65	83,829,249.76	5.02	-46.11	Mainly due to the repayment of funds borrowed from Jingcheng Holdings by the subsidiaries during the period
Other current liabilities	8,472,856.14	0.50	281,811.60	0.02	2,906.57	Mainly due to the reclassification of value-added tax in contract liabilities for the period
Long-term borrowings	1,154,907.30	0.07	-	0.00	100.00	Mainly due to the increase in long-term borrowings by BTIC America, a subsidiary of the Company,
Long-term payables	10,000,000.00	0.59	155,100,000.00	9.28	-93.55	Mainly due to the repayment of special payables of the subsidiaries during the period
Estimated liabilities	11,197,893.84	0.66	3,906,332.75	0.23	186.66	Mainly due to the increase in quality deposits accrued by subsidiaries during the period
Deferred incomes	6,011,627.67	0.35	2,052,019.15	0.12	192.96	Mainly due to the subsidy received by the subsidiaries from the Science and Technology Commission
Other comprehensive income	-325,424.59	-0.02	2,754,544.50	0.16	-111.81	Mainly due to the impact of changes in exchange rates

Other information

Nil

2. Major restricted assets at the end of the reporting period

Unit: Yuan Currency: RMB

Item	Book value at the end of year	Reasons for restriction
Monetary funds	32,921,438.94	Letters of guarantee, borrowings guarantee from letter of credit, and litigation freeze
Total	32,921,438.94	–

3. Other description

☐ Applicable ✔ Not Applicable

(VI) Analysis of industry operation

(1) Industrial fire industry

The industrial gas industry received strong support from national policies in recent years. With the increasing variety, increasing output, huge industrial advantages, huge market potential and broad development prospects of gas products in China, the future is bound to show a trend of growth. However, due to the excessive competition in the market, the low-cost competition of domestic industrial gas cylinders has become increasingly fierce. In addition, as the industrial gas industry gradually develops from the original disorderly development and low-level competition to the direction of specialization, socialization, intensification, liquefaction, piplineization, and integration, it will inevitably drive the growth of the market for industrial gas cylinders and cryogenic products.

With the country's emphasis on security and the infrastructure construction of fire-fighting facilities in "intelligent cities", the steady growth of fire-fighting gas cylinders can be anticipated. In recent years, the average growth rate of the fire industry in PRC was approximately 10%, and it is expected that the fire industry will continue to show a growth trend in the next few years. As governments at all levels attach great importance to the maintenance of social safety and fire protection, the gradual improvement of the fire supervision system, and the improvement of national fire safety awareness will provide subjective motivation for the development of the fire industry, which will further enhance the marketization level of fire industry in PRC while the fire industry will also usher in development opportunities.

(2) Liquefied Natural Gas Industry

Even though there were numerous "black swan events" or adverse effects such as the novel coronavirus epidemic, the plunge in oil prices, and the shift in clean heating policies in 2020, the liquefied natural gas market demand rebounded in a short period of time and maintained a relatively rapid growth when other industries showed a cliff-like decline. It is estimated that the annual liquefied natural gas consumption scale will exceed 320 billion cubic meters, an increase of over 7%, indicating that the development of the liquefied natural gas industry has strong "resilience" and huge endogenous potential. Especially in recent years, the reform of liquefied natural gas industry in PRC has been accelerating, the construction of natural gas pipeline network and other infrastructure has entered the fast lane, and the liquefied natural gas infrastructure has become more refined, forming a strong support for the development of the industry. From 1 July 2021, all heavy-duty diesel vehicles will implement the National VI emission standards; in July 2023, all light and heavy vehicles will be switched to the National VI b emission standards. The effective promotion and implementation of the promulgated series of policies have effectively promoted the growth of natural gas and LNG demand. It is expected that LNG will continue to grow in 2021.

(3) Hydrogen and Fuel Cell Industry

The PRC attaches great importance to the development of the hydrogen energy industry and has issued a number of policies to encourage the development of hydrogen energy. On 27 October 2020, the "Energy-saving and New Energy Vehicle Technologies Route 2.0" (《節能與新能源汽車技術路線2.0》) was officially released, setting the development goal of 100,000 fuel cell vehicles in 2025. Meanwhile, since 2020, Beijing, Guangdong, Shanghai, Shandong, Hebei and other provinces and cities have issued mid-and long-term development plans and implementation proposals for the hydrogen energy industry to accelerate the layout and development of the hydrogen energy industry. The hydrogen energy industry is expected to become a new driving force for local economic growth. It is foreseeable that in 2021, with the technological upgrade and cost reduction of hydrogen fuel cells, fuel cells will be used for demonstration in more fields such as combined heat and power supply, commercial energy storage, and portable power sources. In 2020, due to the impact of the epidemic and policy adjustments, some orders were postponed to 2021. With the implementation of the demonstration city cluster policy, coupled with the stabilization of the domestic economy and local fiscal stimulus, it is expected that the sales of hydrogen fuel cell vehicles will show explosive growth in 2021.

(VII) Analysis of investments

1. *General analysis of external equity investments*

(1) Material equity investments

Asset acquisition by way of share issuance and cash payment

In order to enhance the Company's ongoing operation and profitability, the Company is implementing the acquisition of 80% shares in Qingdao BYTQ United Digital Intelligence Co., Ltd.. In the transaction, the listed company acquired assets by way of issuing shares to 17 natural persons including Li Hong and Qingdao Eternal Economic Information Consulting Co., Ltd. and payment in cash, and raised supporting funds through non-public issuance of shares to no more than 35 target subscribers. The Company convened the fifth extraordinary meeting of the tenth session of the Board was held on 17 August 2020 for the consideration and approval of each resolution in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds. On 29 December 2020, the eighth extraordinary meeting of the tenth session of the Board was convened for the consideration and approval of each resolution in relation to the amendments to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds. On 9 February 2021, the Company convened the first extraordinary general meeting of 2021, the first A share class meeting of 2021 and the first H share class meeting of 2021 to vote for the various resolutions in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds, and to agree and authorize the Board to handle the matters related to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company. On 25 February 2021, the Company received the "CSRC Acceptance Notice of the Application for Administrative Permission" (Acceptance No.: 210440) (《中國證監會行政許可申請受理單》(受理序號：210440號)) issued by the CSRC.

(2) Material non-equity investments

Not applicable

(3) Financial assets measured at fair value

Not applicable

(VIII) Material disposal of assets and equity interest

1. Disposal of Beijing Wu Fang Qiao assets

On 8 September 2020, the Company published an inside information announcement on possible connected transaction – proposed transfer of property asset. On 21 September 2020, the Company issued an announcement on the connected transaction of the transfer of Wu Fang Qiao assets by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company. With the approval of the Board, Beijing Tianhai, an indirect wholly-owned subsidiary of the Company, transferred the industrial land with an area of 87,541.76 sq.m. and buildings thereon with a total floor area of 45,143.62 sq.m. located at No. 9 Tianying North Road, Chaoyang District, Beijing (the "Wu Fang Qiao Assets") to Beijing Jingcheng Machinery Electric Asset Management Co., Ltd. (the "Asset Company"), with the transfer price determined on the basis of the appraised value after filing of RMB 410,195,500 (including value-added tax price). At the same time as the transfer of Wu Fang Qiao Assets, Beijing Tianhai entered into the "Agreement on the Change of Party of the Lease" with the Asset Company and Beijing Jingcheng Haitong Technology Culture Development Co., Ltd., to generally transfer all rights and obligations of Beijin Tianhai under the "Lease of the Site and Plant at No. 9 Tianying North Road, Chaoyang District, Beijing between Beijing Tianhai Industry Co., Ltd. and Beijing Jingcheng Haitong Technology Culture Development Co., Ltd." (the "Lease Agreement") to the Asset Company. All rights and obligations stipulated in the Lease Agreement enjoyed by Beijing Tianhai were terminated immediately. On 24 December 2020, the Company issued an announcement on the results of the transfer of Wu Fang Qiao Assets.

(IX) Analysis of major subsidiaries and associates

Company name	Business nature	Principal products or services	Registered capital	Total assets	Net assets	Net profit
Beijing Tianhai Industry Co. Ltd.	Production	Production and sale of gas cylinders, accumulator shells, pressure vessels and auxiliary equipment, etc.	US$61,401,800	RMB1,699,554,981.51	RMB623,568,330.70	RMB116,611,117.37
Jingcheng Holding (Hong Kong) Company Limited	Trading and investment	Import and export trade, investment holding and consultancy services, etc.	HK$1,000	RMB155,549,459.31	RMB152,211,284.39	RMB387,135.54

(X) Structured entities under the control of the Company

Not applicable

(XI) Industry structure and trends

1. *Competition within the industry*

In recent years, the gas storage and transportation industry has become increasingly fierce. The total domestic market of CNG Type II cylinders shrank sharply in recent year. The OEM market will continue to maintain the status quo in the future and not increase much, and the secondary modification market will decline sharply. However, the large LNG storage tanks market set a global record for large LNG storage tanks in 2020, with sales reaching 142,000 units. This was due to the continuous introduction of national and local policies, including policy factors such as the concentrated early elimination and renewal of national phase three diesel trucks, and the commencement of "new infrastructures". At the same time, the oil and gas price difference is relatively stable, and the vigorous promotion of LNG trucks in regions with abundant gas sources has promoted the rapid growth of the LNG market segment.

2. *Development trend*

(1) Cylinder products

Competition for standardised industrial gas cylinder is becoming increasingly fierce, and low-price competition is inevitable. Under the new habitus of the economy, more emphasis is placed on the optimization and upgrading of the economic structure. The contribution rate of industries such as integrated circuits, display panels, photovoltaic energy, fibre optic cables, new energy vehicles, aerospace, environmental protection and medical care to China's economic growth will become more prominent. As an indispensable resource for the abovementioned industries, special gas will continue to rapidly develop its market scale. At the same time, demand for domestic high-purity and special gas cylinders will also continue to increase, while market demand for automotive cylinders is also expected to rise. As China places increasing emphasis on environmental protection, it will accelerate the building of clean, low-carbon, safe and efficient modern energy systems, leading to the growth of natural gas consumption in

China. In the future, it will be necessary for the Company to strengthen cooperation with large-scale gas companies and establish a full-service chain consisting of sales, technology and quality management to meet increasing market service demand.

(2) *Cryogenic products*

Competition in the traditional segments of LNG for vehicles and LNG storage tanks has become white-hot. In a sluggish market where the homogeneity of products is serious with intensifying price war, it was difficult to make a change. Adjustments to national macro policies have been conducive to promoting market demand for natural gas heavy trucks and LNG storage tanks. In the long run, the trend of global promotion of environmental governance, the Chinese government's energy saving and emission reduction, and the gradual proportionate increase of clean energy consumption will not change. The use of natural gas for clean energy in the transportation sector is still a future trend. The marine market, natural gas storage peak shaving market and overseas tank container market demand will be strong in the future.

(3) *Station-related products*

The construction of filling stations will slow down further. In the current economic situation, the profitability is limited by the impact of oil and electricity prices. In the next few years, the construction of LNG filling stations will decelerate further. As of 2020, there were approximately 4,800 LNG filling stations in China. However, with the country's requirements for the development of clean energy and the supervision of filling stations, filling stations will further develop towards regulation and standardization. The policy support for accelerating the use of natural gas will continue to develop. In the future, the Company must seize opportunities in smog treatment, and promote the "coal to gas" policy, strengthen cooperation with gas companies in all regions, and develop bottle and integrated gasification stations to continue to capture market share by LNG gasification skids, maintaining the appropriate development of the filling station sector.

(4) *Tank container products*

With its flexible turnover and quick market entry, the LNG tank container sector has attracted great attention from the PRC and government, and it will almost certainly undergo dramatic development in coming years. The flexible and diverse transportation methods can meet the needs of China's massive LNG import market, which will help upgrade the global LNG logistics model, and provide a new way to realize the rapid allocation of LNG resources. The market prospects are broad. At present, tank containers are mainly sold to the European and American markets. With the continued economic development of emerging markets such as China, southeast Asia, India, and Russia, global demand for LNG tank containers will increase steadily. To actively seek to establish a long-term cooperation mechanism with domestic and overseas customers is the main development focus in the future.

(5) Hydrogen energy products

On 21 September 2020, the five ministries and commissions jointly issued a "Notice on Commencement of the Demonstrating Application of Fuel Cell Vehicles" (《關於開展燃料電池汽車示範應用的通知》). This makes major adjustments to the subsidy approach and implements "reward for compensation" by taking the model city cluster as a unit, and formally determines the overall foundation for development of the hydrogen fuel cell vehicle industry over the next four years. As of 31 October 2020, there were a total of 126 hydrogen refilling stations under construction across China, while 87 had completed construction. According to the hydrogen energy industry plans of various local governments, it was conservatively estimated that the number of domestic hydrogen refueling stations will exceed 200 in 2021. Hydrogen energy applications are also becoming more extensive, with commercial vehicles leading their development, and applications for special purpose vehicles, special vehicles, forklifts and other special equipment, unmanned aerial vehicles, ships and others being demonstrated. Therefore, the Company will seize the opportunity, adhere to the market-oriented, independent innovation and development guidelines to build the Company's leading position in the field of hydrogen equipment manufacturing.

(XII) Development strategies of the Company

Strategic positioning: To build the world's leading industrial gas and the domestic leading energy gas storage and transportation equipment manufacturing and service enterprise.

Overall strategy:

1. Traditional energy equipment (industrial gas): Strengthening the leading position of traditional product market such as industrial gas cylinders, maintaining proper scale and enhancing profitability to ensure profitability;

2. Clean energy equipment (natural gas): Focusing on the development of the leading natural gas storage and transportation equipment which is leading in China and enhancing the market shares of tank products and LNG cylinders;

3. New energy equipment (hydrogen): Accelerating the planning of hydrogen industry, introducing core technology and seizing market opportunities as well as the launch of Type IV cylinders.

(XIII) Operating plan

The year 2021 is the first for China's implementation of the Fourteenth Five-Year Plan. The external environment remains the biggest source of uncertainty for China's economic development. The global pandemic has a recurring risk, the various derivative risks caused by the impact of the pandemic should not be ignored, the long-term trend of Sino-US rivalry would not change while the global political and economic landscape is still complex and changeable. In 2021, the Company's operational difficulty is still relatively large. It will strive to expand the market, improve its business model, focus on high-quality customers, hold to sales targets, grasp orders, sort out its profit model, withdraw products with long-term negative gross profit, ensure revenue growth, and stabilize its fundamental operation. The Company will continue to push innovation-driven development, accelerate the pace of product innovation, and strengthen forward-looking technological reserves; unswervingly implement the strategic deployment and continue to advance and deepen reforms. The Company will continue to implement measures to reduce costs and increase efficiency. Based on the new development stage, the Company will adhere to the new development concept, build a new development pattern, seize opportunities, solve difficult problems, continuously improve the Company's management level to lay a decent start for the "Fourteenth Five-Year Plan", achieve high-quality development of the Company and fully complete the 2021 targets and tasks!

(XIV) Potential risks

1. Risks associated with the implementation of the Merger and Acquisition

In order to enhance the Company's ongoing operation and profitability, the Company is implementing the acquisition of 80% equity interest in Qingdao BYTQ United Digital Intelligence Co., Ltd.. The Company convened the fifth extraordinary meeting of the tenth session of the Board on 17 August 2020 for the consideration and approval of each resolution in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds. On 29 December 2020, the Company convened the eighth extraordinary meeting of the tenth session of the Board for the consideration and approval of each resolution in relation to the amendments to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds. On 9 February 2021, the Company convened the first extraordinary general meeting of 2021, the first A share class meeting of 2021 and the first H share class meeting of 2021 to vote for the various resolutions in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds, and to agree and authorize the Board to handle the matters related to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company. On 25 February 2021, the Company received the "CSRC Acceptance Notice of the Application for Administrative Permission" (Acceptance No.: 210440) (《中國證監會行政許可申請受理單》(受理序號：210440號)) issued by the CSRC. At present, there are still uncertainties in the Company's acquisition of assets by way of share issuance and cash payment and raising of supporting funds. The Company will strictly perform information confidentiality work according to relevant progress, and perform information disclosure obligations in strict accordance with relevant laws and regulations, and announce the progress of the matter in a timely manner.

2. Industrial policy risks

First, factors such as oil and gas price differentials and new energy industry policies resulted in significant change to market demand for natural gas storage and transportation, impacting the natural gas storage and transportation sector, the Company's principal business. Second, the Company's hydrogen energy storage and transportation segment is categorized as a "new industry", which may easily be affected by national policy, economic environment, upstream and downstream industrial chain development, and other factors. Therefore, in response to these risks, the Company will grasp the national macro policy in a timely manner, identify industrial development trends, broaden areas of product application, at the same time strengthen core technology development, expand new markets, minimize risk factors associated with industry policy, and reduce the impact on the Company.

3. Risk of intensified market competition

Although the overall gas storage and transportation market has been showing a steadily rising trend, competition in the industry is intensifying. The product market may change in the future, which will bring some uncertain factors and influences to the Company's business development. Therefore, in the future, the Company must focus on technological self-reliance, continue to improve its independent innovation capability, make scientific arrangements, and make every effort to drive scientific and technological innovation. The Company will also enhance market and competition awareness, highlight the direction of professional development, and consolidate, expand and enlarge market share.

4. Development risk on new business and new market

Hydrogen energy and fuel cells are currently dominated by commercial vehicles in China, are mainly used in logistics, public transportation and large buses, and are still at the stage of gaining momentum. Due to national and local policies and other sources of uncertainty, the Company has encountered unexpected risks in the development of new business and new markets. In 2021, with the implementation of hydrogen energy industry planning in Beijing and other regions, and the assistance of the upcoming Winter Olympic Games, the trend of industrialization and commercialization will become increasingly obvious. The Company will continue to drive the development of hydrogen energy business to gradually get on the right track, which is crucial to product positioning and planning investment.

5. Risk associated with COVID-19

Due to the impact of the pandemic, business operations are facing difficulties such as increased operating costs, market instability, transportation restrictions, and unfixed personnel. At the same time, the flow of personnel declined, making it more difficult for the Company to sell products in traditional ways, and increasing business pressure, which brought certain business risks to the Company.

(XV) Analysis of financial position and operating results of the Company during the Reporting Period

1 Analysis of operating results

During the Reporting Period, total profit of the Company increased by approximately RMB281,820,700 over the same period last year. Operating income decreased by approximately RMB107,550,600 over the same period last year; operating cost decreased by approximately RMB105,473,900 over the same period last year; and operating profit increased by approximately RMB281,012,000 year-on-year.

During the Reporting Period, expenses decreased by approximately RMB12,285,500 over the same period last year, of which, selling expenses decreased by approximately RMB17,345,900, mainly due to decrease in selling expenses as a result of decrease in revenue for the year. Management expense decreased by approximately RMB2,732,700, mainly due to the Company's strengthening of general budget management and strict control of expenses. Research and development expenditure increased by approximately RMB12,276,500, mainly due to subsidiaries increasing investment in product research and development. Financial expense decreased by approximately RMB4,483,400, mainly due to the decrease in interest expenses as a result of the repayment of bank borrowings and interest-bearing liabilities of Jingcheng Holdings by the Company.

During the Reporting Period, impairment loss on assets increased by approximately RMB13,569,000 over the same period last year. 1. Provision for inventory impairment loss increased by approximately RMB7,294,100, mainly due to the Company carried out a large amount of depreciation provision for products in process. 2. Provision for fixed assets made in the current period was approximately RMB6,109,100. It was mainly due to the Company evaluated fixed assets with signs of impairment. According to the evaluation results, the total impairment provision for some machinery and electrical equipment was RMB6,109,100.

The investment income during the Reporting Period decreased by approximately RMB4,026,200, mainly due to the decrease in profits of the joint venture.

The credit impairment losses decreased by approximately RMB11,068,300 during the Reporting Period, mainly due to the decrease in long-term receivables.

Gains from disposal of assets increased by approximately RMB277,915,400 during the Reporting Period, mainly due to the transfer of property assets located at Tingying North Road, Chaoyang District by Beijing Tianhai, a subsidiary of the Company.

2 Analysis of assets, liabilities and shareholders' equity

As at the end of the Reporting Period, total assets increased from the beginning of the year while total liabilities decreased from the beginning of the year.

As at the end of the Reporting Period, total assets were approximately RMB1,705,430,900, representing an increase by approximately RMB34,591,400 or 2.07% as compared with the beginning of the year, of which: construction in progress increased by approximately RMB28,841,700 or 112.87%.

Total liabilities were approximately RMB703,825,900, representing a decrease of approximately RMB266,388,300 or 27.46% as compared with the beginning of the year, of which short-term borrowings decreased by approximately RMB122,964,200 or 42.26% and long-term payables decreased by approximately RMB145,100,000 or 93.55%.

Total shareholders' equity amounted to approximately RMB1,001,604,900, representing an increase of approximately RMB300,979,700 or 42.96% as compared with the beginning of the year, mainly due to the increase in capital and the increase in net profit for the year.

3 Analysis of financial position

By implementing its prudent financial policies, the Company established a strict risk control system for investment, financing and cash management to maintain a sound capital structure and solid financing channels. The Company kept its loan scale under strict control such that it can satisfy the capital need of operating activities while minimizing its finance cost and preventing against financial risks in a timely manner by fully utilizing financial instruments, for purposes of achieving sustainable development of the Company and maximizing its shareholders' value.

Liquidity and capital structure

	2020	2019
(1) Gearing ratio	**41.27%**	58.07%
(2) Quick ratio	**90.34%**	58.79%
(3) Current ratio	**132.75%**	99.93%

4 *Bank loans*

The Company prudently implemented its annual capital budget plan in accordance with the market conditions and requirement of customers to control the bank loan scale strictly. The Company fully utilized financial tools to timely reduce finance cost and prevent financial risks. In so doing, the Company improved the profit of the Company and shareholders while satisfying the capital need of operating activities. As at the end of the Reporting Period, the Company had short-term loan amounting to approximately RMB168,000,000, representing a decrease of 42.26% as compared with the beginning of the year. Long-term loan amounted to RMB115,490,000.

5 *Foreign exchange risk management*

Foreign exchange risks assumed by the Company are mainly related to US dollars. Apart from BTIC AMERICA CORPORATION and Jingcheng Holding (Hong Kong) Co., Ltd., the subsidiaries of the Company that procure and sell in US dollars, other principal business activities of the Group were priced and settled in RMB. Therefore, the Company was exposed to the foreign exchange risk arising from the fluctuation of exchange rate between RMB and US dollars. The Company actively adopted measures to reduce the foreign exchange risk.

(XVI) Principal Sources of Fund and Its Use

1 *Cash flows from operating activities*

Cash inflows from operating activities during the Reporting Period were mainly derived from the income of product sales. Cash outflow was mainly used in expenses related to the production and operating activities. The Company's cash inflows from operating activities during the Reporting Period amounted to approximately RMB990,858,500, while cash outflows amounted to approximately RMB1,018,769,600. Net cash flows during the Reporting Period from operating activities amounted to approximately RMB-27,911,100.

2 *Cash flows from investment activities*

Cash inflows from investment activities during the Reporting Period amounted to approximately RMB366,829,400, mainly due to the receipt of the equity interest and the transfer price of the transfer of the property assets located at Tianying North Road, Chaoyan District, while cash outflows from investment activities amounted to approximately RMB48,480,400 which was mainly used for capital expense such as capital contribution to the joint venture and the purchase of fixed assets. Net cash flows from investment activities during the Reporting Period amounted to approximately RMB318,349,100.

3 Cash flows from financing activities

Cash inflows from financing activities during the Reporting Period amounted to approximately RMB420,306,200, which was mainly derived from capital contribution and bank loans. Cash outflows from financing activities during the Reporting Period amounted to approximately RMB538,846,000. Net cash flows from financing activities for the Reporting Period amounted to approximately RMB-118,539,800.

In 2020, net cash flows from operating activities decreased by approximately RMB113,853,500 as compared to the corresponding period of last year, mainly due to the decrease in cash inflow from operating activities and the increase in cash outflow from operating activities during the period, which reduced the net cash flows from operating activities during the period. Net cash flows generated from investing activities increased by approximately RMB309,370,700 as compared to the corresponding period of last year, mainly due to the transfer of property assets located at Tingying North Road, Chaoyang District during the current period. Net cash flows generated from financing activities decreased by approximately RMB54,967,000 as compared to the corresponding period of last year, mainly because the net repayment of borrowings made during the year was higher than that during the corresponding period of last year.

During the Reporting Period, net cash flows from operating activities were approximately RMB-27,911,100 and net profit amounted to approximately RMB119,364,400. The Company mainly financed its operations through internal cash flow and loans.

(XVII) Capital Structure

The Company's capital structure consists of shareholders' equity and liabilities during the Reporting Period. Shareholders' equity amounted to approximately RMB1,001,604,900, of which minority interests amounted to approximately RMB302,132,300, and total liabilities amounted to approximately RMB703,825,900. Total assets amounted to approximately RMB1,705,430,900. As at the end of the year, the Company's gearing ratio was 41.27%.

Capital structure by liquidity

Total current liabilities	approximately RMB647,255,400	Percentage of assets 37.95%
Total shareholders' equity	approximately RMB1,001,604,900	Percentage of assets 58.73%
Of which: minority interest	approximately RMB302,132,300	Percentage of assets 17.72%

(XVIII) Contingent Liabilities

As at the end of the Reporting Period, the Company did not have any discloseable significant contingency.

(XIX) Details of the Group's charge on assets

Unit: Yuan Currency: RMB

Item	Book value at the end of year	Reasons for restriction
Monetary funds	32,921,438.94	Letters of guarantee, borrowings guarantee from letter of credit, and litigation freeze

(XX) Embezzlement of funds and repayment of debt during the Reporting Period

Not applicable

(XXI) Explanation of the Company on "Non-Standard Auditors' Report" issued by the auditors

Not applicable

(XXII) Profit distribution plan or plan to convert surplus reserves into share capital

1. Formulation, implementation or adjustment of cash dividend policy

Not applicable

2. ***Profit distribution plan or pre-arranged plan or plan or pre-arranged plan to convert surplus reserves into share capital in the previous three years (inclusive of the Reporting Period)***

Unit: Yuan Currency: RMB

Year of distribution	Number of shares to be distributed for every ten shares (share)	Amount to be distributed for every ten shares (RMB) (tax inclusive)	Number of shares to be converted into share capital for every ten shares (share)	Amount of cash dividend (inclusive of tax)	Net profit attributable to ordinary shareholders of listed company in the consolidated financial statement during the year of distribution	Percentage of the net profit attributable to ordinary shareholders of the listed companies in the consolidated financial statement (%)
2020	0	0	0	0	156,431,757.57	0
2019	0	0	0	0	-130,036,755.55	0
2018	0	0	0	0	-93,936,155.30	0

3. ***Repurchase of shares under cash included in cash dividend***

Not applicable

4. ***If the Company records profits and the parent company records a positive undistributed profit during the Reporting Period but there is no resolution for cash dividend, the Company shall disclose the reasons and the usage of the undistributed profits and the usage plan in details***

Not applicable

III. EXPLANATION ON OTHER IMPORTANT MATTERS

1. Changes of the subsidiaries that included in the consolidation scope during the Reporting Period

No subsidiaries are included in the consolidation scope during the Reporting Period.

2. During the Reporting Period, the Company initiated the project of issuing shares to purchase assets, which has been voted through at the general meetings, and a letter of acceptance from CSRC was received.

3. During the Reporting Period, the Company was subject to applicable enterprise income tax rates of 25% and 15%.

4. Review of financial statements for the Reporting Period by the Audit Committee

The Audit Committee of the Board of the Company has reviewed and confirmed the financial report for 2020.

5. Corporate Governance Code

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules as its corporate governance code. The Board considers that the Company has complied with all applicable code provisions set out in the CG Code throughout the year during the year, except that due to Hong Kong public holiday, the general meeting held on 28 October 2020 deviated from the notification requirement in paragraph E.1.3 of the CG Code.

6. Model Code for Securities Transactions by Directors and Supervisors

During the Reporting Period, the Company has adopted the model code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standards set in the Model Code in Appendix 10 of the Listing Rules. After making specific enquiries to all directors and supervisors, the Company confirmed that, each of the directors and supervisors has complied with the required standards on securities transactions by directors and supervisors as set in the Model Code for the 12 months ended 31 December 2020.

7. Share capital

(1) The Company completed the non-public issuance of A shares on 10 July 2020. The subscriber of this non-public issuance is Jingcheng Holding, with a total of one subscriber.

Before the non-public issuance of A shares, the total share capital of the Company was 422,000,000 shares, of which 182,735,052 share were held by Jingcheng Holding, accounting for 43.30% of the total share capital of the Company. After completion of the non-public issuance of A shares, the total share capital of the Company is increased to 485,000,000 shares, and the number of shares held by Jingcheng Holding is increased to 245,735,000 shares, accounting for 50.67% of the total share capital of the Company after completion of the non-public issuance of A shares.

(2) During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

IV. ANNUAL REPORT AND OTHER INFORMATION

This announcement will be published on the websites of the Company (www.jingchenggf.com.cn) and the Stock Exchange (www.hkexnews.hk). The annual report in entirety will be published on the websites of the Company and the Stock Exchange in due course.

By Order of the Board
Beijing Jingcheng Machinery Electric Company Limited
Wang Jun
Chairman

Beijing, the PRC
17 March 2021

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive directors, Ms. Jin Chunyu, Mr. Wu Yanzhang, Mr. Xia Zhonghua and Ms. Li Chunzhi as non-executive directors and Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive directors.