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 2023 ANNUAL RESULTS

The board of directors (the "**Board**") of Beijing Jingcheng Machinery Electric Company Limited (the "**Company**") hereby announces that the audited preliminary consolidated results ended 31 December 2023 (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 2023

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**31 December 2023**	31 December 2022
Current assets:			
Cash at bank and on hand		**502,766,015.92**	336,627,993.24
Settlement reserve			
Loans to banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable		**3,590,000.00**	8,603,853.52
Accounts receivable		**385,061,945.72**	315,652,015.26
Receivables financings		**32,346,639.47**	29,790,417.72
Advances to suppliers		**50,416,543.28**	46,525,117.75
Premiums receivable			

Item	*Note*	**31 December 2023**	31 December 2022
Reinsurance premium receivable			
Reinsurance contract reserves receivable			
Other receivables		**2,887,349.53**	4,809,858.44
Including: Interest reveivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories		**290,385,240.50**	310,798,445.44
Contractual assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		**9,687,325.81**	10,221,016.45
Total current assets		**1,277,141,060.23**	1,063,028,717.82
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		**104,890,267.71**	83,828,193.76
Other equity instruments investments			
Other non-current financial assets			
Investment properties			
Fixed assets		**636,006,382.70**	594,584,383.38
Construction in progress		**74,093,650.27**	59,457,140.18
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		**203,292,878.66**	220,518,068.16
Intangible assets		**182,280,480.78**	192,378,307.38
Development expenditures			
Goodwills		**168,996,039.10**	168,996,039.10
Long-term deferred expenses		**13,586,338.18**	16,622,473.45
Deferred income tax assets		**63,662,495.78**	69,755,808.48
Other non-current assets		**88,393,971.47**	26,835,176.42
Total non-current assets		**1,535,202,504.65**	1,432,975,590.31
Total assets		**2,812,343,564.88**	2,496,004,308.13

Item	*Note*	**31 December 2023**	31 December 2022
Current liabilities:			
Short-term borrowings		**140,000,000.00**	100,000,000.00
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		**85,759,357.39**	77,497,454.43
Accounts payable		**350,116,028.25**	242,600,960.24
Advances from customers			
Contractual liabilities		**47,451,038.27**	60,289,757.30
Financial assets sold under agreements to repurchase			
Deposits and placements from other financial institutions			
Securitites brokering			
Securities underwriting			
Employee benefits payable		**31,113,332.96**	25,714,018.81
Taxes payable		**18,694,312.91**	21,834,560.15
Other payables		**77,468,799.94**	63,942,916.44
Including: Interests payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance amounts payable			
Liabilities held for sale			
Non-current liabilities due within one year		**15,339,940.56**	21,127,930.84
Other current liabilities		**9,200,236.26**	6,677,447.44
Total current liabilities		**775,143,046.54**	619,685,045.65

Item	Note	31 December 2023	31 December 2022
Non-current liabilities:			
Reserve of insurance contract			
Long-term borrowings		**70,000,000.00**	
Bonds payable			
Including: Preferred shares			
Perpetual bond			
Lease liabilities		**234,016,247.39**	248,801,063.86
Long-term payables		**253,207,700.00**	113,207,700.00
Long-term employee benefits payable		**31,730,620.28**	30,779,454.07
Estimated liabilities		**4,989,719.00**	8,020,131.96
Deferred incomes		**7,998,474.74**	358,604.17
Deferred income tax liabilities		**56,850,982.85**	61,991,575.69
Other non-current liabilities			
Total non-current liabilities		**658,793,744.26**	463,158,529.75
Total liabilities		**1,433,936,790.80**	1,082,843,575.40
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		**547,665,988.00**	542,265,988.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		**1,186,456,814.83**	1,151,111,016.32
Less: Treasury stocks			
Other comprehensive incomes		**3,094,393.89**	2,128,736.81
Special reserves		**381,371.62**	124,960.21
Surplus reserves		**45,665,647.68**	45,665,647.68
Provisions for general risk			
Undistributed profit		**-717,353,627.48**	-665,678,483.89
Total owners' equity (or shareholders' equity) attributable to parent company		**1,065,910,588.54**	1,075,617,865.13
Minority interest		**312,496,185.54**	337,542,867.60
Total owners' equity (or shareholders' equity)		**1,378,406,774.08**	1,413,160,732.73
Total liabilities and owners' equity (or shareholders' equity)		**2,812,343,564.88**	2,496,004,308.13

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

Prepared by: Beijing Jingcheng Machinery Electric Company Limited *Unit: Yuan* *Currency: RMB*

Item	*Note*	**2023**	2022
I. Total operating revenue		**1,405,495,692.08**	1,372,261,232.14
Including: Operating revenues		**1,405,495,692.08**	1,372,261,232.14
Interest incomes			
Earned premiums			
Handling charges and commissions incomes			
II. Total operating cost		**1,444,884,526.48**	1,384,549,487.08
Including: Operating cost		**1,190,271,087.25**	1,186,461,657.86
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		**7,911,881.71**	7,512,492.91
Selling expenses		**46,218,130.86**	31,940,023.66
Administrative expenses		**120,477,225.32**	101,820,649.76
R&D expenses		**66,447,976.37**	47,649,016.32
Financial expenses		**13,558,224.97**	9,165,646.57
Including: Interests expense		**18,182,783.46**	12,931,363.31
Interests income		**4,618,837.01**	994,136.53
Add: Other earnings		**10,491,764.13**	15,304,144.59
Investment incomes (with “-” for losses)		**11,998,754.61**	25,352,960.96
Including: Investment incomes from affiliated enterprises and joint ventures		**11,855,196.49**	20,937,360.39
Derecognition income of financial asset measured at the amortized cost			
Exchange gains (with “-” for losses)			
Gains from net exposure hedges (with “-” for losses)			
Gains from changes of fair values (with “-” for losses)			

Item	*Note*	**2023**	2022
Credit impairment losses (with "-" for losses)		**-5,077,178.43**	3,594,695.68
Assets impairment losses (with "-" for losses)		**-32,396,390.18**	-19,531,341.09
Incomes of assets disposal (with "-" for losses)		**123,479.33**	324,288.25
III. Operating profit (with "-" for losses)		**-54,248,404.94**	12,756,493.45
Add: Non-operating income		**1,735,053.15**	12,361,496.63
Less: Non-operating expenses		**858,877.75**	3,340,210.19
IV. Total profits (with "-" for total losses)		**-53,372,229.54**	21,777,779.89
Less: Income tax expenses		**22,879,768.10**	8,001,910.21
V. Net profits (with "-" for net losses)		**-76,251,997.64**	13,775,869.68
(I) Classified according to operating continuity			
1. Net profit from continuing operations (with "-" for net losses)		**-76,251,997.64**	13,775,869.68
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)		**-51,675,143.59**	**18,315,155.10**
2. Profit and loss of minority interests (with "-" for net losses)		**-24,576,854.05**	**-4,539,285.42**
VI. Other net comprehensive incomes after-tax		**1,066,767.58**	3,486,077.88
(I) Other net after-tax comprehensive income attributable to the owner of the parent company		**965,657.08**	3,158,931.01
1. Other comprehensive income that cannot be reclassified through profit or loss			
(1) Remeasurement of changes in the defined benefit plan			
(2) Other comprehensive incomes that cannot be transferred to loss and profit under the equity method			
(3) Change of fair value of investments in other equity instruments			
(4) Changes of fair value of the enterprise's own credit risk			

Item	*Note*	**2023**	2022
2. Other comprehensive incomes that can be reclassified into profit and loss		**965,657.08**	3,158,931.01
(1) Other comprehensive incomes that can be transferred to profit and loss under the equity method		**8,939.39**	-6,087.45
(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 financial statements		**956,717.69**	3,165,018.46
(7) Others			
(II) Net other comprehensive income attributable to minority shareholders after tax		**101,110.50**	327,146.87
VII. Total comprehensive incomes		**-75,185,230.06**	**17,261,947.56**
(I) Total comprehensive incomes attributable to owners of the parent company		**-50,709,486.51**	**21,474,086.11**
(II) Total comprehensive income attributable to minority shareholders		**-24,475,743.55**	**-4,212,138.55**
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan per share)		**-0.10**	**0.04**
(II) Diluted earnings per share (Yuan per share)		**-0.10**	**0.04**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. Scope of Consolidated Financial Statements

The Company's consolidated financial statements cover Qingdao BYTQ United Digital Intelligence Co., Ltd. ("**BYTQ**"), Jingcheng Holding (Hong Kong) Co., Ltd., Beijing Tianhai Industry Co., Ltd. ("**Beijing Tianhai**" or "**Tianhai Industry**") and its subsidiaries Tianjin Tianhai High Pressure Container Co., Ltd. ("**Tianjin Tianhai**"), Shanghai Tianhai Composite Cylinders Co., Ltd. ("**Shanghai Tianhai**"), Beijing Tianhai Cryogenic Equipment Co., Ltd., Beijing Tianhai Hydrogen Energy Equipment Co., Ltd. ("**Hydrogen Energy Company**"), Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd. ("**Minghui Tianhai**"), Kuancheng Tainhai Pressure Container Co., Ltd., Beijing Jingcheng Haitong Technology Culture Development Co., Ltd. ("**Jingcheng Haitong**") and BTIC America Corporation.

II. Basis for Preparation of Financial Statements

1. Preparation basis

The Group prepared the financial statements based on 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 application guidance, interpretations and other related requirements (collectively hereinafter the "**Accounting Standards for Business Enterprises**"), the "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" (revised in 2023) of China Securities Regulatory Commission (the "**CSDC**") and relevant rules, and relevant provisions on disclosure of the Companies Ordinance of Hong Kong and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Hong Kong Listing Rules**").

2. Going concern

The Group has evaluated the going concern ability within 12 months since 31 December 2023 and has not found any event and condition causing substantial doubt about the going concern ability. These financial statements were presented on the basis of the going concern.

III. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates indication:

1. Statement of compliance with Accounting Standards for Business Enterprises

The Company declares that the financial statements prepared comply with the requirements of the Accounting Standards for Business Enterprises, which reflect the financial position as at 31 December 2023 and results of operation and cash flow of 2023 of the Company and the Group truly, accurately and completely.

2. Accounting period

The accounting period of the Company is from 1 January to 31 December 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 the 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. The Group translates into RMB in the preparation of the financial statements in accordance with the methodology described in Note V 10.

5. Methodology of determining materiality standard and basis for selection

Item	Materiality standard
Significant individual receivables with provisions for bad debts	There is objective evidence that the credit risk of a single receivable has changed significantly compared with that of other receivables in its portfolio, and the amount is greater than RMB10 million
Recovery or reversal of significant bad debt provisions on receivables	Individual recovery or reversal amount accounts for more than 10% of the total amount of various types of receivables and the amount is greater than RMB10 million
Write-off of significant receivables	The amount of write-off of a single item accounts for more than 10% of the total amount of bad debt provision for various types of receivables and the amount is greater than RMB10 million
Prepayments aged over 1 year	The amount of prepayments aged over 1 year accounts for more than 10% of the total prepayments and its amount is greater than RMB10 million
Important projects under construction	The budget of a single item is greater than RMB10 million
Payables aged over 1 year	Accounts payable aged over 1 year account for more than 10% of the total accounts payable and the amount is greater than RMB10 million
Material changes in book value of contractual liabilities	Changes in the book value of contractual liabilities account for more than 10% of the balance of contractual liabilities at the beginning of the year and the amount is greater than RMB10 million
Contractual liabilities aged over 1 year	Contractual liabilities aged over 1 year account for more than 10% of the total contractual liabilities and the amount is greater than RMB10 million
Other payables aged over 1 year	The amount of other payables aged over 1 year individually accounts for more than 10% of the total amount of other payables and the amount is greater than RMB10 million

Item	Materiality standard
Significant non-wholly owned subsidiaries	Non-wholly owned subsidiaries whose revenues account for more than 10% of the Group's revenues and amount to more than RMB100 million
Significant associates and joint ventures	The book value of long-term equity investment in a single investee unit accounts for more than 5% of the Group's net assets and the amount is greater than RMB10 million, or the profit or loss of the investment under the equity method of long-term equity investment accounts for more than 10% of the Group's consolidated net profit
Significant undertakings and contingencies	The amount of a single item exceeds RMB10 million
Significant subsequent events	The amount of a single item exceeds RMB10 million

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

(1) Business merger under common control

A business merger under common control is one in which all of the merging enterprises are ultimately controlled by the same party or parties both before and after the business merger, and that control is not transitory.

The assets and liabilities acquired by the Group, as the combined party, from business combination under common control should be measured based on the book value in the ultimate controlling party's consolidated statements of the combining party on the combination date. The difference between the book value of the net assets obtained and the book value of the consideration paid (or the aggregate nominal amount of the shares issued) shall be used to adjust the capital reserves; where the capital reserves are not sufficient to be offset, the retained earnings shall be adjusted.

(2) Business merger under different control

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

The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in the business merger not under common control are measured at fair value at the acquisition date by the Group as the acquirer. If the cost of merging is larger than the fair value of the identifiable net assets of the acquiree obtained from the combination, the difference 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 from the combination, the fair value of various identifiable assets, liabilities and contingent liabilities obtained in business merger and the cost of merging shall be reviewed first. If, after review, the cost of merger is still less than the fair value of identifiable net assets of the acquiree obtained from the combination, the difference shall be included in the non-operating income for the current period.

7. Criteria for determining the control and preparation methods of consolidated financial statements

The scope of consolidation of the consolidated financial statements is determined based on control, including the Company and all the subsidiaries controlled by the Company. The standard for the Group to determine whether an entity is under control is when the Group has the rights to control, to variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee.

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.

The effect of all intra-group transactions between the Company and its subsidiaries and among subsidiaries on the consolidated financial statements is eliminated on consolidation. Shares in owners' equity of subsidiaries but not attributable to the parent company, shares attributable to minority interests in net profit and loss for the current period, other comprehensive income and total comprehensive income shall be respectively listed in consolidated financial statements as "minority interests, minority profit and loss of minority interests, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders".

Operating results and cash flows of subsidiaries which are acquired by business merger under common control are included in consolidated financial statements from the beginning of the period during which the merger occurs. Upon the preparation of comparative consolidated financial statements, adjustments to relevant items in financial statements of the previous year are made as if the reporting entity resulting from the merger had existed since the point in time when the ultimate controlling party began to exercise control.

As for subsidiaries acquired by business merger under 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 each identifiable assets, liabilities or contingent liabilities determined at the purchase date.

8. Classification of joint arrangements and accounting treatment method for joint operations

The Group's joint arrangements include joint operations and joint ventures. Joint operation refers to a joint arrangement where the joint operators have rights to the assets and assume the liabilities associated with the arrangement. Joint venture refers to a joint arrangement in which the joint venturers have rights only to the net assets of the arrangement.

For joint operations, the Group, as a joint operator in a joint operation, recognises assets and liabilities held and assumed individually and based on its share, and recognises the related revenues and expenses individually or based on its share in accordance with the relevant agreements. When a transaction occurs with a joint operation involving the purchase or sale of assets that do not constitute part of the business, only the share of the profit or loss arising from the transaction that is attributable to the other participants in the joint operation is recognised.

9. Standards for determining cash and cash equivalents

Cash shown in the cash flow statement of the Group refers to both cash on hand and the deposit held in bank available for payment at any time. Cash equivalent in the cash flow statement refers to investments with a holding period of not more than 3 months, of high liquidity, which can be easily converted to known amounts of cash and subject to insignificant risk of value changes.

10. Changes in significant accounting policy

Unit: Yuan Currency: RMB

Contents and reasons of changes in accounting policies	Financial statement items affected	Amount affected
In November 2022, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (CK [2022] No. 31) (hereinafter referred to as "Interpretation No. 16") contains provisions on contents of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not eligible for initial recognition exemption", "accounting treatment for the income tax impact of financial instruments classified as equity instruments by the issuer" and "accounting treatment for the modification of cash-settled share-based payments to equity-settled share-based payments", among them, the content of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not eligible for initial recognition exemption" has been effective since 1 January 2023.	Deferred tax assets	**61,415,208.60**
In November 2022, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (CK [2022] No. 31) (hereinafter referred to as "Interpretation No. 16") contains provisions on contents of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not eligible for initial recognition exemption", "accounting treatment for the income tax impact of financial instruments classified as equity instruments by the issuer" and "accounting treatment for the modification of cash-settled share-based payments to equity-settled share-based payments", among them, the content of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not eligible for initial recognition exemption" has been effective since 1 January 2023.	Deferred tax liabilities	**54,735,942.68**
In November 2022, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (CK [2022] No. 31) (hereinafter referred to as "Interpretation No. 16") contains provisions on contents of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not eligible for initial recognition exemption", "accounting treatment for the income tax impact of financial instruments classified as equity instruments by the issuer" and "accounting treatment for the modification of cash-settled share-based payments to equity-settled share-based payments", among them, the content of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not eligible for initial recognition exemption" has been effective since 1 January 2023.	Undistributed profits	**3,352,802.50**

In November 2022, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (CK [2022] No. 31) (hereinafter referred to as "Interpretation No. 16") contains provisions on contents of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not eligible for initial recognition exemption", "accounting treatment for the income tax impact of financial instruments classified as equity instruments by the issuer" and "accounting treatment for the modification of cash-settled share-based payments to equity-settled share-based payments", among them, the content of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not eligible for initial recognition exemption" has been effective since 1 January 2023.

Non-controlling interests	**3,326,463.42**

Other Description:

Contents and reasons of changes in accounting policies	Remarks
In November 2022, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (CK [2022] No. 31)(hereinafter referred to as "Interpretation No. 16") contains provisions on contents of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not eligible for initial recognition exemption", "accounting treatment for the income tax impact of financial instruments classified as equity instruments by the issuer" and "accounting treatment for the modification of cash-settled share-based payments to equity-settled share-based payments", among them, the content of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not eligible for initial recognition exemption" has been effective since 1 January 2023.	The Group has implemented relevant accounting treatment from 1 January 2023 and handled it in accordance with relevant connection regulations. Retroactive adjustments are made for comparable periods, and the cumulative effect is adjusted to the beginning retained earnings and other relevant financial statement items in the earliest period presented in the financial statements. The impact of Interpretation No. 16 on the Group's financial position and operating results is detailed in the following table

Impact of consolidated financial statements:

Unit: Yuan Currency: RMB

Affected items		**1 January 2023**	
	Before adjustment	**Adjustment amount**	**After adjustment**
Total assets	**2,434,589,099.53**	**61,415,208.60**	**2,496,004,308.13**
Including: Deferred tax assets	8,340,599.88	61,415,208.60	69,755,808.48
Total liabilities	**1,028,107,632.72**	**54,735,942.68**	**1,082,843,575.40**
Including: Deferred tax liabilities	7,255,633.01	54,735,942.68	61,991,575.69
Total shareholders' equity	**1,406,481,466.81**	**6,679,265.92**	**1,413,160,732.73**
Including: Undistributed profits	-669,031,286.39	3,352,802.50	-665,678,483.89
Non-controlling interests	334,216,404.18	3,326,463.42	337,542,867.60

Affected items	1 January 2023		
	Before adjustment	**Adjustment amount**	**After adjustment**
Net profit	**14,054,155.76**	**-278,286.08**	**13,775,869.68**
Including: Net profits attributable to owners of the parent company	18,302,413.93	12,741.17	18,315,155.10
Non-controlling interests	-4,248,258.17	-291,027.25	-4,539,285.42
Investment income	25,075,531.62	277,429.34	25,352,960.96
Non-operating revenue	12,213,843.95	147,652.68	12,361,496.63
Income tax expenses	7,298,542.11	703,368.10	8,001,910.21

Impact on the financial statements of the parent company:

Unit: Yuan Currency: RMB

Affected items	1 January 2023		
	Before adjustment	**Adjustment amount**	**After adjustment**
Total assets	**1,729,513,005.40**	**460,670.43**	**1,729,973,675.83**
Including: Deferred tax assets	0.00	460,670.43	460,670.43
Total liabilities	**83,726,308.03**	**529,866.64**	**84,256,174.67**
Including: Deferred tax liabilities	0.00	529,866.64	529,866.64
Total shareholders' equity	**1,645,786,697.37**	**-69,196.21**	**1,645,717,501.16**
Including: Undistributed profits	-58,367,317.04	-69,196.21	-58,436,513.25
Net profit	**-3,832,348.54**	**-69,196.21**	**-3,901,544.75**
Including: Income tax expenses	0.00	69,196.21	69,196.21

11. Turnover

Unit: Yuan Currency: RMB

	Amount in the current year		Amount in the previous year	
Category of contracts	**Revenue**	**Cost**	Revenue	Cost
Classification by type of goods				
Including: Gas storage and transportation product	**1,094,185,563.55**	**1,011,247,690.64**	1,163,154,426.08	1,067,783,011.85
Automatic manufacturing equipment system integration	**224,793,890.46**	**146,746,872.83**	129,517,170.72	73,292,666.20
Others	**63,735,395.76**	**16,400,439.96**	31,870,104.51	8,200,219.98
Classification by business area				
Including: Domestic	**871,297,795.41**	**715,993,438.06**	751,446,463.47	632,911,260.37
Overseas	**511,417,054.36**	**458,401,565.37**	573,095,237.84	516,364,637.66
Total	**1,382,714,849.77**	**1,174,395,003.43**	1,324,541,701.31	1,149,275,898.03

(1) Taxes

Item	Amount in current year	Amount in previous year
Corporate income tax in the current year	**21,926,975.37**	15,238,085.22
Deferred income tax	**952,792.73**	-7,236,175.01
Total	**22,879,768.10**	8,001,910.21

(2) Dividend

No dividend paid or proposed during the year of 2023, and no dividend has been proposed since the end of this Reporting Period (2022: nil).

12. 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
Provision for bad debts made on an individual basis	**28,801,960.76**	**28,801,960.76**	**0**	31,539,057.16	31,539,057.16	0
Provision for bad debts made on a collective basis	**424,580,003.79**	**39,518,058.07**	**385,061,945.72**	347,397,618.28	31,745,603.02	315,652,015.26
Including: Aging portfolio	**424,580,003.79**	**39,518,058.07**	**385,061,945.72**	347,397,618.28	31,745,603.02	315,652,015.26
Total	**453,381,964.55**	**68,320,018.83**	**385,061,945.72**	378,936,675.44	63,284,660.18	315,652,015.26

(2) Accounts receivable listed by age

Unit: Yuan Currency: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	**323,622,147.25**	277,297,992.49
1-2 years	**58,056,494.92**	35,964,140.99
2-3 years	**16,705,104.02**	10,731,439.87
Over 3 years		
Including: 3-4 years	**7,288,015.89**	5,870,419.80
4-5 years	**2,247,891.13**	1,423,032.24
Over 5 years	**45,462,311.34**	47,649,650.05
Total	**453,381,964.55**	378,936,675.44

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

13. Accounts payable

(1) Presentation of accounts payable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Material payment, etc.	**328,585,935.89**	226,302,452.09
Project payment	**21,530,092.36**	16,298,508.15
Total	**350,116,028.25**	242,600,960.24

(2) Significant payables with the aging over 1 year

Unit: Yuan Currency: RMB

Item*	Closing balance	Reasons for non-repayment or carrying over
Beijing Lantianda Vehicle Clean Fuel Technology Co., Ltd.	**10,492,652.22**	Not yet settled
Total	**10,492,652.22**	/

* The English translation of company names in Chinese is for identification purpose only. If there is any discrepency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail.

(3) Presentation of accounts payable by age

Unit: Yuan Currency: RMB

Aging of accounts payable	Closing balance	Opening balance
Within 1 year	**267,500,480.61**	159,213,774.99
1-2 years	**33,738,963.68**	61,708,074.97
2-3 years	**35,798,475.90**	7,510,274.95
Over 3 years	**13,078,108.06**	14,168,835.33
Total	**350,116,028.25**	242,600,960.24

14. Undistributed profit

Unit: Yuan Currency: RMB

Item	Current year	Previous year
Opening balance	**-665,678,483.89**	-687,333,700.32
Add: Adjusted amount of opening undistributed profits	**0.00**	3,340,061.33
Opening balance of the current year	**-665,678,483.89**	-683,993,638.99
Add: Net profit attributable to owners of parent company for the current year	**-51,675,143.59**	18,315,155.10
Less: Appropriation to statutory surplus reserves	**0.00**	0.00
Appropriation of discretionary surplus reserves	**0.00**	0.00
Appropriation to general risk provision	**0.00**	0.00
Ordinary share dividends payable	**0.00**	0.00
Ordinary share dividends transferred into share capital	**0.00**	0.00
Closing balance of the current year	**-717,353,627.48**	-665,678,483.89

15. 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	**21,926,975.37**	15,238,085.22
1. Mainland China corporate income tax	**17,545,930.30**	11,824,623.57
2. Hong Kong income tax	**0.00**	0.00
3. Other regions (USA)	**4,381,045.07**	3,413,461.65
Deferred income tax expenses	**952,792.73**	-7,236,175.01
Total	**22,879,768.10**	8,001,910.21

16. 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	Earnings per share: Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	-4.92	-0.10	-0.10
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	-6.18	-0.12	-0.12

II. MANAGEMENT DISCUSSION AND ANALYSIS

1. Chairman's Report

I. Review

2023 marks the beginning of the full implementation of the Party's 20 spirit and a crucial year for the implementation of "14th Five-Year Plan". With the support of Beijing Jingcheng Machinery Electric Holding Co., Ltd.* (北京京城機電控股有限責任公司) ("**Jingcheng Machinery Electric**"), the leadership of the Board and the joint efforts from the management, a number of key works has made progress. Amid the complex and changing market situation and arduous and onerous development tasks, the Company has the courage to face the problems, overcome difficulties, and steadily promote the orderly development of various work.

During the Reporting Period, the Company has focused on the following tasks:

1. *Tackling the obstacles, achieving certain results in the development of the main business*

   In 2023, the Russia-Ukraine conflict continued and the Palestinian-Israeli conflict broke out, which created a huge impact on the world economy and geopolitics. The International Business Department overcame many difficulties, achieved great growth in the export of fire cylinders, made a breakthrough in lightweight high-pressure cylinders, and achieved a better business development in the Southeast Asian market.

   In the domestic market, the product structure of traditional cylinders is further optimized and adjusted. The composite gas cylinder and system industry seized the opportunity of the recovery of the fire services breathing apparatus market and locked the annual orders of some large customers in advance; In the cryogenic storage and transportation industry, the liquid hydrogen storage tank market has achieved a new single-zero breakthrough in new contract signing, which has got a head start on entering into the liquid hydrogen storage tank market and the strategic layout of the whole hydrogen energy industry chain.

   BYTQ, a subsidiary of the Company, carried out its business normally throughout the whole year of 2023, with sufficient orders in hand. Its operating conditions were normal, with normal production of orders in production and the targets for the whole year being met. Stamping lines segment, suspension chain segement, special aircraft and robot application segment achieved continuous growth in the percentage of orders, while improving product quality and service quality.

2. *Actively promoting the equity incentive to fully mobilize the enthusiasm of the core staff*

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain outstanding talents, fully mobilize the enthusiasm of core employees, effectively combine the interests of shareholders and the interests of the Company with the personal interests of employees, the Company took advantage of the policy for equity incentive of listed companies, combined with the management system such as the salary system and performance appraisal system currently implemented by the Company, created the initial equity incentive scheme of the Company – 2023 restricted share incentive scheme. On 30 December 2023, the Company disclosed the announcement on the results of the grant of restricted shares of the 2023 share incentive scheme, and the actual number of incentive participants under the initial grant of the Company was 115, the actual number of restricted shares under the initial grant was 5.4 million shares, and the price of the initial grant was RMB7.33/share.

3. *Continuing to drive innovation, accelerating the promotion of enterprise digital transformation and upgrading*

Beijing Tianhai, a subsidiary of the Company, strengthened the construction and deepened application of core business systems. The overall commissioning of the digital transformation application demonstration projects for Tianjin Tianhai and Shanghai Tianhai has been completed and put into use. The goals of reducing staff and increasing efficiency, reduction of noise and emission reduction have been achieved through the introduction of robots and digital equipment, optimisation of the production process, and deep integration of automation and information technology.

BYTQ, a subsidiary of the Company, attaches great importance to technological development, constantly recruiting excellent technical talents, broadening its business scale, and improving its profitability. In response to the needs of business development, it has gradually established the final assembly, robot application, special aircraft development, stamping application, suspension chain and other mechanical design teams, while expanding the electrical team and software information team. It established 2D vision and 3D vision related application technologies by recruiting talents in visibility technology development to expand the application of visibility technology and expanded the business development in robot integration and applicaton segment and non-standard equipment segment.

4. *Strengthening the construction of the Company and re-election and appointment of directors, supervisors and senior management of the Company*

   The Company has implemented a number of measures to improve corporate governance, strictly abide by relevant laws and regulations and listing rules, comprehensively improve the overall operation standard of the Company, and catch up on the work of corporate governance. Through the 2022 annual general meeting and the election of the Board and the supervisory committee, the re-election and appointment of the 11th session of the Board, the supervisory committee and senior management of the Company were duly completed. At the same time, the Company made improvement to the Articles of Association, further enhancing the level of regulation and operation.

5. *Firmly promoting the construction of internal control compliance, and effectively rectifying audit problems and internal control defects*

   The Company further strengthened the construction of system and process, formulated the "Compliance and Internal Control Management Manual" training and implementation plan, and organized and held system and process promotion and implementation training, so that all employees can understand the Company's system and process, and apply what they have learned to improve their ability to perform their duties. The Company gained a better understanding of and mastered the production and operation situation of BYTQ, promoted the system and process of on-site investigation and docking, supervised the implementation of core bottom-line control requirements such as project construction, production safety and authorization of legal representative, and strengthened the management and control of the acquired enterprise according to the law and contract. The Company adhered to the regular reporting mechanism of audit rectification, establishing and improving the rectification work process, and supervising the completion of various types of audit and rectification of internal control compliance problems throughout the year.

6. *Continuing to strengthen the construction of financial refinement and improve the level of tax risk prevention and control and accounting information quality management*

   The Company has kept pace with the era, timely updating the management ideas and ways of working. Since this year, the Company has further standardized the daily accounting work, detailed the expenditure accounts for research and development by accounting for each expenditure by item number, making it convenient for future classification query and summary analysis and improving management efficiency. The Company strengthened the daily management of travel expenses and enhanced the management standard and efficiency at the same time.

II. Outlook

1. *Seizing new opportunities in the market and enhancing the profitability of subsidiaries*

   Gas storage and transportation segment:

   In terms of the composite gas cylinder industry, the Company will give priority to the market share of the hydrogen energy market, make full use of the first-mover advantage of IV cylinder, adopt a multi-pronged approach to grab orders, and release production capacity as much as possible. The Company will put greater efforts into the development of the non-hydrogen market, fill the gap of the production capacity to feed the hydrogen business, striving to increase market share.

   In terms of the conventional cylinder industry, the Company will “stabilize the stock” and “promote the increment” in the international market, and adhere to product and market diversification measures, and improve the market promotion of high value-added products. The Company will adhere to “cost reduction” and “differentiation” in the domestic market. With the advantage of the brand, the Company will seize the market share of large gas companies domestically through 20MPa and above light high-pressure products.

   In terms of the cryogenic storage and transportation industry, the Company will prepare for the maintenance of existing large customers and the delivery of orders in hand for cryogenic storage tank products. The Company will push forward with cost reduction measures for the industrial cryogenic cylinders, strive to expand market channels, and constantly optimize the customer structure.

   Intelligent Manufacturing Segment:

   The Company will further differentiate the high and low-end markets, subdivides products, and optimizes the industrial structure, so as to reduce costs and increase efficiency, and release the upgrading demand of enterprises for intelligent, digital and flexible manufacturing. The Company will make breakthroughs in technological research and development for the new demands of industry automation projects, integration of information software systems, research and development of suspension conveyor systems, etc., and maintain good foresight, rapid response ability and continuous development ability for downstream needs.

   The Company plans to recruit assembly technicians to further cultivate all segments of home appliances, improve the program planning ability of the whole factory for refrigerators, washers and air conditioners, recruit stamping application professionals, and further expand the application of stamping lines in home appliances and other markets. The Company will obtain orders for related equipment development project in new fields to expand its business scope.

2. *Focusing on mechanism reform, stimulating new entrepreneurial vitality of officers*

According to the approval of the revision of the 14th Five-Year strategic objectives of Jingcheng Machinery Electric, the Company will optimize the strategic measures, refine the implementation plan, keep up with its work in publicity and implementation and strengthen the supervision of implementation. The Company will pay attention to high-position planning, systematically sort out the phased results of the Company's three years of state-owned enterprise reform, sum up experience and improve shortcomings, and lay the foundation for deepening and upgrading a new round of state-owned enterprise reform. The Company will strengthen high-standard design, benchmark world-class enterprises, set goals, identify gaps, formulate measures, and practise benchmarking. The Company will promote differentiated incentives, continue to establish short, medium and long-term incentive mechanisms, and promote restricted share incentive scheme in an orderly manner.

3. *Continuing to actively promote reformation and adjustment, and cost reduction and efficiency enhancement*

The Company will continue to promote the transformation and upgrading of its industry and further development of a new round of state-owned enterprise reforms. The Company will establish a result-oriented market-oriented business mechanism, benchmark excellent enterprises, pay close attention to internal management, look for its own shortcomings and weaknesses, continue to promote cost reduction and efficiency enhancement in breadth and depth, improve the awareness of cost and expense management and control of all employees, consolidate the results of the "Three Declines and One Increase" campaign, and comprehensively improve the level of lean management.

4. *Firmly pushing forward with technological innovation*

The Company will strengthen the drive for innovation to develop into a source of original technology, continue to promote the systemic construction of technological innovation, and through the implementation of process re-engineering, equipment revamp and upgrading and digital transformation, lower production costs, enhance production efficiency, facilitate product upgrading and increase product competitiveness.

5. *The risk management system has reached a new level by promoting the principle of legal compliance*

   The Company will strengthen the implementation of the system and process, enhance internal control compliance evaluation and audit supervision, and promote the improvement and effective implementation of the system. The Company will strengthen legal compliance audit, promote in-depth integration of audit and operation, improve audit quality, keep the bottom line and efficiency, in order to escort the development of the Company. The Company will enchance financial compliance management and risk control, strengthen the Group's financial control function, and continue to promote the mechanism of sending financial officers abroad. The Company will also enhance the building of the financial team, and improve the professional quality of financial personnel through training on fiscal and tax laws and regulations.

(II) Principal operation during the Reporting Period

2023 is a critical year for implementing the "14th Five-Year Plan". The Company adhered to the integration of the "Five Initiatives" into the new development pattern, adhered to strategic guidance, firmly pushed forward with scientific and technological innovation, accelerated reform and adjustment, actively expanded the market and focused on internal management, so as to solve operational risks, and actively promoted the implementation of the whole year operating targets and key tasks, laying a solid foundation for high-quality development.

1. *Operating in a stable manner, striving to explore the market*

Gas Storage and Transportation Segment:

In terms of international market, the Company acquired orders actively through visiting customers and inviting customers to pay a visit, deeply cultivated markets along the "Belt and Road", closely focused on key projects of major customers, accelerated the market expansion of new products, and achieved growth in Europe and Southeast Asia. Hydrogen Energy Company has made positive progress in the development of automobile manufacturers. Combined with the mid-term evaluation of the "14th Five-Year Plan" strategy, the product structure of the traditional cylinder industry was further optimized and adjusted, and the sales revenue achieved at a year-on-year growth rate in 2023.

Intelligent Manufacturing Segment:

The Company gives full play to the advantages of the overall planning and construction of intelligent factory and has made positive progress on the development of home appliances industry. In terms of the ground conveyance and assembly system, stamping lines and suspension chains, the Group continues to expand into new application scenarios and new areas.

2. Innovating courageously, deeply engaging in science and technology system

The Company increased the investment in research and development in the field of hydrogen energy, actively promoted the high-quality development of the hydrogen energy industry, and accelerated the speed of key research and development projects such as Type IV cylinders and liquid hydrogen cylinders; Beijing Tianhai was awarded 2023 Beijing Top 100 "Specialized and Sophisticated Enterprise Producing New and Unique Products" and Top 100 manufacturing enterprises, Shanghai Tianhai was awarded the title of "Innovative Small and Medium-sized Enterprise", hightech enterprises and "Specialized and Sophisticated Enterprise Producing New and Unique Products" in Shanghai, Hydrogen Energy Company and Minghui Tianhai were awarded Beijing high-tech enterprises. By the end of 2023, Tianhai Industry has incubated a total of 6 specialized and new enterprises and 4 high-tech enterprises.

Through understanding the demand for orders and the industry's replicative demand for equipment, BYTQ, a subsidiary of the Company, made breakthroughs in the technological research and development, which provided technical and cost guarantee for the Company to obtain orders in each segment; As for the stamping segment, the independent research and development of the end cover rotary cutting machine provided technical guarantee and cost advantage for enterprises to obtain orders for the electric heating stamping category; As for the suspension chains segment, the independent development of the scheduling system has continuously expanded into various application scenarios to respond to different process needs, established the application of multiple sets of refrigerators and multiple scenarios, and provided a guarantee for products to enter into the field of air conditioning and washing machines. As for special aircraft and robot application segment, the successful development and application of the second generation of automatic high speed lock products further improved the Company's profitability.

3. Stregthening management, steadily improving the quality and efficiency of operation

The Company promoted lean management through technology cost reduction, manufacturing cost reduction and procurement cost reduction; The Company continued to improve the incentive mechanism, establishing core talent (technical grade) salary management measures; The Company improved the compensation and performance appraisal management measures of subsidiaries and functional departments; The Company completed the first phase of restricted share incentive for 115 employees, mobilizing the enthusiasm of talents to a larger extent; In order to further expand the production capacity, BYTQ has abandoned the practice of inefficient expansion, transformed the production model, optimized the production manpower structure of the Company, and vigorously strengthened the production capacity of the Company, providing a guarantee for further expanding the business scale and improving profitability.

4. Controlling the risks and promoting development steadily

The Company continued to promote the full implementation of the system by continuous strengthening the risk prevention and control, and strengthened the promotion of system processes, enabling all employees to understand the Company's system and processes, so that they can apply what they have learnt and improve their ability to perform their duties; The Company will continue to carry out audit supervision, special inspections and rectification of problems.

(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	1,405,495,692.08	1,372,261,232.14	2.42
Operating cost	1,190,271,087.25	1,186,461,657.86	0.32
Selling expense	46,218,130.86	31,940,023.66	44.70
Administrative expense	120,477,225.32	101,820,649.76	18.32
Finance cost	13,558,224.97	9,165,646.57	47.92
R&D expenses	66,447,976.37	47,649,016.32	39.45
Net cash flows generated from operating activities	66,359,922.32	5,223,758.74	1,170.35
Net cash flows generated from investing activities	-157,070,258.23	-63,409,608.31	N/A
Net cash flows generated from financing activities	256,190,368.87	242,886,708.61	5.48
Other earnings	10,491,764.13	15,304,144.59	-31.44
Investment income	11,998,754.61	25,352,960.96	-52.67
Credit impairment losses	-5,077,178.43	3,594,695.68	-241.24
Assets impairment losses	-32,396,390.18	-19,531,341.09	65.87
Income from disposal of assets	123,479.33	324,288.25	-61.92
Non-operating revenue	1,735,053.15	12,361,496.63	-85.96
Non-operating expenses	858,877.75	3,340,210.19	-74.29
Income tax expenses	22,879,768.10	8,001,910.21	185.93
Other net comprehensive income after tax	1,066,767.58	3,486,077.88	-69.40

2. *Analysis of income and cost*

✔ Applicable ☐ Not Applicable

The Company has continued to optimize its product structure. During the Reporting Period, the operating income increased by approximately RMB33,234,500 as compared with the corresponding period of the previous year, and the operating cost increased by approximately RMB3,809,400 as compared with the corresponding period of the previous 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 (%)
In which: Gas storage and transportation products	1,094,185,563.55	1,011,247,690.64	7.58	-5.93	-5.29	Decreased by 0.62 percentage points
Automatic manufacturing equipment system integration	224,793,890.46	146,746,872.83	34.72	73.56	100.22	Decreased by 8.69 percentage points
Others	63,735,395.76	16,400,439.96	74.27	99.98	100.00	Increased by 0.00 percentage points
Total	1,382,714,849.77	1,174,395,003.43	15.07	4.39	2.19	Increased by 1.84 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	871,297,795.41	715,993,438.06	17.82	15.95	13.13	Increased by 2.05 percentage points
Overseas	511,417,054.36	458,401,565.37	10.37	-10.76	-11.23	Increased by 0.47 percentage points
Total	1,382,714,849.77	1,174,395,003.43	15.07	4.39	2.19	Increased by 1.84 percentage points

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

Domestic market: By proactively integrating marketing resources, accelerating product restructuring, the Company further focused on advantaged products, and made positive progress in the cultivation of new markets, the development of new customers, and the promotion of new products, also due to the accounting period included in the scope of consolidation different from previous period for BYTQ and Jincheng Haitong, revenue from the domestic market increased by 15.95% as compared with the previous year during the Reporting Period.

International market: As the international situation continues to be complicated and severe, the Company's export business has been affected and the contribution from the export business has declined year-on-year, with revenue from the international market decreasing by 10.76% as compared to previous year during the Reporting Period.

(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 (%)
Conventional cylinder industry	Unit	918,317	1,160,772	184,533	1.6%	-5.4%	23.4%
Compound gas cylinders and system integration industry	Unit	96,630	98,179	3,858	18.4%	13.8%	-30.4%
Cryogenic storage and transportation industry	Unit	8,837	7,758	1,532	1.7%	-3.5%	52.7%

Description of production and sales volume

Under the impact of Russian-Ukrainian conflict, trade friction, reform adjustments, market fluctuations and other factors, sales volume in 2023 declined and inventory of finished products rose. Among which, the decline in the conventional cylinder industry was mainly due to the drop in revenue from accumulators and Type II cylinders; the compound gas cylinders and system integration industry saw a significant year-on-year increase in production and sales volume as driven by the market promotion of Type III and Type IV cylinders; and the decline in the cryogenic storage and transportation industry was mainly due to the decline in the sales volume of HPDI-T6 product and LNG storage tanks.

(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
Gas storage and transportation products	Materials	657,399,713.85	65.01	679,469,426.71	63.63	-3.25	
	Labour cost	94,718,999.89	9.37	90,598,033.89	8.48	4.55	
	Manufacturing cost	259,128,976.89	25.62	297,715,551.25	27.88	-12.96	
	Total	1,011,247,690.64	100.00	1,067,783,011.85	100.00	-5.29	
Automatic manufacturing equipment system integration	Materials	122,836,347.12	83.71	61,451,642.01	83.84	99.89	
	Labour cost	9,612,833.42	6.55	5,939,800.78	8.10	61.84	
	Manufacturing cost	14,297,692.29	9.74	5,901,223.41	8.05	142.28	
	Total	146,746,872.83	100	73,292,666.20	100	100.22	
Others	Lease cost	16,400,439.96	100	8,200,219.98	100	100.00	
	Total	16,400,439.96	100	8,200,219.98	100	100.00	

Other information on cost analysis

Nil

(4) *Information on major customers and major suppliers*

✔ Applicable ☐ Not Applicable

Sales to the five largest customers amounted to RMB392,003,700, representing 27.89% of the total annual sales, of which sales to related parties were RMB0, representing 0% of total annual sales.

Procurement from the five largest suppliers amounted to RMB349,080,700, representing 37.97% of total annual procurement cost, of which procurement from related parties were RMB122,132,900, representing 13.29% 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	**46,218,130.86**	31,940,023.66	44.70
Administrative expense	**120,477,225.32**	101,820,649.76	18.32
Research and development expenses	**66,447,976.37**	47,649,016.32	39.45
Finance cost	**13,558,224.97**	9,165,646.57	47.92

4. *Research and development expenditure*

(1) Breakdown of research and development expenditure

✔ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Research and development expenditure recorded in expenses during the period	66,447,976.37
Research and development expenditure capitalised during the period	
Total research and development expenditure	66,447,976.37
Percentage of total research and development expenditure over operating income (%)	4.73
Percentage of research and development expenditure capitalised (%)	

(2). Description

☐ Applicable ✔ Not Applicable

5. Cash flows

Unit: Yuan Currency: RMB

Item	Current year	Corresponding period of last year	Change (%)
Cash inflows from operating activities	**1,240,538,087.35**	1,259,985,741.75	-1.54
Cash outflows from operating activities	**1,174,178,165.03**	1,254,761,983.01	-6.42
Net cash flows generated from operating activities	**66,359,922.32**	5,223,758.74	1,170.35
Cash inflows from investing activities	**3,175,195.39**	62,869,752.60	-94.95
Cash outflows from investing activities	**160,245,453.62**	126,279,360.91	26.90
Net cash flows generated from investing activities	**-157,070,258.23**	-63,409,608.31	N/A
Cash inflows from financing activities	**419,582,000.00**	425,165,977.40	-1.31
Cash outflows from financing activities	**163,391,631.13**	182,279,268.79	-10.36
Net cash flows generated from financing activities	**256,190,368.87**	242,886,708.61	5.48

Description:

1. Net cash flow from operating activities increased by approximately RMB61,136,200 year-on-year, which was mainly due to: (1) the inclusion of BYTQ and Jingcheng Haitong, subsidiaries of the Company, in the scope of consolidated statements in June and July of last year, respectively, and the current period differs from the previous period in respect of the accounting period to which the consolidation relates; (2) the cash paid for goods and services in the current period compared with the previous period decreased;

2. Net cash flow from the investing activities decreased by approximately RMB93,660,600 year-on-year, which was mainly attributable to the increase in the cash paid for the purchase of fixed assets, intangible assets and other long term assets during the period;

3. Net cash flow from financing activities increased by approximately RMB13,303,700 year-on-year, which was mainly due to the increase of cash from borrowings during the period and the receipt of employee equity incentive payments.

(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	502,766,015.92	17.88	336,627,993.24	13.49	49.35	Mainly as a result of the Company's receipt of capital amount for share incentives, the increase in borrowings for infrastructure projects and the increase in operating funds of certain subsidiaries during the period
Other receivables	2,887,349.53	0.10	4,809,858.44	0.19	-39.97	Mainly as a result of the decrease in the current payment of the period
Other current assets	88,393,971.47	3.14	26,835,176.42	1.08	229.40	Mainly as a result of prepayment for equipment by subsidiaries during the period
Short term borrowings	140,000,000.00	4.98	100,000,000.00	4.01	40.00	Mainly as a result of the increase in bank borrowings of subsidiaries during the period
Accounts payable	350,116,028.25	12.45	242,600,960.24	9.72	44.32	Mainly as a result of the increase in the amount of payments for goods to suppliers by subsidiaries in the period
Other current liabilities	9,200,236.26	0.33	6,677,447.44	0.27	37.78	Mainly as a result of the reclassification of value-added tax in contractual liabilities during the period
Long-term loans	70,000,000.00	2.49	-	0.00	100.00	Mainly as a result of the increase in long-term borrowings of subsidiaries due to the increase in infrastructure projects during the period
Long-term payables	253,207,700.00	9.00	113,207,700.00	4.54	123.67	Mainly as a result of the acquisition of special payables by subsidiaries during the period

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
Estimated liabilities	4,989,719.00	0.18	8,020,131.96	0.32	-37.79	Mainly as a result of the decrease in quality guarantee deposits of subsidiaries during the period
Deferred incomes	7,998,474.74	0.28	358,604.17	0.01	2,130.45	Mainly as a result of the receipt of special research and development funds by subsidiaries during the period
Other comprehensive income	3,094,393.89	0.11	2,128,736.81	0.09	45.36	Mainly as a result of the effect of exchange differences on foreign currency statements
Special reserves	381,371.62	0.01	124,960.21	0.01	205.19	Mainly as a result of the accrual of production safety expenses by the subsidiaries

Other information

Nil

2. *Major restricted assets at the end of the Reporting Period*

Unit: Yuan Currency: RMB

	End of the year			
Item	**Carrying amount**	**Book value**	**Type of restriction**	**Condition of restriction**
Fixed assets	139,823,125.79	78,551,161.30	Pledged property building	Mortgage
Financing receivables	4,928,000.00	4,928,000.00	Pledged notes receivables	Pledge
	65,688,058.02	65,688,058.02	Margin	Deposits of bank acceptance bill
Monetary funds	7,228,638.76	7,228,638.76	Margin	Letter of credit guarantee deposit
	500.69	500.69	Margin	Bond for letter of guarantee
Total	217,668,323.26	156,396,358.77	–	–

	Beginning of the year			
Item	**Carrying amount**	**Book value**	**Type of restriction**	**Condition of restriction**
Fixed assets	70,227,497.45	29,208,222.73	Pledged property building	Mortgage
Monetary funds	46,822,813.02	46,822,813.02	Restriction on monetary funds	Deposits of bank acceptance bill
	22,374,406.22	22,374,406.22	Restriction on monetary funds	Letter of credit guarantee deposit
	3,625,647.23	3,625,647.23	Restriction on monetary funds	Litigation freeze
	2,926.79	2,826.79	Restriction on monetary funds	Bond for letter of guarantee
Total	143,053,290.71	102,034,015.99	–	–

3. *Other description*

☐ Applicable ✔ Not Applicable

(VI) Analysis of industry operation

(1) Gas Storage and Transportation Segment

The upstream of the gas storage and transportation equipment industry is mainly steel, forgings, etc.. The midstream industry is the gas storage and transportation equipment manufacturing industry, and the downstream is the gas storage and transportation equipment application industry, mainly used in chemical, medical, food processing, aviation and aerospace and other fields. The market demand for the gas storage and transportation equipment industry has maintained a relatively stable growth trend, and the market size has been maintained at a high level, but a recession in the global economy will inevitably have a negative impact on the gas and energy industries.

Conventional cylinder industry:

Over the years, the total market volume of conventional cylinder industry has been relatively stable. In 2023, due to the unsatisfactory overall economic development, the inventory backlog during the pandemic, the impact of steel price fluctuations, and the slowdown of domestic infrastructure development, the overall demand for gas cylinders in the market did not meet the expectation. It is expected that the industry demand for conventional cylinder will show a slow rebound in 2024.

Compound gas cylinders industry:

The medium- and long-term plan for the development of the national hydrogen energy industry and the "14th Five-Year Plan" for the development of hydrogen energy in various provinces and municipalities have clearly defined the important position of the hydrogen energy industry in the future national energy system. In 2023, the domestic hydrogen energy industry grew at a relatively fast pace and the domestic hydrogen fuel cell vehicle has formed a regional industrial cluster effect. According to the China Association of Automobile Manufacturers, the national hydrogen fuel cell vehicle production and sales in 2023 were 5,668 and 5,805 vehicles respectively, which increased by 55.3% and 72.0% respectively. The sales volume of hydrogen fuel cell vehicles is expected to achieve growth in 2024.

Cryogenic storage and transportation industry:

The cryogenic storage and transportation products market in 2023 was impacted by economic slowdown and infrastructure construction, with industrial cryogenic cylinders market demand declining year-on-year, while the vehicle-mounted LNG cylinders market realized growth year-on-year on account of factors such as oil and gas price differentials, emission standards and market basis. Meanwhile, the cryogenic storage tanks market benefited from improved LNG supply and lower prices, with growth in tank demand. Looking forward to 2024, the industrial storage tanks and vehicle-mounted LNG cylinders market is expected to remain stable as natural gas supply stabilizes and environmental protection policies take hold.

(2) Intelligent Manufacturing Segment

Intelligent manufacturing segment:

In 2023, the global installation of industrial robots grew rapidly, and China's installation of industrial robots ranked first in the world. The key technologies of core components of industrial robots accelerated and achieved a breakthrough, covering processes including transportation, welding, cutting, assembly, grinding, and spraying. The complexity of Chinese intelligent manufacturing equipment has continuously increased and developed in the direction of automation, integration and informatization. With the aging of the population of China, decreasing labour supply and rising labour costs, the demand for industry-wide automation and upgrading, and the market scale of the intelligent manufacturing industry will continue to expand, with huge potential for market development.

Home appliances industry:

With the improvement of national economic conditions, the mindset of Chinese residents has changed with increasing demands for rich spiritual life and for various home appliances, providing a wider room for development for the home appliance industry. In recent years, the home appliances industry has seen intensified competition, and there has been a serious differentiation between the high- and low-end markets, with products being further subdivided, which requires enterprises to optimise industrial structure, reduce costs and increase efficiency, and further releases enterprises' demand for upgrading of intelligent, digital, and flexible manufacturing.

Qingdao City focuses on building and strengthening the cluster and chain of key industries, accelerates the cultivation of world-class intelligent home appliances and advanced manufacturing cluster, to promote the quality development of the manufacturing industry. With several large home appliance manufacturing enterprises including Haier, Hisense and Aucma located around the region, an efficient industry chain has been formed, giving the industry a strong momentum for development.

(VII) Analysis of investments

1. General analysis of external equity investments

(1) Material equity investments

Not applicable

(2) Material non-equity investments

Not applicable

(3) Financial assets measured at fair value

Not applicable

(VIII) Material disposal of assets and equity interest

Not applicable

(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, pressure vessels and auxiliary equipment, etc.	RMB548,759,761.19	RMB2,125,859,575.76	RMB476,844,222.05	RMB-115,314,585.68
Jingcheng Holding (Hong Kong) Company Limited	Trading and investment	Import and export trade, investment holding and consultancy services, etc.	HK$1,000	RMB9,842,082.45	RMB3,147,026.91	RMB444,988.64
Qingdao BYTQ United Digital Intelligence Co., Ltd.	Production	Robots and automation equipment etc.	RMB21,418,633	RMB451,898,071.58	RMB287,126,766.39	RMB42,967,906.27

(X) Structured entities under the control of the Company

Not applicable

(XI) Industry structure and trends

Conventional gas cylinder industry: In 2024, as the steel and petrochemical industry picks up, downstream demand will gradually recover; The rapid development of specialized and sophisticated industries such as semiconductors and chips, and the proportion of special gases is expected to continue to increase, which will drive the industrial gas structure to continuously optimize in the direction of lightweight and high pressure. It is predicted that the demand for the conventional gas cylinder industry will show a slow recovery in 2024, and the total annual demand will return to the pre-pandemic level; The proportion of demand for industrial gas cylinders of above 20MPa will increase; The overall demand for fire bottles is stable. In the future, it is necessary to strengthen cooperation with large-scale gas companies and establish a comprehensive service chain in terms of sales, technology and quality management to meet the ever-increasing market service demand.

Cryogenic gas cylinder industry: In 2024, against the background of sufficient domestic natural gas supply, it is expected that the oil and gas price spread will remain high, and the terminal demand for CNG heavy trucks and light trucks will continue to be stable. In terms of fuel cell vehicles, with the tilting of national policies, the hydrogen energy industry is poised to achieve rapid growth. In 2024, China's hydrogen fuel cell vehicle fleet is expected to grow by around 9,000 new vehicles, with ownership exceeding 30,000 vehicles. The four-year commitment assessment (August 2021-August 2025) of the five major city demonstration groups of the hydrogen energy industry has entered the countdown, but the actual ratio of completion is not high, and it is expected that local governments will accelerate the implementation progress in 2024. The Company will adhere to the guiding principles of market orientation, independent innovation and leading development, continue to improve the technical level, and build its leading position in the field of hydrogen energy equipment.

Cryogenic storage and transportation industry: The overall market demand for industrial cryogenic gas cylinders will remain stable in 2024. With the gradual stabilization of Russia-Ukraine conflict and the natural gas supplies, HPDI product sales will recover to a certain extent. With the continuous increase of natural gas in the proportion of primary energy, pipeline gas resources continue to be enriched, LNG prices are expected to maintain at a low level for the year, and demand for LNG heavy truck will also maintain high.

Intelligent Manufacturing Segment:

Intelligent equipment manufacturing

In 2023, the overall sales volume of industrial robots increased slightly year-on-year. In the first half of the year, the market performance was weak due to high inventory and shrinking demand; in the second half of the year, manufacturers took proactive actions to clear inventory through product promotions, expanding and increasing channel incentives and other measures. At present, the robotics industry has entered a new growth (slowing down) phase, with coexistence of competition for the existing market and segmentation of the incremental market. However, industrial robots are still considered to be automation products in the "growth" stage, and such growth will remain in the next few years.

(XII) Development strategies of the Company

1. Gas Storage and Transportation Segment

Positioning: A global leading enterprise in the manufacturing and services of gas storage and transportation equipment.

Strategy: Continuously strengthening the leading position and market position of industrial gas cylinder and fire-fighting gas cylinders to enhance its profitability; focusing and optimizing the product structure of natural gas business, maintaining an appropriate scale, innovating the operating model to enhance its competitive edge; accelerating the industrialisation and batching process of Type IV cylinders to seize the opportunity to develop the hydrogen energy industry and occupy the leading position in the market.

2. Intelligent Manufacturing Segment

Positioning: An industry leading comprehensive intelligent manufacturing solutions provider

Strategy: Focusing on the industrial automation equipment manufacturing field and deeply engaging in the home appliances industry, industrial automation, robotics integration applications, production and manufacturing as well as integrated applications of intelligent manufacturing equipment and other products, providing comprehensive solutions for enterprises in intelligent manufacturing, maintaining the competitive advantages of existing products and actively expanding new markets.

(XIII) Operating plan

The year of 2024 is a crucial year for the implementation of the “14th Five-Year Plan”. By fully implementing the new development concept and taking the Company’s “14th Five-Year Plan” strategy as the leading principle, the Company will serve in the construction of the Beijing International Science and Technology Innovation Center, integrate the “Five Initiatives” into the new development pattern, drive development through innovation, stimulate vitality through reform, comprehensively promote management enhancement, accelerate the development and expansion of the hydrogen energy industry, continue to deepen the comprehensive and strict governance of the Party, strive to accomplish the various tasks and objectives of 2024, and make every effort to promote the Company’s high-quality development and achieve new results.

(XIV) Potential risks

1. Risk of deterioration of the international situation

Uncertainties in international trade and market demand have increased, and the risks of overseas trade have intensified.

Firstly, the risk of global economic recession will rise, inflation is expected to continue, geopolitical conflicts will escalate and threaten the recovery of global trade, and the export market as a whole will face greater downward pressure.

Secondly, followed by the escalation of competition between China and the United States of America and continuing trade frictions, there will be greater uncertainty in export market revenues.

Thirdly, the Russia-Ukraine conflict has led to irreversible changes in the energy structure of Europe, with the energy structure changing from natural gas to electrification in the long term. There will be major changes in the LNG market, resulting in a reduction in demand for LNG storage and transportation equipment.

2. Risk of intensified market competition

Although the overall gas storage and transportation market has been showing a steady rising trend, competition in the industry has intensified. 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 deployments, and make every effort to drive scientific and technological innovation. The Company will also enhance its market and competition awareness, highlight the direction of professional development, and consolidate, expand and enlarge its market share.

3. Development risk of new business and new market

Hydrogen energy and fuel cells are currently dominated by commercial vehicles in China, are mainly used in the fields of logistics, public transportation and large buses, and are still at the stage of building up momentum. Due to national and local policies and other sources of uncertainty, the Company has encountered unexpected risks in the development of new businesses and new markets. The Company will continue to drive the development of hydrogen energy business and enhance core technology to improve the core competitiveness of its products.

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

1. Analysis of operating results

During the Reporting Period, the total profit of the Company decreased by approximately RMB75,150,000 as compared with the corresponding period of last year, the operating profit decreased by approximately RMB67,004,900 year-on-year, and the net non-operating revenue and expenses decreased by approximately RMB8,145,100 year-on-year. The operating income increased by approximately RMB33,234,500 as compared with the corresponding period of last year, the operating cost increased by approximately RMB3,809,400 as compared with the corresponding period of last year.

During the Reporting Period, expenses increased by approximately RMB56,126,200 as compared with the corresponding period of last year of which, selling expenses increased by RMB14,278,100 as compared with last year at a rate of 44.70%, mainly due to (1) the difference in the accounting period of the subsidiaries, BYTQ and Jingcheng Haitong, which were included in the scope of consolidated statements in the current period and the previous period; and (2) the increase in the exhibition fees, travel expenses, business expenses and after-sale service fees as compared with the previous year. Management expense increased by RMB18,656,600 as compared with last year at a rate of 18.32%, mainly due to: (1) the difference in the accounting period of the subsidiaries, BYTQ and Jingcheng Haitong, which were included in the scope of consolidated statements in the current period and the previous period; (2) the increase in daily expenses, such as travel expenses, repair expenses and depreciation expenses; and (3) the amortization of share-based payment. Research and development expenses increased by RMB18,799,000 as compared with last year at a rate of 39.45%, mainly due to: (1) the difference in the accounting period of a subsidiary, BYTQ, which was included in the scope of consolidated statements in the current period and the previous period; and (2) the Company's increased investment in research and development in the current period. Financial expense increased by approximately RMB4,392,600 at a rate of 47.92%, mainly due to the difference in the accounting period of a subsidiary, Jingcheng Haitong, which was included in the scope of consolidated statements in the current period and the previous period, and the corresponding increase in interest expenses.

During the Reporting Period, other income decreased by approximately RMB4,812,400 as compared to the corresponding period of the previous year, which was mainly attributable to the decrease in government grants obtained by the Company during the period as compared to the previous year.

During the Reporting Period, the investment income decreased by approximately RMB13,354,200, which was mainly due to: (1) the decrease in net profits year-on-year of the associated companies; (2) the inclusion of Jingcheng Haitong into the scope of consolidated statements in July of last year.

During the Reporting Period, the increase in credit impairment loss of approximately RMB8,671,900 as compared to the same period of the previous year was mainly due to the increase in bad debt provision as a result of the increase in long aged receivables.

During the Reporting Period, the increase in asset impairment loss of approximately RMB12,865,000 as compared to the same period of the previous year was mainly due to the provision for decline in value of inventories in the current year.

During the Reporting Period, the decrease in non-operating income of approximately RMB10,626,400 was mainly due to the receipt of compensation by subsidiaries in the previous period.

During the Reporting Period, the decrease in non-operating expenses of approximately RMB2,481,300 was mainly due to the payment of compensation by subsidiaries in the previous period.

2. Analysis of assets, liabilities and shareholders' equity

Total assets and total liabilities increased at the end of the Reporting Period, as compared with that of the beginning of the year. Total assets amounted to approximately RMB2,812,343,600, representing an increase of approximately RMB316,339,300 or 12.67% as compared with the beginning of the year. Total liabilities amounted to approximately RMB1,433,936,800, representing an increase of approximately RMB351,093,200 or 32.42% as compared with the beginning of the year. Total shareholders' equity amounted to approximately RMB1,378,406,800, representing a decrease of approximately RMB34,754,000 or 2.46% as compared with the beginning of 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 needs of operating activities while minimizing its finance cost and preventing against financial risks by fully utilizing financial instruments, for the purposes of achieving sustainable development of the Company and maximizing its shareholders' value.

Liquidity and capital structure

	2023	**2022**
(1) Gearing ratio	50.99%	43.38%
(2) Quick ratio	127.30%	121.39%
(3) Current ratio	164.76%	171.54%

4. Bank loans

The Company prudently implemented its annual capital budget plan in accordance with the changes in market environment and requirements of customers to control the bank loan scale strictly. The Company fully utilized financial tools to reduce finance costs and prevent financial risks to improve the profit of the Company and shareholders while satisfying the capital needs of operating activities of the Company. As at the end of the Reporting Period, the Company had short-term loan amounting to RMB140,000,000, representing an increase of 40.00% as compared with the beginning of the year; Long-term loan increased by RMB70,000,000.

5. Foreign exchange risk management

The Company is mainly exposed to foreign exchange risk relating to US dollars and euro. The Group's main operation is settled by RMB, except for the Company's subsidiaries, Beijing Tianhai, BTIC America Corporation and Jingcheng Holding (Hong Kong) Co., Ltd., which use US dollars and euro for procurement and sale. Accordingly, it may be exposed to foreign exchange risks arising from the changes in the exchange rate between US dollars, euro and RMB. 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 of the Company 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. Cash inflows from operating activities during the Reporting Period amounted to RMB1,240,538,100, while cash outflows amounted to RMB1,174,178,200. Net cash flows during the Reporting Period from operating activities amounted to RMB66,359,900.

2. Cash flows from investing activities

Cash inflows from investing activities of the Company during the Reporting Period amounted to RMB3,175,200, mainly due to the recovery of investment payments made during the period; while cash outflows from investing activities amounted to RMB160,245,500 which was mainly used in expenses for the purchase and construction of fixed assets. Net cash flows from investing activities during the Reporting Period amounted to a loss of RMB157,070,300.

3. Cash flows from financing activities

Cash inflows from financing activities during the Reporting Period amounted to RMB419,582,000, which were mainly derived from bank loans, special funds allocated by the controlling shareholder and the payments received for employee share incentive. Cash outflows from financing activities during the Reporting Period amounted to RMB163,391,600, which were mainly due to the repayment of loans and interest and the operating lease rental payments. Net cash flows from financing activities for the Reporting Period amounted to RMB256,190,400.

In 2023, net cash flows from operating activities increased by approximately RMB61,136,200 as compared to the corresponding period of last year, mainly due to: (1) BYTQ and Jingcheng Haitong, subsidiaries of the Company, were included in the scope of consolidated statements in June and July of the previous year, respectively, and the accounting period involved in the consolidation of the current period was different from that of the previous period; (2) the decrease in cash paid for purchases of goods and receipt of services as compared with the previous period; Net cash flows generated from investing activities decreased by approximately RMB93,660,600 as compared to the corresponding period of last year, mainly due to the increase in cash payment for the purchase and construction of fixed assets, intangible assets and other long-term assets during the period; Net cash flows generated from financing activities increased by approximately RMB13,303,700 as compared to the corresponding period of last year, mainly due to the increase of cash from borrowings during the period and the receipt of employee equity incentive payments.

(XVII) Capital structure

The Company's capital structure consisted of shareholders' equity and liabilities during the Reporting Period. Shareholders' equity amounted to RMB1,378,406,800, of which minority interests amounted to RMB312,496,200, and total liabilities amounted to RMB1,433,936,800. Total assets amounted to RMB2,812,343,600. As at the end of the period, the Company's gearing ratio was 50.99%.

Capital structure by liquidity

Total current liabilities	RMB775,143,000	Percentage of assets	27.56%
Total shareholders' equity	RMB1,378,406,800	Percentage of assets	49.01%
Of which: Minority interest	RMB312,496,200	Percentage of assets	11.11%

(XVIII) Contingent liabilities

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

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

Unit: Yuan Currency: RMB

	End of the year			
Item	**Carrying amount**	**Book value**	**Type of restriction**	**Condition of restriction**
Fixed assets	139,823,125.79	78,551,161.30	Pledged property building	Mortgage
Financing receivables	4,928,000.00	4,928,000.00	Pledged notes receivables	Pledge
	65,688,058.02	65,688,058.02	Margin	Deposits of bank acceptance bill
Monetary funds	7,228,638.76	7,228,638.76	Margin	Letter or credit guarantee deposit
	500.69	500.69	Margin	Bond for letter of guarantee
Total	217,668,323.26	156,396,358.77	–	–

	Beginning of the year			
Item	**Carrying amount**	**Book value**	**Type of restriction**	**Condition of restriction**
Fixed assets	70,227,497.45	29,208,222.73	Pledged property building	Mortgage
Monetary funds	46,822,813.02	46,822,813.02	Restriction on monetary funds	Deposits of bank acceptance bill
	22,374,406.22	22,374,406.22	Restriction on monetary funds	Letter of credit guarantee deposit
	3,625,647.23	3,625,647.23	Restriction on monetary funds	Litigation freeze
	2,926.79	2,826.79	Restriction on monetary funds	Bond for letter of guarantee
Total	143,053,290.71	102,034,015.99	–	–

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

Not applicable

(XXI) Explanation of the Company on "Modified Auditors' Report" issued by the auditors

Not applicable

(XXII) Proposals for profit distribution or for converting surplus reserves into share capital

1. Formulation, implementation or adjustment of cash dividend policy

Not applicable

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

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 statements during the year of distribution	Percentage of the net profit attributable to ordinary shareholders of the listed companies in the consolidated financial statements (%)
2023	0	0	0	0	-51,675,143.59	0
2022	0	0	0	0	19,011,605.47	0
2021	0	0	0	0	-23,282,271.43	0

3. Inclusion of repurchased shares by cash in cash dividend

Not applicable

4. If the Company records profits and the parent company records a positive undistributed profit attributable to ordinary shareholders during the Reporting Period but there has been no plan or proposal for the distribution of cash dividend of ordinary shares, the Company shall disclose the reasons and the usage of the undistributed profits and the usage plan in detail

Not applicable

III. EXPLANATION ON OTHER IMPORTANT MATTERS

1. **During the Reporting Period, the Company terminated the project on non-public issuance of A shares, which has been considered and approved by the Board of the Company.**

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

3. **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 2023.

4. **Corporate Governance Code**

   The Company has complied with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Hong Kong Listing Rules during the Reporting Period.

   The Company has adopted the code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules as its corporate governance code. The Board considers that the Company has complied with all applicable code provisions set out in the Corporate Governance Code throughout the year.

5. **Model Code for Securities Transactions by Directors and Supervisors**

   During the Reporting Period, the Company has adopted the model code regarding securities transactions by directors and supervisors on terms no less exacting than the required standards set in the "Model Code for Securities Transactions by Directors of Listed Issuers" in Appendix C3 to the Hong Kong Listing Rules. After making specific enquiries to all directors and supervisors of the Company, the Company confirmed that, each of the directors and supervisors of the Company 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 2023.

6. Share capital

(1) Total number of shares and changes in share capital structure of the Company during the Reporting Period

Unit: share

	Opening balance	Increase and decrease (+,-) in the current change					Closing balance
		Issuance of new shares	Bonus issue	Conversion from reserve	Other	Subtotal	
Total shares	542,265,988.00	5,400,000.00	0	0	0	5,400,000.00	547,665,988.00

(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 entire annual report 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
Li Junjie
Chairman

Beijing, the PRC
28 March 2024

As at the date of this announcement, the Board comprises Mr. Zhang Jiheng as executive director, Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, Mr. Man Huiyong 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.