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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)

2024 INTERIM RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICES

- 1. This interim results announcement is derived from the 2024 Interim Report. To comprehensively understand operating results, financial position and future development plans of Beijing Jingcheng Machinery Electric Company Limited (the “Company”), investors should carefully read the full text of the 2024 Interim Report.**
- 2. The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”), the directors (the “Directors”), the supervisors and senior management of the Company guarantee the authenticity, accuracy and completeness of the contents of the 2024 interim results announcement, in which there are no false representations, misleading statements contained, or material omissions, and assume several and joint responsibilities.**
- 3. All Directors of the Company have attended the meetings of the Board.**
- 4. The 2024 interim results have not been audited.**
- 5. The proposal of distribution of profit for the period from 1 January 2024 to 30 June 2024 (the “Reporting Period”) or the transfer of capital reserve to equity considered by the Board**

Nil

II. BASIC INFORMATION OF THE COMPANY

1 Company profile

Basic Information of the Company's Shares

| Type of shares | Place of listing of the shares | Stock abbreviation | Stock code | Stock abbreviation before changes |
|----------------|---|--------------------|------------|-----------------------------------|
| A share | Shanghai Stock Exchange | 京城股份 | 600860 | 京城股份 |
| H share | The Stock Exchange of Hong Kong Limited | JINGCHENG MAC | 00187 | JINGCHENG MAC |

Contact persons and contact information

| | Secretary to the Board | Securities affairs representative |
|------------------|---|---|
| Name | Luan Jie | Chen Jian |
| Office address | No.2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing | No.2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing |
| Telephone number | 010-87707288 | 010-87707289 |
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2 Major financial data

*Unit: Yuan
Currency: RMB*

| Principal Accounting Data | For the | For the same | Increase/Decrease |
|---|---|-------------------------------|---|
| | Reporting Period (January – June 2024) | period last year | comparing the Reporting Period with the same period last year (%) |
| Operating income | 748,773,482.80 | 625,983,732.52 | 19.62 |
| Net profit attributable to shareholders of the listed company | -3,374,923.71 | -29,690,936.02 | – |
| Net profit attributable to shareholders of the listed company after extraordinary items | -13,230,039.21 | -31,831,469.28 | – |
| Net cash flow from operating activities | -143,347,494.45 | -6,466,898.65 | – |
| | As at the end of the Reporting Period | As at the end of last year | Increase/Decrease comparing the end of the Reporting Period with the end of last year (%) |
| Net assets attributable to shareholders of the listed company | 1,068,080,887.70 | 1,065,910,588.54 | 0.20 |
| Total assets | 2,957,705,599.91 | 2,812,343,564.88 | 5.17 |

3 Shareholdings of top ten shareholders

Total number of shareholders as at the end of the Reporting Period 45,516

Total number of shareholders of preference shares with voting rights restored at the end of the Reporting Period Nil

Unit: share

Shareholdings of top ten shareholders (excluding the shares lent through refinancing)

| Name of shareholder (full name) | Increase/ decrease during the Reporting Period | Number of shares held at the end of the period | Percentage (%) | Number of shares held subject to selling restrictions | Pledged, tagged or frozen | | Shareholder(s) nature |
|---|--|---|-------------------|---|---------------------------|--------|---|
| | | | | | Share status | Number | |
| Beijing Jingcheng Machinery Electric Holding Co., Ltd | 0 | 245,735,052 | 44.87 | 0 | Nil | | State-owned legal person |
| HKSCC NOMINEES LIMITED | 90,000 | 99,609,027 | 18.19 | 0 | Unknown | | Unknown |
| Li Hong | -925,913 | 7,314,913 | 1.34 | 3,819,913 | Nil | | Domestic natural person |
| Qingdao Eternal Economic Information Consulting Co., Ltd. | -109,700 | 4,577,260 | 0.84 | 937,392 | Nil | | Domestic non-state-owned legal person |
| Zhao Qing | -2,187,471 | 2,852,014 | 0.52 | 1,308,157 | Nil | | Domestic natural person |
| Wang Xiaohui | -969,800 | 2,304,604 | 0.42 | 807,881 | Nil | | Domestic natural person |
| Wang Huadong | 0 | 2,015,123 | 0.37 | 0 | Nil | | Domestic natural person |
| Anhui Bocheng Medical Investment Co., Ltd.* | 1,497,800 | 1,497,800 | 0.27 | 0 | Unknown | | Unknown |
| He Yong | 25,500 | 1,384,833 | 0.25 | 0 | Nil | | Domestic natural person |
| Shao Hualiang | 530,000 | 1,000,000 | 0.18 | 0 | Nil | | Domestic natural person |

Shareholdings of top ten shareholders not subject to trading moratorium (excluding shares lent through refinancing and lock-in shares by senior management)

| Name of shareholders | Number of shares not subject to trading moratorium | Class and number of shares | |
|---|---|-------------------------------|-------------|
| | | Class | Number |
| Beijing Jingcheng Machinery Electric Holding Co., Ltd. | 245,735,052 | RMB common shares | 245,735,052 |
| HKSCC NOMINEES LIMITED | 99,609,027 | Overseas listed foreign share | 99,609,027 |
| Qingdao Eternal Economic Information Consulting Co., Ltd. | 3,639,868 | RMB common shares | 3,639,868 |
| Li Hong | 3,495,000 | RMB common shares | 3,495,000 |
| Wang Huadong | 2,015,123 | RMB common shares | 2,015,123 |
| Zhao Qing | 1,543,857 | RMB common shares | 1,543,857 |
| Anhui Bocheng Medical Investment Co., Ltd. | 1,497,800 | RMB common shares | 1,497,800 |
| Wang Xiaohui | 1,496,723 | RMB common shares | 1,496,723 |
| He Yong | 1,384,833 | RMB common shares | 1,384,833 |
| Shao Hualiang | 1,000,000 | RMB common shares | 1,000,000 |
| Description of special account for repurchase among the top ten shareholders | N/A | | |
| Explanations on the proxy voting right, entrusted voting right and waiver of voting right of the aforesaid shareholders | N/A | | |
| Explanation on the connected relationship of the shareholders and action in concert among the aforesaid shareholders | The Company is not aware of any connected relationship among the aforesaid shareholders, nor is the Company aware of any parties acting in concert as defined in “Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company’s Shareholders” | | |
| Explanation on preferred shareholders whose voting rights has resumed and their shareholdings | N/A | | |

Notes:

- (1) Jingcheng Machinery Electric Holding Co., Ltd. (“**Jingcheng Machinery Electric**”) is the substantial shareholder of the Company, no share of which are being pledged or frozen.
- (2) HKSCC Nominees Limited held shares on behalf of many of its clients and the Company has not been notified by HKSCC Nominees Limited that there was any holder of H Shares who individually held 5% or more of the total share capital of the Company.

- (3) As at 30 June 2024, Mr. Cheng Lei's spouse held 5,700 A Shares in the Company. As at 30 June 2024, Mr. Zhang Jiheng, a Director of the Company was granted 150,000 restricted A shares, Ms. Feng Yongmei, Mr. Shi Fengwen, Mr. Li Xianzhe, the senior management officers, and Mr. Luan Jie, the secretary to the Board were each granted 100,000 restricted A shares, respectively. Save as disclosed above, as at 30 June 2024, so far as was known to the Directors, the Directors, the supervisors and chief executive of the Company or their respective associates did not have any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations below (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), to be notified to the Company and the Stock Exchange.
- (4) Save as disclosed above, as at 30 June 2024, the Directors were not aware of any person (not being a Director, supervisor or chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.
- (5) There is no provision for pre-emptive rights under the laws of the PRC and the articles of association of the Company.
- (6) As of 30 June 2024, the Company did not issue any convertible securities, share options, warrants or any other similar right.

4 Particulars of the total number of shareholders of preference shares and top ten shareholders of preference shares as at the end of the Reporting Period

Applicable Not applicable

5 Changes in controlling shareholder or beneficial controller

Applicable Not applicable

6 Undue and unpaid or overdue corporate bonds

Applicable Not applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS

The year 2024 is a crucial year for the “14th Five-Year Plan” strategy. Guided by the “14th Five-Year Plan” strategy, the Company has overcome multiple challenges such as economic fluctuations, intensified competition and internal reform within the annual budget target, and steadily promoted market development, technological innovation, reform and adjustment, improved quality and efficiency, and completed its business objectives and key tasks in the first half of the year.

1. Focusing on the seizure of market development and maintain stable operation

Gas storage and transportation segment:

The cylinder industry focuses on large customers such as domestic large gas companies and high-end markets such as rail transit, focusing on the promotion of thin-wall lightweight high-pressure products, continuously improving product competitiveness through a series of technological cost reduction measures, and striving to seize the market and achieving positive results. The compound gas cylinders and system industry gives full play to the first-mover advantage of type IV cylinders, plays a combination of fists, actively expands the application field, and grabs orders. Type IV cylinders and systems achieved revenue a year-on-year increase of 695%. The low-temperature storage and transportation industry completed the acceptance and delivery of the first set of 6-cubic belt pump liquid hydrogen storage tanks. The export market actively overcame the adverse impacts of high inflation, frequent geopolitical conflicts and other factors. By focusing on key projects of major customers, the Company accelerated the market development of new products, and maintained stable sales revenue.

Intelligent Manufacturing Segment:

In the first half of the year, the Company focused on deepening market penetration and project development. Efforts were concentrated on securing orders for refrigerators and commercial used air conditioning plants, while continuously promoting washing machines and household air conditioning projects to maximize order share. The Company has actively cultivated new customers resources, customized solutions to meet customer’s personalized needs, and actively followed up on new projects initiations. Despite facing challenges in technological cooperation, the Company made significant strides in technological research and development (“R&D”). In specialized air conditioning sector, key breakthroughs were achieved in automation technology and the application of automatic screw locking on wooden bottom brackets. In addition, the rapid progress of infrastructure construction has laid a solid foundation for the Company’s future development. Overall, the Company has diversified its business lines and is constantly increasing its competitiveness and market share.

2. Focusing on innovation-driven development and further building a new development pattern

The Company strengthens the dominant position of enterprises in innovation, and actively creates a source of original technology. The Company has increased investment in R&D and made positive progress in key R&D projects. The R&D investment in the first half of the year focusing on investing in the R&D of hydrogen energy products. The Company strengthens the Company's digital top-level design, formulates the Company's digital transformation plan, determines the Company's medium and long-term digital transformation strategic goals, accelerates the integration and application of a new generation of information technology and automation, actively promotes the automation transformation of production lines, and explore the creation of intelligent and green production systems. The application of the internet of Things technology to realise the interconnection and intelligent processing of data among people, machines and things, and achieve an internet connection rate of more than 20% for key equipment.

3. Focusing on lean management and steadily strengthen internal management

The Company continues to promote cost reduction and efficiency in depth, focuses on strengthening the market awareness and cost awareness of technical personnel. Through product development, process design, process optimisation, material substitution and other measures, the Company achieves scientific and technological cost. The Company strictly controls the procurement of materials, further reduces procurement costs, and achieves procurement cost reduction by means of collective bargaining, domestic substitution, new supplier development, and profit transfer payment. Also, the Company actively deals with overstock and old receivables, revitalise assets, reduce bad debt risks.

4. Focusing on risk prevention and control, and operate in compliance with laws to promote development

In terms of compliance and internal control management, the Company has strengthened the enforcement of rules and regulations, strictly implemented internal control audits, improved the level of risk prevention and control management, enhanced the legality and standardization of internal management, and ensured the safety and stability of the Company's operations. In financial management, the Company reinforced budget management, optimized the cost structure and improved the efficiency of capital utilization. By combining measures in technology, procurement and manufacturing, the Company have effectively enhanced its financial performance. Additionally, the Company actively utilized policy benefits and applied for government subsidies to reduce tax costs.

In the first half of the year, the Company overcame challenges and achieved a series of accomplishments. In the second half of the year, the Company will precisely gauge industry trends and closely align with market demands. Leveraging its technological advantages, the Company will accelerate R&D and the application of high-quality products to enhance market competitiveness. Concurrently, the Company will optimize the incentive mechanism, stimulate research and innovation, and recruit talents. By focusing on core technologies, the Company will expedite the commercialization of research achievements, contributing to the quality leap of listed companies. The Company will implement lean management strategies to maximize cost-effectiveness and achieve high-quality development. In addition, the Company will deepen its internal control and compliance system to enhance the risk control capability of the Company, ensuring a steady development. The Company will implement lean management strategies to maximize cost efficiency and achieve high-quality development. Additionally, the Company will deepen its internal control and compliance systems to enhance risk management capabilities, ensuring steady progress.

1. Seizing the latest opportunities in market and the operation capabilities of subsidiaries

Gas Storage and Transportation Segment:

In the second half of the year, the Company will continue to focus on the market, expanding both domestic and overseas market, and accelerate the development of the hydrogen energy industry. Meanwhile, the Company will strengthen its innovation-driven efforts by increasing its investment in R&D, focusing on the independent control of high-pressure hydrogen and liquid hydrogen storage and transportation technologies to enhance product competitiveness. Furthermore, the Company will deepen the digital transformation, promote automation and intelligent upgrades, further reinforce the reform and innovation, independent innovation and quality innovation of the enterprise. These efforts aim to improve production efficiency and product quality, and comprehensively promote the company to high-tech and intelligent direction.

Intelligent Manufacturing Segment:

To enhance market competitiveness, the Company will deepen the niche market and product differentiation strategy to optimize product structure; whilst, the Company will accelerate the upgrading of intelligent and digital manufacturing to improve production efficiency and product quality while reducing costs. Besides, the Company will increase its effort in technology R&D, focusing on system integration and innovation of the suspension and overhead conveyors, to lead the industry transformation through technology leadership. In the field of visual technology, the company is actively recruiting talents, expanding robot integration and applications and non-standard equipment business, opening new business areas, and securing high-end orders. These aim to lay a solid foundation for its sustainable growth and long-term development.

2. Strengthen the Group control and promote high-quality construction

To ensure the sustainable and stable development of the Company and its subsidiaries, in the second half of the year, the Company will enhance its governance mechanism, promoting professional, vocational and standardized management to ensure the orderly development of its main core business. At the same time, the Company will focus on the reform and innovation of the mechanism, consolidate the experience of state-owned enterprise reform and formulate improvement measures in line with the “14th Five-Year Plan” strategy. To stimulate the vitality of employees, the Company will implement differentiated incentives and build a multi-phase incentive system, particularly through the restricted share incentive scheme, which will align the interests of employees with the long-term development of the Company and jointly creating a new chapter in the implementation of the Company’s strategy.

3. Firmly adhere to the idea of refined management

In the second half of the year, the Company will deepen its lean management, guided by the “One Profit, Five Ratios” principle. Through value diagnosis and specialized actions, the Company will make precise measures in material procurement, production and product structure, accurately identifying factors affecting the corporate value. Targeted improvement measures will be formulated and implemented to ensure mutual benefits of cost saving and efficiency enhancement.

4. Adhere to the law and regulations

The Company will strengthen legal and regulatory compliance, deepen internal control management, ensure in-depth integration of internal controls with business operations to enhance the transparency and effectiveness of risk management. The Company will ensure its financial management is compliant and efficient by strengthening financial control functions and the training of the financial team, setting up a strong defense for the stable development, and enhance its value creation capability and market competitiveness comprehensively.

Analysis of core competitiveness during the Reporting Period

(I) Analysis of core competitiveness of gas storage and transportation segment

After years of development, the Company has the following competitive advantages in terms of scale and brand, technology, sales network, and human resources:

1. Scale and Brand Advantages

The Company is a group company consisting of eight production bases for the manufacture of professional gas storage and transportation equipment and a company located in the United States. With over 20 years of operation and development, the Company has established a corporate image of fine technology foundation and product stability and reliability in the industry; and the Tianhai brand has become one of the well-known brands in the industry.

2. Technology Advantages

After continuous technological research and development, the Company has A1, A2, C2 and C3 level pressure vessel design qualifications and A1, A2, B1, B2, B3, C2, C3, D1 and D2 level pressure vessel manufacturing qualifications currently, which can produce over 800 types and specifications of seamless steel gas cylinders, winding gas cylinders, accumulator shells, asbestos-free acetylene cylinders, welded insulated cylinders, carbon fiber full-winding compound gas cylinders (including those for vehicles), plastic carbon fiber full winding compound gas cylinders, cryogenic tanks and filling stations, etc. The Company's products are widely applied in automotive, chemical, fire-fighting, medical, petroleum, energy, urban construction, food, metallurgy, machinery, electronics and other industries.

Meanwhile, with an accurate grasp of the clean energy market, the Company, through integrating different aspects of technologies in respect of LNG cylinders for vehicles, CNG cylinders, cryogenic tanks and natural gas vehicle filling stations, is able to provide customers with LNG/CNG system solutions. The Company is also capable of designing and manufacturing cryogenic tanks and IMO tank container products of different volume and pressure level in accordance with China pressure vessel standards, EU ADM and 97/23/ECPED and Australia/New Zealand AS1210 standards.

3. Sales Network Advantages

The Company has established a complete sales network equipped with over 30 distribution offices scattering across the country, achieving a full geographical coverage nationwide, and is capable of offering components to largest-scale automobile manufacturers of the national automobile industry in the supply chain of components for domestic mainstream automobile manufacturers. The Company has also set up eight overseas sales offices which are mainly located in the United States, Singapore, Korea, India, Australia and other

countries. Relevant products have been accepted by seven out of the world's top eight influential gas companies. To build a bridge between the basic unit and the market, and to increase the vitality of the strategy execution unit and results of operation, the Company carried out transformation and upgrade of the internal management and control so that each of its subsidiaries could establish a business model of unifying research, production, supply and sales, so as to fully unleash the potential of the organisation, make flexible and quick responses to the changes in the market and effectively enhance the results of operation.

Leveraging advanced technology, outstanding management, reliable products and optimized aftersales services system, the Company is keeping its pace of becoming a global leading manufacturing and service enterprise of energy gas storage devices.

4. Human Resources Advantages

In order to provide a career development platform for its management and employees to grow personally and with the Company and share the fruits of development and to create a good corporate culture, the Company has established an internal organisational system and operational mechanism, performance appraisal mechanism and salary and welfare system which meet the requirements for market competition. It aims to retain talents with strong prospects, competitive remuneration and loyalty. It has established a team of talents with ability and integrity, core competencies and professional quality in respect of research and development, sales, management, operation and production.

(2) Analysis of the core competitiveness of intelligent manufacturing segment

The Company continues to deeply engage in the home appliances industry, relying on five product lines to provide customers with automation and informatisation construction and upgrading of production lines, as well as the overall solution for smart factories. The main products of the Company continue to expand in the home appliances industry in a comprehensive way.

1. Technology Advantages

The Company focuses on the industrial automation field and deeply engages in the home appliances industry. With the enterprise informatisation business module as the driving core and customized intelligent manufacturing equipment as the base, the Company has the ability to provide industrial automation, digitalisation, networking and intelligent products and services to customers by connecting the equipment layer with the control, operation and decision making layers.

2. *Sales Advantages*

The Company has established a stronger sales team which focuses on core customers and understands customers' needs in depth, has fully released the vitality of the team to quickly adjust the marketing model in response to market changes. With advanced technology, reliable quality and excellent sales management team, the Company has targeted at the home appliances business sub-market and steadily expanded its market share.

3. *Human Resources Advantages*

The Company has set up an efficient and professional team of staffs, established a performance appraisal and salary and welfare system to fully mobilize employees' innovation initiatives, and provided a platform for employees to grow with the Company. The Company cultivates excellent talents with high professional quality in core positions such as technology, production, sales, management and operation. The Company attaches great importance to technology development, and continuously recruits excellent technical personnel to broaden the Company's business scale, and enhance the Company's profitability. According to the needs of business development, the Company will gradually expand the mechanical design team for assembly, robot application, specialised machine development, stamping application, suspension chain and others, and expand the electrical team and software informatisation team at the same time. The Company introduces visual development technical talents, expands visual applications, establishes 2D and 3D vision-related application technologies, and expands the business development of robot integrated applications and non-standard equipment. The Company continues to introduce excellent technical personnel and carries out technological research and development breakthroughs to meet the new demands of industrial automation projects, so as to maintain a good forward-looking, rapid response capability and continuous development capability for downstream demands, and fully forms a new technological advantage of the Company.

PRINCIPAL OPERATION DURING THE REPORTING PERIOD

(I) Analysis of principal businesses

1. Table of movement analysis for the related items in financial statements

Unit: Yuan
Currency: RMB

| Item | Current period | Corresponding period of last year | Changes (%) |
|--|-----------------|-----------------------------------|-------------|
| Operating income | 748,773,482.80 | 625,983,732.52 | 19.62 |
| Operating cost | 624,564,969.07 | 546,091,446.53 | 14.37 |
| Sales expense | 23,469,294.64 | 17,906,764.13 | 31.06 |
| Management expense | 57,293,069.41 | 47,814,777.88 | 19.82 |
| Financial expense | 4,757,755.57 | 6,290,198.97 | -24.36 |
| Research and development expenditure | 30,022,179.68 | 28,174,206.18 | 6.56 |
| Net cash flows from operating activities | -143,347,494.45 | -6,466,898.65 | N/A |
| Net cash flows from investing activities | -28,164,353.12 | -48,948,528.84 | N/A |
| Net cash flows from financing activities | 61,347,479.15 | 195,759,584.01 | -68.66 |

Reasons for the change in operating income: Increased by 19.62% as compared with the corresponding period of last year due to the Company's effort in the continuous optimization of its product structure and the active expansion of its application areas;

Reasons for the change in operating cost: Increased by 14.37% as compared with the corresponding period of last year, mainly due to higher costs as a result of higher income;

Reasons for the change in sales expense: Increased by 31.06% as compared with the corresponding period of last year, mainly due to the increase in travel expenses and aftersales services as a result of the increase in amortization expenses of share incentive scheme and income during the current period;

Reasons for the change in administrative expense: Increased by 19.82% as compared with the corresponding period of last year, mainly due to the increase in amortization expenses of share incentive scheme and the increase in depreciation expense included in administrative expenses during the current period;

Reasons for the change in finance cost: Decreased by 24.36% as compared with the corresponding period of last year, mainly due to the decrease in net exchange losses as compared with the corresponding period of last year;

Reasons for the change in R&D expense: Increased by 6.56% as compared with the corresponding period of last year, mainly due to increased investment efforts in R&D during the current period;

Reasons for the change in net cash flows from operating activities: Decreased by approximately RMB136.88 million as compared with the corresponding period of last year, mainly due to the decrease in cash received from sales of goods as a result of the longer credit period of products;

Reasons for the change in net cash flows from investing activities: Increased by approximately RMB20.78 million as compared with the corresponding period of last year, mainly due to the increase in net cash received from disposal of fixed assets, intangible assets and other long-term assets by subsidiaries as compared with the corresponding period of last year during the current period; and

Reasons for the change in net cash flows from financing activities: Decreased by approximately RMB134.41 million as compared with the corresponding period of last year, mainly due to the receipt of special funds for the Hydrogen Energy Frontier Technology Industry Development Project during the last period.

2. *Details of the material changes in type of business, profit components or income source of the Company in the current period*

Applicable Not applicable

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

Applicable Not applicable

(III) Analysis of assets and liabilities

√ Applicable □ Not applicable

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 corresponding period last year | Balance at the end of last year over total assets (%) | Change in amount at the end of current period over last year (%) | Description |
|---------------------------|--|--|--|---|--|--|
| Notes receivable | 6,154,690.89 | 0.21 | 3,590,000.00 | 0.13 | 71.44 | Mainly due to the increase in undue acceptance bills |
| Accounts receivable | 530,188,128.43 | 17.93 | 385,061,945.72 | 13.69 | 37.69 | Mainly due to the increase in income and a longer credit period of products during the current period |
| Receivables financing | 11,925,667.57 | 0.40 | 32,346,639.47 | 1.15 | -63.13 | Mainly due to the increase in undue acceptance bills |
| Other receivables | 4,267,041.01 | 0.14 | 2,887,349.53 | 0.10 | 47.78 | Mainly due to the increase in transaction during the current period |
| Contractual assets | 17,718,610.03 | 0.60 | - | 0.00 | 100.00 | Mainly due to the reclassification with immature retention receivable |
| Other current assets | 45,047,901.96 | 1.52 | 9,687,325.81 | 0.34 | 365.02 | Mainly due to the increase in value-added tax retained by subsidiaries |
| Construction in progress | 132,374,580.34 | 4.48 | 74,093,650.27 | 2.63 | 78.66 | Mainly due to the non-completion of acceptance of fixed assets purchased |
| Short-term borrowings | 200,000,000.00 | 6.76 | 140,000,000.00 | 4.98 | 42.86 | Mainly due to the increase in bank borrowings of subsidiaries during the current period |
| Notes payable | 124,493,763.74 | 4.21 | 85,759,357.39 | 3.05 | 45.17 | Mainly due to the increase in bank acceptances issued by subsidiaries |
| Contractual liabilities | 70,906,715.19 | 2.40 | 47,451,038.27 | 1.69 | 49.43 | Mainly due to the increase in advances from customers during the period |
| Taxes payable | 4,465,935.28 | 0.15 | 18,694,312.91 | 0.66 | -76.11 | Mainly due to the payment of unpaid tax at the end of previous year during the current period |
| Other current liabilities | 12,564,904.90 | 0.42 | 9,200,236.26 | 0.33 | 36.57 | Mainly due to the increase in the reclassification of value-added tax in contractual liabilities during the current period |
| Provision | 7,817,526.58 | 0.26 | 4,989,719.00 | 0.18 | 56.67 | Mainly due to the accrual of quality guarantee deposits by the subsidiaries during the current period |
| Special reserves | 860,558.67 | 0.03 | 381,371.62 | 0.01 | 125.65 | Mainly due to the accrual of safety production expenses by its subsidiaries in the current period |

Other descriptions

Nil

2. Overseas Assets

Applicable Not applicable

(1) Size of assets

Including: overseas assets of 83,505,980.60 (Unit: Yuan Currency: RMB), accounting for 2.82% of the total assets.

(2) Relevant details of a higher proportion of overseas assets

Applicable Not applicable

Other descriptions

3. Major restricted assets at the end of the Reporting Period

Applicable Not applicable

Unit: Yuan
Currency: RMB

| Item | Book balance | End of the period | | Condition of restriction |
|-----------------------|------------------------------|------------------------------|---------------------------|------------------------------------|
| | | Book value | Type of restriction | |
| Fixed assets | 139,823,125.79 | 77,379,971.27 | Pledged property building | Mortgage |
| Financing receivables | 349,000.00 | 349,000.00 | Pledged notes receivables | Pledge |
| | 32,390.70 | 32,390.70 | Litigation freeze | Litigation freeze |
| Monetary funds | 97,413,107.74 | 97,413,107.74 | Margin | Deposits of bank acceptance bill |
| | 8,012,133.96 | 8,012,133.96 | Margin | Letter of credit guarantee deposit |
| | 1,680,500.69 | 1,680,500.69 | Margin | Bond for letter of guarantee |
| | <u>1,024,799.88</u> | <u>1,024,799.88</u> | Litigation freeze | Litigation freeze |
| Total | <u><u>248,335,058.76</u></u> | <u><u>185,891,904.24</u></u> | – | – |

| Item | Book balance | Beginning of the period | | Type of restriction | Condition of restriction |
|-----------------------|-----------------------|-------------------------|--|---------------------------|------------------------------------|
| | | Book value | | | |
| 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 |
| Monetary funds | 65,688,058.02 | 65,688,058.02 | | Margin | Deposits of bank acceptance bill |
| | 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 | <u>217,668,323.26</u> | <u>156,396,358.77</u> | | - | - |

4. *Other descriptions*

Applicable Not applicable

(IV) Analysis of investments

1. *General analysis of external equity investments*

Applicable Not applicable

(1). Material equity investments

Applicable Not applicable

(2). Material non-equity investments

Applicable Not applicable

(3). Financial assets measured at fair value

Applicable Not applicable

(4). Securities investment

Applicable Not applicable

(5). Explanation on securities investment

Applicable Not applicable

(6). Private fund investment

Applicable Not applicable

(7). Derivatives investment

Applicable Not applicable

(V) Material disposal of assets and equity interest

Applicable Not applicable

(VI) Analysis of major subsidiaries and associates

Applicable Not applicable

| Company name | Business nature | Principal products or services | Registered capital | Total assets | Net assets | Net profit |
|--|------------------------|--|--------------------|---------------------|-------------------|------------------|
| Beijing Tianhai Industry Co., Ltd. | Production | Production and sale of gas cylinders, accumulator shells, pressure vessels and auxiliary equipment, etc. | RMB548,759,761.190 | RMB2,257,618,400.77 | RMB478,582,956.00 | RMB-3,316,797.26 |
| Jingcheng Holding (Hong Kong) Company Limited | Trading and investment | Import and export trade, investment holding and consultancy services, etc. | HK\$1,000 | RMB9,516,240.85 | RMB1,768,680.50 | RMB-1,394,220.99 |
| Qingdao BYTQ United Digital Intelligence Co., Ltd. | Production | Robots and automation equipment products etc. | RMB21,418,633 | RMB463,594,068.61 | RMB296,497,519.16 | RMB9,102,158.39 |

(VII) Structured entities under the control of the Company

Applicable Not applicable

(VIII) Potential risks

√ Applicable Not applicable

1. *International trade environment risk and export market demand fluctuation risk*

Although the global macroeconomic risks have decreased as compared with 2023, and the world economy shows a slow recovery trend in general, there are still great uncertainties in the global economic recovery due to factors such as inflation pressure and geopolitical conflicts. Trade protectionism is on the rise, and trade protectionist policies may intensify, resulting in restricted export markets, increased trade barriers, and continued tension in the international trade environment. In addition, exchange rate fluctuations may affect the price competitiveness of export products and increase the financial costs and operational risks of enterprises.

The inflation rates of the major economies in the developed markets of Europe and the United States are high, and the overall market demand performance is sluggish. Due to the relatively complex political and economic environment in emerging markets, there are uncertainties that may affect the export business of enterprises.

2. *Macroeconomic cycle fluctuation risk*

The industrial automation industry is a strategic industry that provides technical equipment for various industries in the national economy, and is highly valued by the government and strongly supported by national regulations and policies, with a huge and diversified market demand. The current national policies actively support the intelligent manufacturing industry and it is predicted that in the short term, policies of encouraging the research and development and application of industrial robots and promoting the innovative development of industries such as industrial robots will remain unchanged. In terms of traditional industrial technology transformation, factory automation and enterprise informatisation development, the market demand for industrial automation will continue to increase.

If China's economic development is restricted by the macroeconomic trend, the demand of industries with a large proportion of downstream will be affected by the cycle, leading to a reduction in their new fixed asset investments, which will adversely impact on the production and operation of the Company. The Company will keep abreast of the macroeconomic situation, pay attention to upstream and downstream development, broaden product application areas, while strengthening the development of core technologies and expanding new product markets so as to minimize the risks of industrial policies and reduce the impact on the Company.

(IX) Other disclosures

Applicable Not applicable

1. *Analysis of financial position*

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

Liquidity and capital structure

| | End of the period | Beginning of the period |
|-------------------|------------------------------|------------------------------------|
| (1) Gearing ratio | 53.06% | 50.99% |
| (2) Quick ratio | 120.55% | 127.30% |
| (3) Current ratio | 158.37% | 164.76% |

2. *Bank loans*

The Company prudently implemented its annual capital budget plan in accordance with the market environment conditions and requirement of customers to control the bank loan scale strictly. The Company fully utilized financial tools to make timely efforts to reduce finance cost and prevent financial risks. In so doing, the Company improved the profit of the Company and the shareholders while satisfying the capital need of operating activities of the Company. As at the end of the Reporting Period, the Company had short-term loans amounting to RMB200,000,000, representing an increase of 42.86% as compared with the beginning of the year; and long-term loans amounting to RMB90,000,000, representing an increase of 28.57% as compared with the beginning of the year.

3. *Foreign exchange risk management*

The Company is mainly exposed to foreign exchange risk relating to US dollars and Euro. The main operation of the Company and its subsidiaries (the “**Group**”) is settled by RMB, except Beijing Tianhai Industry Co., Ltd. (“**Tianhai Industry**”) or (“**Beijing Tianhai**”), BTIC America Corporation and Jingcheng Holding (Hong Kong) Co., Ltd., subsidiaries of the Company, which use US dollars and Euro for procurement and sale. Accordingly, it may be exposed to foreign exchange risks caused by fluctuations in the exchange rates of the US dollar, Euro, and RMB. The Company is actively taking measures to mitigate these foreign exchange risks.

4. 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 production and operating activities. Cash inflows from operating activities during the Reporting Period amounted to RMB483,238,300, while cash outflows amounted to RMB626,585,800. Net cash flows during the Reporting Period from operating activities amounted to a loss of RMB143,347,500.

(2) Cash flows from investing activities

Cash inflows from investing activities of the Company during the Reporting Period amounted to RMB16,669,000, mainly due to the net cash received from the sale of fixed assets, intangible assets and other long-term assets during the current period; while cash outflows from investing activities amounted to RMB44,833,400 which was mainly used in expenses for the purchase and construction of fixed assets and investment. Net cash flows from investing activities during the Reporting Period amounted to a loss of RMB28,164,400.

(3) Cash flows from financing activities

Cash inflows from financing activities for the Reporting period amounted to RMB180,000,000, which were mainly derived from bank loans. Cash outflows from financing activities during the Reporting Period amounted to RMB118,652,500, which were mainly due to the repayment of loan principal, payment of interest, and payment of rent for leasing operations. Net cash flows from financing activities for the Reporting Period amounted to RMB61,347,500.

During the Reporting Period, net cash flows from operating activities decreased by approximately RMB136,880,600 as compared to the corresponding period of last year, mainly due to the decrease in cash received from sales of goods as a result of longer credit period of certain products. Net cash flows generated from investing activities increased by approximately RMB20,784,200 as compared to the corresponding period of last year, mainly due to the increase in net cash received from disposal of fixed assets, intangible assets and other long-term assets by subsidiaries as compared with the corresponding period of last year during the current period. Net cash flows generated from financing activities decreased by approximately RMB134,412,100 as compared to the corresponding period of last year, mainly due to the receipt of special funds for the Hydrogen Energy Frontier Technology Industry Development Project during the last period.

5. Capital structure

The Company's capital structure consisted of shareholders' equity and liabilities during the Reporting Period. Shareholders' equity amounted to RMB1,388,215,400, of which minority interests amounted to RMB320,134,500, and total liabilities amounted to RMB1,569,490,200. Total assets amounted to RMB2,957,705,600. As at the end of the period, the Company's gearing ratio was 53.06%.

Capital structure by liquidity

| | | |
|--|------------------|---------------------------------|
| Total current liabilities | RMB896,566,400 | Accounting for 30.31% of assets |
| Total shareholders' equity | RMB1,388,215,400 | Accounting for 46.94% of assets |
| Of which: Minority shareholders interest | RMB320,134,500 | Accounting for 10.82% of assets |

6. Contingent liabilities

As at the end of the Reporting Period, the Group had no significant contingency that requires to be disclosed.

7. Details of the Company's charge on assets

Unit: Yuan
Currency: RMB

| Item | Book balance | End of the period | | Condition of restriction |
|-----------------------|------------------------------|------------------------------|---------------------------|------------------------------------|
| | | Book value | Type of restriction | |
| Fixed assets | 139,823,125.79 | 77,379,971.27 | Pledged property building | Mortgage |
| Financing receivables | 349,000.00 | 349,000.00 | Pledged notes receivables | Pledge |
| Monetary funds | 32,390.70 | 32,390.70 | Litigation freeze | Litigation freeze |
| | 97,413,107.74 | 97,413,107.74 | Margin | Deposits of bank acceptance bill |
| | 8,012,133.96 | 8,012,133.96 | Margin | Letter of credit guarantee deposit |
| | 1,680,500.69 | 1,680,500.69 | Margin | Bond for letter of guarantee |
| | <u>1,024,799.88</u> | <u>1,024,799.88</u> | Litigation freeze | Litigation freeze |
| Total | <u><u>248,335,058.76</u></u> | <u><u>185,891,904.24</u></u> | – | – |

| Item | Book balance | Beginning of the period | | Condition of restriction |
|-----------------------|-----------------------|-------------------------|---------------------------|------------------------------------|
| | | Book value | Type 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 |
| Monetary funds | 65,688,058.02 | 65,688,058.02 | Margin | Deposits of bank acceptance bill |
| | 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 | <u>217,668,323.26</u> | <u>156,396,358.77</u> | - | - |

8. Number of employees, employees' rewards, remuneration policy and training program during the Reporting Period

(1) Number of employees

Number of employees during the Reporting Period was 1,374.

(2) Remunerations

Remunerations for employees during the Reporting Period were RMB90,268,700.

(3) Remuneration policies:

The Company implemented a diversified salaries system based on the performance of positions as the main remuneration policy. On the basis of performance-based salary standards of positions, the salary level of each position is determined by job evaluation with reference to labour market for confirming the relative value of the position, so as to ensure the internal and external fairness of salaries level. On this basis, the remuneration policy is to be implemented subject to different personnel and different nature of work to build a tiered and diversified salaries system such as the implementation of skills-based compensation and technological innovation incentives for technicians; the implementation of the sales commission approach for marketing staffs; the implementation of the piecework wage system for production workers and the implementation of the annual salary system for the senior management.

(4) Training plan

According to the “2024 Annual Training Plan”, a total of 17,117 training hours were completed with 4,522 training attendances, and the number of training hours per employee reached 12.46 hours. According to the annual training plan, the Company has organized and completed a total of 93 training programs, including “Management Enhancement Training for Middle-level and Senior Management”, “Training Course for Newly Appointed Middle-level Executives of the Company’s Directly Affiliated Enterprises”, “Competency Enhancement Training for Finance Positions”, “Occupational Health Education Training”, “Position Core Competency Enhancement Training”, “Siemens System Maintenance Programming and Debugging Training”, etc.

9. Corporate governance

During the Reporting Period, the Company effectively ensured that the general meeting, the Board, the Supervisory Committee and managers of the Company have well-defined powers and responsibilities, allowing them to maintain checks and balances, coordinate with each other and operate in compliance with requirements. The Board and its strategic committee, audit committee, remuneration and monitoring committee and nomination committee, and the Supervisory Committee carried out their work according to their responsibilities. The information of the Company was disclosed on a true, accurate, complete and timely basis. The actual situation of the Company’s governance complies with relevant requirements.

10. Others

- (1) The Company’s applicable enterprise income tax rate for the Reporting Period was 25%.
- (2) The unaudited 2024 interim report of the Company has been reviewed by the audit committee of the Board of the Company.
- (3) The Company has been in compliance with the code provisions set out in Part 2 of Appendix C1 “Corporate Governance Code” of the Listing Rules of the Stock Exchange during the Reporting Period.
- (4) During the Reporting Period, in respect of the transactions of securities by our Directors and Supervisors, the Company has adopted a set of standard code on terms no less exacting than the required standards of the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules of the Stock Exchange. After making specific enquiries with all directors and supervisors, the Company confirmed that, each of the directors and supervisors has complied with the required standards on securities transactions by directors and supervisors as set out in the Model Code for the six months ended 30 June 2024.

- (5) During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
- (6) There was no change in the scope of the consolidated statements as compared to the financial report for the previous year.

IV. AUDIT OF INTERIM REPORT

Applicable Not Applicable

(I) Appointment and Dismissal of Accounting Firms

Explanation on appointment and dismissal of accounting firms

Applicable Not Applicable

Upon the completion of audit work for the year of 2023, the services years of the former accounting firm engaged have exceeded the maximum term for a company to engage an accounting firm consecutively as stipulated in the Administrative Measures of Selection and Engagement of Accounting Firms by State-Owned Enterprises and Listed Companies* (《國有企業、上市公司選聘會計師事務所管理辦法》) by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council and China Securities Regulatory Commission. In order to maintain the independence, objectiveness and fairness of the audit work of the Company, after the Company's enquiry and prudent decision making, the Company decided to engage WUYIGE Certified Public Accountants LLP as the auditor for the audit of financial report and internal control for the year of 2024 of the Company. The Company has fully communicated with ShineWing Certified Public Accountants LLP (Special General Partnership) ("ShineWing") and Da Hua Certified Public Accountants (Special General Partnership) ("Da Hua") regarding on the matters of changing of accounting firms, and ShineWing and Da Hua have no objection to the change of accounting firms, and there are no other matters related to the change of the accounting firm that need to be brought to the attention of the shareholders and investors of the Company.

Explanation on change of the accounting firms during the audit period

Applicable Not Applicable

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

Applicable Not Applicable

(III) The Company's description of "Non-Standard Audit Report" issued by the accountant on the financial report in the annual report for the previous year

Applicable Not Applicable

V. MATTERS RELATING TO BANKRUPTCY AND REORGANISATION

Applicable Not Applicable

VI. MATERIAL LITIGATIONS AND ARBITRATIONS

The Company has material litigations and arbitrations during the Reporting Period

The Company has no material litigations nor arbitrations during the Reporting Period

VII. PUNISHMENT AND RECTIFICATION AGAINST THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND BENEFICIAL CONTROLLER

Applicable Not applicable

VIII. DESCRIPTION OF THE CREDIT STATUS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER, BENEFICIAL CONTROLLER DURING THE REPORTING PERIOD

Applicable Not applicable

During the Reporting Period, the Company and its controlling shareholder had good credit status.

IX. SHARE INCENTIVE SCHEME, EMPLOYEE SHARE SCHEME OR OTHER INCENTIVE MEASURES FOR EMPLOYEES AND THEIR IMPACTS

(I) Relevant share incentive matters disclosed in the provisional announcements without progress or change in the follow-up implementation

Applicable Not applicable

(II) Incentive conditions not disclosed in the provisional announcement or with subsequent progress

Incentive conditions

Applicable Not applicable

Other descriptions

Applicable Not applicable

Employee share scheme

Applicable Not applicable

Other incentive measures

Applicable Not applicable

X. MATERIAL CONNECTED TRANSACTIONS

(I) Connected transactions related to daily operation

1. *Matters disclosed in provisional announcements without progress or change in the follow-up implementation*

Applicable Not applicable

| Summary of matter | Index for enquiry |
|---|---|
| <p>Beijing Tianhai, a wholly-owned subsidiary of the Company, intended to acquire 3 sets of precision numerical control machine tools produced by Beijing Beiyi Machine Tool Co., Ltd.* (“BYJC”), a related party, to meet its production needs, and the total price of the 3 sets of precision numerical control machine tools is RMB3.50 million.</p> <p>Jingcheng Machinery Electric holds approximately 44.87% equity interest in the Company and is the controlling shareholder of the Company. Jingcheng Machinery Electric holds 100% equity interest in BYJC and is the controlling shareholder of BYJC, BYJC is an associate of Jingcheng Machinery Electric and a connected person of the Company. In accordance with the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (“the “SSE”) and the Listing Rules on the Stock Exchange, this transaction constitutes a connected transaction. On 28 June 2024, the Company convened the eighth extraordinary meeting of the eleventh session of the board of directors and the eleventh meeting of the eleventh session of the supervisory committee respectively, at which the “Resolution in Relation to Connected Transactions Related to the Acquisition of Precision Numerical Control Machine Tools of BYJC by Tianhai Industry” was considered and approved. The independent non-executive directors of the Company expressed their prior approval and independent opinions.</p> | <p>Shanghai Stock Exchange website http://www.sse.com.cn;</p> <p>HKExnews website http://www.hkexnews.hk</p> |

2. Matters disclosed in provisional announcements with progress or change in the followup implementation

Applicable Not applicable

3. Matters which were not disclosed in provisional announcements

Applicable Not applicable

(II) Connected transactions in relation to the acquisition or disposal of assets or equity interests

1. Matters disclosed in provisional announcements without progress or change in the follow-up implementation

Applicable Not applicable

| Summary of matter | Index for enquiry |
|--|---|
| <p>The Company has recently received the “Notice on the Provision of Business Opportunities for Equity Investment in Shanghai Sunwise New Energy System Co., Ltd.” from Jingcheng Machinery Electric, that Beijing Jingcheng Machinery Electric Industrial Investment Co., Ltd. (北京京城機電產業投資有限公司) (“Jingcheng Industrial Investment”), a wholly-owned subsidiary of Jingcheng Machinery Electric, has recently acquired a business opportunity to invest in and obtain control of Shanghai Sunwise New Energy System Co., Ltd. (上海舜華新能源系統有限公司) (“Shanghai Sunwise”).</p> <p>Pursuant to the preliminary cooperation intention reached between Jingcheng Industrial Investment and the related parties of Shanghai Sunwise, Jingcheng Industrial Investment intends to become the first largest shareholder of Shanghai Sunwise by way of equity transfer and capital injection to realise the actual control of Shanghai Sunwise, with an ultimate shareholding of not less than 34.58%, and total planned investment amount of approximately RMB590 million. During the course of this transaction, certain state-owned shareholders of Shanghai Sunwise will solicit transferees by way of public listing for-sale on the Property Rights Exchange Centre, and the transfer of such part of the equity interest of Shanghai Sunwise and the ultimate price will be determined in accordance with the results of the public listing for-sale. In view of the overlapping of the hydrogen supply systems business between Shanghai Sunwise (the target company of this investment) and the Company, pursuant to the “Undertaking Letter Regarding Avoidance of Horizontal Competition”, Jingcheng Machinery Electric informed the Company of the matters in relation to this business opportunity and gave priority to provide the business opportunity to the Company for selection.</p> | <p>Shanghai Stock Exchange Website http://www.sse.com.cn;</p> <p>HKExnews website http://www.hkexnews.hk</p> |

| Summary of matter | Index for enquiry |
|--|-------------------|
| <p>Taking into account the actual production and operation of the Company and the relevant assets as a whole, the Company proposed to give up this business opportunity. Pursuant to the provisions of the “Guiding Opinions in relation to Promoting the Solving of Horizontal Competition and the Regulation of Connected Transactions by the State-owned Shareholder and the Listed Companies under Its Control”* (《關於推動國有股東與所控股上市公司解決同業競爭規範關聯交易的指導意見》) (Guo Zi Fa Chan Quan [2013] No.202) (the “Guiding Opinions”), and from the perspective of considering the strategic development of further expanding and strengthening the hydrogen energy segment and avoiding the loss of business opportunities, Shanghai Sunwise was first acquired by Jingcheng Industrial Investment, a wholly-owned subsidiary of Jingcheng Machinery Electric, as Shanghai Sunwise does not possess the conditions for injection into the Company. Upon completion of this acquisition, Jingcheng Machinery Electric intends to deploy those compliance measures permitted by laws, regulations and regulatory rules, such as transfer of equity or assets, to properly resolve the potential horizontal competition caused by the acquisition of Shanghai Sunwise. During the period between the completion of the investment and the resolution of potential horizontal competitions, in order to protect the interests of the Company and the shareholders as a whole, in particular, the minority shareholders, the Company is entrusted with management of the equity interests in Shanghai Sunwise by Jingcheng Industrial Investment. The proposed signing of the Entrusted Equity Management Agreement between Jingcheng Industrial Investment and the Company constitutes a related party transaction under the rules of SSE.</p> | |

| Summary of matter | Index for enquiry |
|--|-------------------|
| <p>Jingcheng Industrial Investment is a wholly-owned subsidiary of Jingcheng Machinery Electric. Since Jingcheng Machinery Electric is the controlling shareholder of the Company, Jingcheng Industrial Investment is an associate of a connected person of the Company. Accordingly, the transactions contemplated under the above agreement constitute continuing connected transactions of the Company under the Listing Rules of the Stock Exchange. As all of the applicable percentage ratios (as defined in the Listing Rules of the Stock Exchange) in respect of the transactions contemplated under the agreement are less than 5%, and the annual entrusted management fee is less than HK\$3 million, the agreement and the transactions contemplated thereunder are fully exempt pursuant to Rule 14A.76(1)(c) of the Listing Rules of the Stock Exchange.</p> <p>On 28 May 2024, the Company convened the sixth extraordinary meeting of the eleventh session of the board of directors, and the “Resolution in relation to the Prior Investment in Shanghai Sunwise by a Wholly-owned Subsidiary of the Controlling Shareholder” was considered and approved. The independent non-executive directors of the Company expressed their prior approval and independent opinions.</p> <p>On 24 June 2024, the Company convened the first extraordinary general meeting of 2024, and the “Resolution in relation to the Prior Investment in Shanghai Sunwise by a Wholly-owned Subsidiary of the Controlling Shareholder” was considered and approved.</p> | |

2. *Matters disclosed in provisional announcements with progress or change in the follow-up implementation*

Applicable Not applicable

3. *Matters which were not disclosed in provisional announcements*

Applicable Not applicable

4. *Results which are related to result agreements and shall be disclosed for the Reporting Period*

Applicable Not applicable

(III) Material connected transactions relating to common external investments

1. *Matters disclosed in provisional announcements without progress or change in the follow-up implementation*

Applicable Not applicable

2. *Matters disclosed in provisional announcements with progress or change in the follow-up implementation*

Applicable Not applicable

3. *Matters which were not disclosed in provisional announcements*

Applicable Not applicable

(IV) Related creditors' rights and debt transactions

1. *Matters disclosed in provisional announcements without progress or change in the follow-up implementation*

Applicable Not applicable

2. *Matters disclosed in provisional announcements with progress or change in the follow-up implementation*

Applicable Not applicable

3. Matters which were not disclosed in provisional announcements

√ Applicable □ Not applicable

Unit: Yuan
Currency: RMB

| Related party | Relationship | Provision of funding to related party | | | Provision of funding by related party to the Company | | |
|--|----------------------------|---------------------------------------|-----------------|----------------|--|-----------------|----------------|
| | | Beginning balance | Amount occurred | Ending balance | Beginning balance | Amount occurred | Ending balance |
| Jiangsu Tianhai Special Equipment Co., Ltd.* | Joint Venture | 98,940.57 | 8,556,160.31 | 8,655,100.88 | 6,740,341.11 | 4,776,191.12 | 11,516,532.23 |
| Beijing Jingcheng Machinery Electric Holding Co., Ltd.* | Controlling Shareholders | | | | 910,449.08 | 46.21 | 910,495.29 |
| Beijing Lantian Vehicle Clean Fuel Technology Co., Ltd.* | Others | 2,987,203.28 | 2,174,178.83 | 5,161,382.11 | 11,502,374.59 | -1,009,722.37 | 10,492,652.22 |
| Beijing No. 1 Machine Tool Plant* | Subsidiary of Shareholders | | | | 7,359.09 | | 7,359.09 |
| Kuancheng Shenghua Pressure Container Manufacturing Co., Ltd.* | Others | 649,698.50 | | 649,698.50 | | | |
| Tianjin Seamless Investment Co. Ltd.* | Others | | 309,720.46 | 309,720.46 | 306,923.82 | 1,830,813.02 | 2,137,736.84 |
| Li Hong | Others | | | | 10,860,433.38 | | 10,860,433.38 |
| Hubei Jingyuan Xihai Automobile Technology Co., Ltd. | Joint Venture | | | | 9,600,000.00 | -9,600,000.00 | |
| Beijing Jingcheng Machinery Electric Holding Co., Ltd.* Training Centre | Subsidiary of Shareholders | | 2,800.00 | 2,800.00 | | | |
| Zhejiang Jingcheng Recycling Resources Co., Ltd.* (浙江京城再生资源有限公司) | Subsidiary of Shareholders | | 182,400.00 | 182,400.00 | | | |
| Beijing Beiren Printing Equipment Co., Ltd. | Subsidiary of Shareholders | 107,513.88 | | 107,513.88 | | | |
| Beijing Jingcheng Golden Sun Energy Technology Co., Ltd.* (北京京城金太陽能源科技有限公司) | Subsidiary of Shareholders | | | | 199,463.71 | -43,051.35 | 156,412.36 |
| Beijing Jingcheng Zhitong Robot Technology Co., Ltd.* | Subsidiary of Shareholders | | | | 1,203,000.00 | 628,300.00 | 1,831,300.00 |
| Total | | 3,843,356.23 | 11,223,299.60 | 15,066,655.83 | 41,330,344.78 | -3,417,423.37 | 37,912,921.41 |
| Reasons for occurrence of related creditor's right and debt transactions | | Normal operation | | | | | |
| Effects of related creditors' rights and debts on the results of operation and the financial conditions of the Company | | Nil | | | | | |

(V) Financial business between the Company and its related financial company, and between financial company controlled by the Company and related parties

□ Applicable √ Not applicable

(VI) Other major connected transactions

Applicable Not applicable

(VII) Others

Applicable Not applicable

As at 30 June 2024, the Group has entered into connected transactions with the following entities which are regarded as the connected persons of the Company according to the Listing Rules:

- (1) Jingcheng Machinery Electric is the Controlling Shareholder of the Company, holding approximately 44.87% of the equity interest in the Company. As such, Jingcheng Machinery Electric is a connected person of the Company.
- (2) Beijing Jingcheng Machinery Electric Asset Management Co., Ltd.* (“**Asset Company**”) is a wholly-owned subsidiary of Jingcheng Machinery Electric, the Controlling Shareholder of the Company, and thus the Asset Company is a connected person of the Company.
- (3) Jingcheng Industrial Investment is a wholly-owned subsidiary of Jingcheng Machinery Electric, the Controlling Shareholder of the Company, and thus Jingcheng Industrial Investment is a connected person of the Company.
- (4) Beijing Beiren Printing Equipment Co., Ltd.* (“**Beiren Equipment**”) is a wholly-owned subsidiary of Jingcheng Machinery Electric, the Controlling Shareholder of the Company, and thus Beiren Equipment is a connected person of the Company.
- (5) Beijing Beiyi Machine Tool Co., Ltd.* (“**BYJC**”) is a wholly-owned subsidiary of Jingcheng Machinery Electric, the Controlling Shareholder of the Company, and thus BYJC is a connected person of the Company.

The details of the connected transactions and the continuing connected transactions for the first half year of the Company as at 30 June 2024 are set out below:

Connected Transactions

1. Proposing to sign the Entrusted Equity Management Agreement with the Company by Jingcheng Industrial Investment which involves a connected transaction

The Company recently received the “Notice on Provision of Business Opportunities for Equity Investment in Shanghai Sunwise New Energy System Co., Ltd.” from Jingcheng Machinery Electric, that Jingcheng Industrial Investment, a wholly-owned subsidiary of Jingcheng Machinery Electric, has recently acquired a business opportunity to invest in and obtain control of Shanghai Sunwise.

Pursuant to the preliminary cooperation intention reached between Jingcheng Industrial Investment and related parties of Shanghai Sunwise, Jingcheng Industrial Investment intends to become the first largest shareholder of Shanghai Sunwise by way of equity transfer and capital injection to realise the actual control of Shanghai Sunwise, with an ultimate shareholding of not less than 34.58%, and total planned investment amount of approximately RMB590 million. During the course of this transaction, certain state-owned shareholders of Shanghai Sunwise will solicit transferees by way of public listing for-sale on the Property Rights Exchange Centre, and the transfer of such part of the equity interest of Shanghai Sunwise and the ultimate price will be determined in accordance with the results of the public listing for-sale. In view of the overlapping of the hydrogen supply systems business between Shanghai Sunwise (the target company of this investment) and the Company, pursuant to the Undertaking Letter Regarding Avoidance of Horizontal Competition, Jingcheng Machinery Electric informed the Company of the matters in relation to this business opportunity and gave priority to provide this business opportunity to the Company for selection. The relinquishment of the business opportunity does not constitute a transaction for the Company under the Listing Rules of the Stock Exchange.

Taking into account the actual production and operation of the Company and the relevant assets as a whole, the Company proposes to give up this business opportunity. Pursuant to the provisions of the “Guiding Opinions in relation to Promoting the Solving of Horizontal Competition and the Regulation of Connected Transactions by the State-owned Shareholder and the Listed Companies under Its Control” (《關於推動國有股東與所控股上市公司解決同業競爭規範關聯交易的指導意見》) (Guo Zi Fa Chan Quan [2013] No.202)” (the “**Guiding Opinions**”), and from the perspective of considering the strategic development of further expanding and strengthening the hydrogen energy segment and avoiding the loss of business opportunities, Shanghai Sunwise was first acquired by Jingcheng Industrial Investment, a wholly-owned subsidiary of Jingcheng Machinery Electric, as Shanghai Sunwise does not possess the conditions for injection into the Company. Upon completion of this acquisition, Jingcheng Machinery Electric intends to deploy those compliance measures permitted by laws, regulations and regulatory rules, such as transfer of equity or assets, to properly resolve the potential horizontal competition caused by the acquisition of Shanghai Sunwise. During the period between the completion of the investment and the resolution of potential horizontal competitions, in order to protect the interests of the Company and all shareholders, in particular, the minority shareholders, to the greatest extent, the Company is entrusted with management of the equity interests in Shanghai Sunwise by Jingcheng Industrial Investment. Jingcheng Industrial Investment is a wholly-owned subsidiary of Jingcheng Machinery Electric. Since Jingcheng Machinery Electric is the controlling shareholder of the Company, Jingcheng Industrial Investment is an associate of a connected person of the Company. Accordingly, the transactions contemplated under the above agreement constitute continuing connected transactions of the Company under the Listing Rules of the Stock Exchange. As all of the applicable percentage ratios (as defined in the Listing Rules of the Stock Exchange) in respect of the transactions contemplated under the agreement are less than 5%, and the annual entrusted management fee is less than HK\$3 million, the agreement and the transactions contemplated thereunder are fully exempt pursuant to Rule 14A.76(1)(c) of the Listing Rules of the Stock Exchange.

On 28 May 2024, the Company convened the sixth extraordinary meeting of the eleventh session of the board of directors, and the “Resolution in relation to the Prior Investment in Shanghai Sunwise by a Wholly-owned Subsidiary of the Controlling Shareholder” was considered and approved.

The independent non-executive directors of the Company expressed their prior approval opinions and independent opinions.

On 24 June 2024, the Company convened the first extraordinary general meeting of 2024, and the “Resolution in relation to the Prior Investment in Shanghai Sunwise by a Wholly-owned Subsidiary of the Controlling Shareholder” was considered and approved.

2. Acquisition of precision numerical control machine tools of BYJC by Tianhai Industry

Beijing Tianhai, a wholly-owned subsidiary of the Company, intended to acquire 3 sets of precision numerical control machine tools produced by BYJC, a related party, to meet its production needs, and the total price of the 3 sets of precision numerical control machine tools is RMB3.50 million.

Jingcheng Machinery Electric holds approximately 44.87% equity interest in the Company and is the controlling shareholder of the Company. Jingcheng Machinery Electric holds 100% equity interest in BYJC and is the controlling shareholder of BYJC, BYJC is an associate of Jingcheng Machinery Electric and a connected person of the Company. On 28 June 2024, the Company convened the eighth extraordinary meeting of the eleventh session of the board of directors and the eleventh meeting of the eleventh session of the supervisory committee respectively, at which the “Resolution in Relation to Connected Transactions Related to the Acquisition of Precision Numerical Control Machine Tools of BYJC by Tianhai Industry” was considered and approved.

The independent non-executive directors of the Company expressed their prior approval opinions and independent opinions.

Continuing connected transactions

1. Continuing connected transaction relating to lease of Beiren Equipment’s property for office use

As at 19 January 2022, the Company intends to lease the property of Beiren Equipment, its connected person, located at Yichuang Park Area, Yizhuang, Beijing (hereinafter referred to as the “**Property**”) for office use to satisfy the Company’s office needs. The Property has a gross floor area of 1,102 sq.m. and the lease term is three years. Rental for the first year is RMB2.55/sq.m. of GFA per day, and from the second year onwards, rental will be increased by 2% per year; Beiren Equipment will also provide property services at a property fee of RMB264,480 per year.

2. *Continuing connected transaction with the property leasing of Jingcheng Haitong*

Beijing Tianhai and Jingcheng Haitong entered into the “Lease Agreement” on 4 September 2018 with a lease term of 18 years. While transferring the property, Beijing Tianhai, Asset Company and Jingcheng Haitong will sign an “Agreement on the Change of Party of the Lease” which will transfer all rights and obligations of Beijing Tianhai under the “Lease Agreement” to Asset Company in general. On 6 July 2022, the Company issued the “Announcement of Completion of the Project of Acquisition of 2% Equity Interest of Jingcheng Haitong by a Subsidiary of the Company Beijing Tianhai Industry Co., Ltd.”. Upon completion of the acquisition, the Company holds a 51% equity interest in Jingcheng Haitong through Tianhai Industry, pursuant to which, Jingcheng Haitong became a controlled subsidiary of the Company. In accordance with the Listing Rules, as Jingcheng Machinery Electric is the controlling shareholder of the Company, Asset Company is a connected person of the Company. Accordingly, the transaction contemplated under the Lease Agreement became continuing connected transaction of the Company upon completion of the acquisition.

XI. MATERIAL CONTRACTS AND THEIR EXECUTION

1 Trust, contracting and leasing matters

Applicable Not applicable

(1) Trust

Applicable Not applicable

(2) Contracting

Applicable Not applicable

(3) Leasing

Applicable Not applicable

| Name of lessor | Name of lessee | Details of lease of assets | Amount involved in lease of assets | Starting date of lease | Ending date of lease | Lease revenue | Determining basis for lease revenue | Impact of lease revenue on the Company | Is it a connected transaction | Relationship |
|--|--|------------------------------------|------------------------------------|------------------------|----------------------|----------------|-------------------------------------|--|-------------------------------|---|
| Beijing Jingcheng Haitong Technology Culture Development Co., Ltd. | Shenzhen Tenglong Holdings Co., Ltd. | The leased area is 45,043.62 sq.m. | 1,100,925,887.91 | 21 February 2021 | 18 October 2036 | 17,084,531.53 | Leasing Agreement | Major operating revenue | No | Other |
| Beijing Jingcheng Machinery Electric Asset Management Co., Ltd. | Beijing Jingcheng Haitong Technology Culture Development Co., Ltd. | The leased area is 45,143.62 sq.m. | 445,013,628.70 | 1 May 2020 | 18 October 2036 | -12,336,532.46 | Leasing Agreement | Major operating revenue | Yes | wholly owned subsidiary of the parent company |

Explanation on leases

Nil

2 Material guarantee and outstanding material guarantee during the Reporting Period

Applicable Not applicable

3 Other material contracts

Applicable Not applicable

XII. DETAILS ON PERFORMANCE OF CONSOLIDATION OF ANTI-POVERTY ACHIEVEMENTS AND RURAL REJUVENATION

Applicable Not applicable

- Some of the raw materials of food purchased by the canteen of the Company were from the target poverty alleviation areas. The total purchase of poverty alleviation products by the canteen in the first half year of 2024 amounted to RMB565,455.50, of which poverty alleviation products amounted to RMB144,615.00, while non-poverty alleviation products amounted to RMB420,840.50. The proportion of poverty alleviation products was 25.6%.
- The labour union of the Company distributed festive gifts, which were high-quality and unique agricultural and sideline products partly purchased from the supported and co-operated areas in Beijing. The purchase of festive gifts by the labour union in the first half year of 2024 amounted to RMB274,960, of which poverty alleviation products amounted to RMB117,200. The proportion of poverty alleviation products was 42.6%.

XIII. CONVERTIBLE BONDS

Applicable Not applicable

XIV. ENVIRONMENTAL INFORMATION

(I) Description on the environmental protection of the Company and its major subsidiaries falling under key sewage emission entities announced by the environmental protection authorities

Applicable Not applicable

1. Information on emission of pollutants

Applicable Not applicable

Tianjin Tianhai High Pressure Containers Co., Ltd. (“**Tianjin Tianhai**”), a subsidiary of the Company, was included in the list of key pollutant-discharging units in Tianjin Province by Tianjin Environmental Protection Bureau in 2024.

1. Information of wastewater emission

Tianjin Tianhai has 2 comprehensive wastewater discharge ports, the wastewater is discharged into the urban sewage pipe network after sedimentation and discharged after being treated by the sewage treatment plant at the bonded area of Tianjin Port. Pollution factors include PH value, suspended solids, chemical oxygen demand, petroleum, biochemical oxygen demand, ammonia nitrogen, etc.

In the first half of 2024, the wastewater underwent sampling and monitoring through Tianjin Guona Product Testing Technology Service Co., Ltd., and the results were in compliance with the “Overall Sewage Emission Standard” DB12/356-2018 (Level 3) of Tianjin Province and met the emission standard throughout the first half of 2024.

Statistical table of emission concentration of water pollutants

Table 1-1

Unit: mg/L

| Pollutants | | Standard limit | Emission concentration | Emission pattern | Emission flow |
|--------------------|---------------------------|----------------|---|--------------------------------|--|
| | | | monitoring data (average) in the first half of 2024 | | |
| Regular pollutants | PH value | 6~9 | 7.65 | Stable and continuous disposal | Sewage treatment plant at the bonded area of Tianjn Port |
| | chemical oxygen demand | 500 | 40 | | |
| | ammonia nitrogen | 45 | 7.685 | | |
| | suspended solids | 400 | 31 | | |
| | total nitrogen | 70 | 13.7 | | |
| | total phosphorous | 8 | 0.825 | | |
| | Characteristic pollutants | petroleum | 15 | | |

Statistics of total water pollutants emission

Table 1-2

Unit: tons

| Pollutants | | Data source | In the first half of 2024 | |
|-------------------------------------|------------------------|---------------------|---------------------------|-----------------|
| | | | Production volume | Disposal volume |
| Total disposal volume of wastewater | | Statistical method | 62,100 | 62,100 |
| Regular pollutants | chemical oxygen demand | Third-party testing | 2.484 | 2.484 |
| | ammonia nitrogen | Third-party testing | 0.477 | 0.477 |
| | suspended solids | Third-party testing | 1.925 | 1.925 |
| | total nitrogen | Third-party testing | 0.851 | 0.851 |
| | total phosphorous | Third-party testing | 0.051 | 0.051 |
| Characteristic pollutants | petroleum | Third-party testing | 0.009 | 0.009 |

2. Information of exhaust gas emission

Tianjin Tianhai has a total of 9 exhaust gas ports, of which there are 2 spray paint exhaust gas ports, 1 manual touchup exhaust gas port, 2 heat treatment furnace exhaust gas ports, 2 spinning machines exhaust gas ports, 1 spraying solidification exhaust gas port and 1 wrapped-up solidification exhaust gas port. Exhaust gas pollution factors are soot, smoke blackness, sulfur dioxide, nitrogen oxides, benzene, toluene, xylene and VOCs. The total discharge volume of sulfur dioxide, nitrogen oxides and particulates are 0.747 tons, 11.223 tons and 0.747 tons, respectively.

In the first half of 2024, the exhaust gas underwent sampling and monitoring through Tianjin Guona Product Testing Technology Service Co., Ltd., the results were in compliance with the requirements under “Emission Standard of Air Pollutants for Industrial Kilns and Furnaces” (DB12/556-2015) and “Volatile Organic Compound Emission Control Standards for Industrial Enterprises” (DB12/524-2020), and met the emission standard.

Table 2-1 Statistical table of concentration monitoring of air pollutants emission

| Pollutants | | Maximum allowable emission concentration | Annual average of emission concentration monitoring data | Maximum allowable emission rate | Actual emission rate |
|------------------------|-------------------------|--|--|---------------------------------|----------------------|
| | | (mg/m ³) | (mg/m ³) in the first half of 2024 | (kg/h) | (kg/h) |
| Natural gas combustion | | | | | |
| Regular pollutants | benzene | 50 | 2.854 | Nil | 0.013 |
| | non-methane hydrocarbon | 150 | 18.375 | Nil | 0.094 |
| | hydrocarbon | 20 | 0.993 | Nil | 0.004 |

Table 2-2 Statistical table of air pollutant monitoring concentration emission

| Pollutants | Maximum allowable emission concentration (mg/m ³) | Annual average of emission concentration monitoring data in the first half of 2024 | | Maximum allowable emission rate (kg/h) | Annual average of emission rate monitoring data (kg/h) |
|---|---|--|----------------------|--|--|
| | | (mg/m ³) | (mg/m ³) | | |
| Spray paint exhaust gas port | | | | | |
| Spray paint exhaust gas port benzene | 1 | 0.044 | | 0.2 | 0.001 |
| Characteristic pollutants non-methane hydrocarbon | 40 | 4.555 | | 0.75 | 0.015 |

Table 2-3 Statistical table of total air pollutant emissions

Unit: tons/year

| | | |
|--|----------------------------|------------------------|
| Emission volume of natural gas combustion | 82,458,031 m ³ | |
| Emission volume of spray paint and winding exhaust gas | 180,907,995 m ³ | The first half of 2024 |

| Pollutants | Source | Emission volume (tons) |
|--------------------|-------------------------|------------------------|
| Regular pollutants | sulfur dioxide | 0.16 |
| | nitrogen oxides | 1.195 |
| | particulates | 0.993 |
| | benzene | 0.006 |
| | non-methane hydrocarbon | 0.36 |

3. Emission control on hazardous waste

Hazardous waste generated during the production process shall be transferred to Tianjin Hejia Veolia Environmental Services Co., Ltd., a qualified hazardous waste disposal unit for disposal in accordance with the regulations.

Table 3 Statistical table of the generation and disposal of hazardous waste

Unit: tons/year

| Number | Waste categories | Major harmful substance | Form (solid, liquid, gas) | Source of generation | Generation volume per year (disposal volume) in the first half of 2024 | Disposal method |
|--------------|------------------|---------------------------|---------------------------|----------------------|--|----------------------|
| 1 | HW13 | Resin | Solid | Production process | 1.971 | Third party disposal |
| 2 | HW49 | Lacquer containing wastes | Liquid | Production process | 3.722 | |
| Total | | | | | 5.693 | |

4. Emission control on general industrial solid waste

General industrial solid wastes generated during the production process, such as tube head and scrap iron, shall be purchased by Tianjin Qingjiang Trade Co., Ltd..

Table 4 Emission and disposal of general industrial solid waste

Unit: tons/year

| Year | Name of solid waste | Generation volume | Comprehensive utilisation | Disposal volume | Storage volume | Emission volume | Emission flow |
|---------------------|---------------------|-------------------|---------------------------|-----------------|----------------|-----------------|--------------------------|
| 2024 | Short tube head | 20.47 | 20.47 | 0 | 0 | 0 | Recycled for utilisation |
| | Small pot head | 80.7 | 80.7 | 0 | 0 | 0 | Recycled for utilisation |
| | Oxide scale | 134.25 | 134.25 | 0 | 0 | 0 | Recycled for utilisation |
| | Steel ring | 69.39 | 69.39 | 0 | 0 | 0 | Recycled for utilisation |
| | Steel scrap | 102.8 | 102.8 | 0 | 0 | 0 | Recycled for utilisation |
| Total (tons) | | 407.61 | | | | | |

5. *Emission control on noise pollution*

Table 5 Emission and disposal of noise pollution

| Year | Measurement location | Corresponding noise sourced | Type of noise source | Daytime noise emissions (6:00 – 22:00)/dB(A) | | Nighttime noise emissions (22:00 – 6:00)/dB(A) | |
|------------------------|-----------------------|-----------------------------|----------------------|---|--------|---|--------|
| | | | | Emission limit | Result | Emission limit | Result |
| The first half of 2024 | Around the plant area | Production equipment | Mechanical noise | 65 | 61 | - | - |

2. ***Construction and operation of pollution prevention and treatment facilities***

Applicable Not Applicable

Tianjin Tianhai installed facilities for prevention and control of pollution in sewage node on each production facility, exhaust gas ports which produce volatile organic compounds and adopted regeneration processes of dry filters, activated carbon absorption, catalytic combustion and desorption. It also adopted secondary dedusting in shot blasting process. Facilities for prevention and control of pollution operated normally and effectively.

3. ***Environmental impact assessment of construction project and other administrative licenses regarding environmental protection***

Applicable Not Applicable

4. ***Environmental emergency response plan***

Applicable Not Applicable

In order to deal with unexpected environmental risk accidents, Tianjin Tianhai has established a sound emergency response mechanism for unexpected environmental pollution accidents to handle unexpected environmental pollution accidents occurred in Tianjin Tianhai in a timely, highly efficient and proper manner. In accordance with the relevant requirements of the Environmental Protection Bureau of Tianjin Province and the bonded area, potential environmental risks and possible environmental pollution incidents of Tianjin Tianhai were analyzed and evaluated. In the first half of 2024, no amendments were made to the emergency plan for unexpected environmental pollution accidents of Tianjin Tianhai.

5. *Environmental self-monitoring scheme*

√ Applicable □ Not Applicable

In the first half of 2024, Tianjin Tianhai entrusted Tianjin Guona Product Testing Technology Service Co., Ltd. to test the discharge ports in accordance with the requirements of the monitoring plan. All of the test results met the requirements of the standard (see table 1-1, table 2-2, table 5).

1. *Implementation standard and limit of emission of water pollutants*

| Items | Standard of concentration limit | Source of standard |
|---------------------------|---------------------------------|--|
| PH value | 6~9 | “Overall Sewage Emission Standard” DB12/356 – 2018 (level 3) |
| suspended solids | 400mg/L | |
| chemical Oxygen demand | 500mg/L | |
| petroleum | 15mg/L | |
| biochemical oxygen demand | 300mg/L | |
| ammonia nitrogen | 45mg/L | |
| total phosphorous | 8mg/L | |
| total nitrogen | 70mg/L | |

2. *Implementation standard and limit of discharge of gaseous waste*

| Sources of pollution | Factors of pollution | Standard of concentration limit (mg/m ³) | Source of standard |
|----------------------|--------------------------|--|---|
| Kilns and furnaces | sulfur dioxide | 50 | “Emission Standard of Air Pollutants for Industrial Kilns and Furnaces” DB12/556 – 2015 |
| | nitrogen oxides | 300 | |
| | particulates | 20 | |
| | blackness of flue gas | ≤1 | |
| Piping | benzene | 1 | “VOC Emission Control Standards for Industrial Enterprises” DB12/524 – 2020 |
| | total toluene and xylene | 20 | |
| | non-methane hydrocarbon | 40 | |
| | TRVOC | 50 | |

3. *The noise level at the boundaries of the plants complies with classes 3 and 4 standards of “Emission Standard for Industrial Enterprises Noise at Boundary” (GB12348-2008), with 65~70dB(A) during daytime and 55dB(A) during nighttime.*

6. Administrative penalty for environmental problems during the Reporting Period

Applicable Not Applicable

7. Other disclosable environmental information

Applicable Not Applicable

In the first half of 2024, the Company did not receive any complaints on environmental issues or pollution incidents.

(II) Description on the environmental protection of the companies other than those falling under key sewage emission entities

Applicable Not Applicable

(III) Description of the follow-up progress or changes in the disclosure of environmental information during the Reporting Period

Applicable Not Applicable

(IV) Information on efforts conducive to ecological protection, pollution prevention and control and environmental responsibility fulfillment

Applicable Not Applicable

(V) Measures adopted for reducing carbon emissions during the Reporting Period and their effects

Applicable Not Applicable

XV. EXPLANATION ON OTHER IMPORTANT MATTERS

Applicable Not Applicable

XVI. FINANCIAL STATEMENT

Consolidated Balance Sheet

June 30, 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

| Item | Note | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|--|---------|-----------------------------|-------------------------------|
| Current assets: | | | |
| Cash at bank and on hand | VII. 1 | 429,452,377.48 | 502,766,015.92 |
| Settlement reserves | | | |
| Placements from banks and other financial institutions | | | |
| Financial assets held for trading | | | |
| Derivative financial assets | | | |
| Notes receivable | VII. 4 | 6,154,690.89 | 3,590,000.00 |
| Accounts receivable | VII. 5 | 530,188,128.43 | 385,061,945.72 |
| Receivables financing | VII. 7 | 11,925,667.57 | 32,346,639.47 |
| Advances to suppliers | VII. 8 | 36,026,245.10 | 50,416,543.28 |
| Premiums receivable | | | |
| Reinsurance premium receivable | | | |
| Reinsurance contract provision receivable | | | |
| Other receivables | VII. 9 | 4,267,041.01 | 2,887,349.53 |
| Including: Interest receivable | | | |
| Dividends receivable | | | |
| Financial assets purchased under agreements to resell | | | |
| Inventories | VII. 10 | 339,070,542.72 | 290,385,240.50 |
| Of which: Information resources | | | |
| Contractual assets | VII. 6 | 17,718,610.03 | |
| Held-for-sale assets | | | |
| Non-current assets due within one year | | | |
| Other current assets | VII. 13 | 45,047,901.96 | 9,687,325.81 |
| Total current assets | | <u>1,419,851,205.19</u> | <u>1,277,141,060.23</u> |

Consolidated Balance Sheet (Continued)*June 30, 2024*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan**Currency: RMB*

| Item | <i>Note</i> | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|---|----------------|-------------------------------------|---------------------------------------|
| Non-current assets: | | | |
| Disbursement of loans and advances to customers | | | |
| Debt investment | | | |
| Other debt investment | | | |
| Long-term receivables | | | |
| Long-term equity investments | <i>VII. 17</i> | 109,855,415.64 | 104,890,267.71 |
| Other equity instrument investments | | | |
| Other non-current financial assets | | | |
| Investment properties | | | |
| Fixed assets | <i>VII. 21</i> | 619,186,829.52 | 636,006,382.70 |
| Construction in progress | <i>VII. 22</i> | 132,374,580.34 | 74,093,650.27 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | <i>VII. 25</i> | 194,012,886.94 | 203,292,878.66 |
| Intangible assets | <i>VII. 26</i> | 177,047,675.44 | 182,280,480.78 |
| Of which: Information resources | | | |
| Development expenditures | | | |
| Of which: Information resources | | | |
| Goodwill | <i>VII. 27</i> | 168,996,039.10 | 168,996,039.10 |
| Long-term deferred expenses | <i>VII. 28</i> | 12,303,504.37 | 13,586,338.18 |
| Deferred income tax assets | <i>VII. 29</i> | 62,098,987.73 | 63,662,495.78 |
| Other non-current assets | <i>VII. 30</i> | 61,978,475.65 | 88,393,971.47 |
| Total non-current assets | | <u>1,537,854,394.72</u> | <u>1,535,202,504.65</u> |
| Total assets | | <u>2,957,705,599.91</u> | <u>2,812,343,564.88</u> |

Consolidated Balance Sheet (Continued)

June 30, 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

| Item | Note | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|--|---------|-----------------------------|-------------------------------|
| Current liabilities: | | | |
| Short-term borrowings | VII. 32 | 200,000,000.00 | 140,000,000.00 |
| Borrowings from the central bank | | | |
| Placements from banks and other financial institutions | | | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities | | | |
| Notes payable | VII. 35 | 124,493,763.74 | 85,759,357.39 |
| Accounts payable | VII. 36 | 375,013,611.47 | 350,116,028.25 |
| Advances from customers | | | |
| Contractual liabilities | VII. 38 | 70,906,715.19 | 47,451,038.27 |
| Financial assets sold under agreements to repurchase | | | |
| Customer bank deposits and due to banks and other financial institutions | | | |
| Customer broking | | | |
| Securities underwriting | | | |
| Employee benefits payable | VII. 39 | 21,822,425.79 | 31,113,332.96 |
| Taxes payable | VII. 40 | 4,465,935.28 | 18,694,312.91 |
| Other payables | VII. 41 | 73,492,237.19 | 77,468,799.94 |
| Including: Interest payable | | | |
| Dividends payable | | | |
| Fees and commissions payable | | | |
| Reinsurance amounts payable | | | |
| Held-for-sale liabilities | | | |
| Non-current liabilities due within one year | VII. 43 | 13,806,790.49 | 15,339,940.56 |
| Other current liabilities | VII. 44 | 12,564,904.90 | 9,200,236.26 |
| Total current liabilities | | <u>896,566,384.05</u> | <u>775,143,046.54</u> |

Consolidated Balance Sheet (Continued)*June 30, 2024*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

| Item | <i>Note</i> | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|--------------------------------------|----------------|-------------------------------------|---------------------------------------|
| Non-current liabilities: | | | |
| Insurance contract reserves | | | |
| Long-term borrowings | <i>VII. 45</i> | 90,000,000.00 | 70,000,000.00 |
| Bonds payable | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | <i>VII. 47</i> | 227,150,463.58 | 234,016,247.39 |
| Long-term payables | <i>VII. 48</i> | 253,207,700.00 | 253,207,700.00 |
| Long-term employee benefits payable | <i>VII.49</i> | 32,211,691.69 | 31,730,620.28 |
| Provisions | <i>VII. 50</i> | 7,817,526.58 | 4,989,719.00 |
| Deferred income | <i>VII. 51</i> | 8,370,294.74 | 7,998,474.74 |
| Deferred income tax liabilities | <i>VII. 29</i> | 54,166,149.69 | 56,850,982.85 |
| Other non-current liabilities | | | |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 672,923,826.28 | 658,793,744.26 |
| | | <hr/> | <hr/> |
| Total liabilities | | 1,569,490,210.33 | 1,433,936,790.80 |

Consolidated Balance Sheet (Continued)

June 30, 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

| Item | Note | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|--|---------|-----------------------------|-------------------------------|
| Owner's equity (or shareholders' equity): | | | |
| Paid-up capital (or share capital) | VII. 53 | 547,665,988.00 | 547,665,988.00 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital reserves | VII. 55 | 1,190,881,673.86 | 1,186,456,814.83 |
| Less: Treasury shares | | | |
| Other comprehensive income | VII. 57 | 3,735,570.68 | 3,094,393.89 |
| Special reserves | VII. 58 | 860,558.67 | 381,371.62 |
| Surplus reserves | VII. 59 | 45,665,647.68 | 45,665,647.68 |
| General risk provision | | | |
| Undistributed profits | VII. 60 | -720,728,551.19 | -717,353,627.48 |
| Total equity attributable to owners (or shareholders) of the parent company | | <u>1,068,080,887.70</u> | <u>1,065,910,588.54</u> |
| Minority interests | | <u>320,134,501.88</u> | <u>312,496,185.54</u> |
| Total owners' equity (or shareholders' equity) | | <u>1,388,215,389.58</u> | <u>1,378,406,774.08</u> |
| Total liabilities and owners' equity (or shareholders' equity) | | <u>2,957,705,599.91</u> | <u>2,812,343,564.88</u> |

*Person in charge of the
Company:***Mr. Li Junjie***Person in charge of accounting:***Ms. Feng Yongmei***Person in charge of the
accounting firm:***Mr. Yang Yue**

Balance Sheet of Parent Company

June 30, 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

| Item | Note | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|--|--------|-----------------------------|-------------------------------|
| Current assets: | | | |
| Cash at bank and on hand | | 61,945,696.69 | 62,961,991.24 |
| Financial assets held for trading | | | |
| Derivative financial assets | | | |
| Notes receivable | | | |
| Accounts receivable | XIX. 1 | 118,236,034.87 | 104,517,462.87 |
| Receivables financing | | | |
| Advances to suppliers | | | |
| Other receivables | XIX. 2 | 407,823,683.14 | 411,267,924.92 |
| Including: Interest receivable | | 38,427,055.08 | 44,627,055.08 |
| Dividends receivable | | | |
| Inventories | | | |
| Of which: Information resources | | | |
| Contractual assets | | 13,082,945.50 | |
| Held-for-sale assets | | | |
| Non-current assets due within one year | | | |
| Other current liabilities | | 44,734.87 | |
| Total current liabilities | | <u>601,133,095.07</u> | <u>578,747,379.03</u> |

Balance Sheet of Parent Company (Continued)*June 30, 2024*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan**Currency: RMB*

| Item | <i>Note</i> | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|-------------------------------------|---------------|---|---|
| Non-current assets: | | | |
| Debt investment | | | |
| Other debt investment | | | |
| Long-term receivables | | | |
| Long-term equity investments | <i>XIX. 3</i> | 1,400,273,940.36 | 1,400,273,940.36 |
| Other equity instrument investments | | | |
| Other non-current financial assets | | | |
| Investment properties | | | |
| Fixed assets | | 98,034.61 | 110,744.26 |
| Construction in progress | | | |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | | 756,952.36 | 1,211,123.74 |
| Intangible assets | | | |
| Of which: Information resources | | | |
| Development expenditures | | | |
| Of which: Information resources | | | |
| Goodwill | | | |
| Long-term deferred expenses | | 463,840.60 | 742,144.96 |
| Deferred income tax assets | | 119,720.98 | 238,183.77 |
| Other non-current assets | | | |
| Total non-current assets | | <u>1,401,712,488.91</u> | <u>1,402,576,137.09</u> |
| Total assets | | <u>2,002,845,583.98</u> | <u>1,981,323,516.12</u> |

Balance Sheet of Parent Company (Continued)*June 30, 2024*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan**Currency: RMB*

| Item | <i>Note</i> | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|---|-------------|---|---|
| Current liabilities: | | | |
| Short-term borrowings | | | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities | | | |
| Notes payable | | | |
| Accounts payable | | 136,595,914.80 | 108,652,024.80 |
| Advances from customers | | | |
| Contractual liabilities | | | |
| Employee benefits payable | | 3,827,311.75 | 5,037,249.58 |
| Taxes payable | | 200,203.69 | 312,341.09 |
| Other payables | | 22,173,916.28 | 23,350,717.43 |
| Including: Interest payable | | | |
| Dividends payable | | | |
| Held-for-sale liabilities | | | |
| Non-current liabilities due within one year | | 478,883.92 | 952,735.10 |
| Other current liabilities | | | |
| Total current liabilities | | <u>163,276,230.44</u> | <u>138,305,068.00</u> |
| Non-current liabilities: | | | |
| Long-term borrowings | | | |
| Bonds payable | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | | | |
| Long-term payables | | | |
| Long-term employee benefits payable | | | |
| Provisions | | | |
| Deferred income | | | |
| Deferred income tax liabilities | | 189,238.09 | 302,780.94 |
| Other non-current liabilities | | | |
| Total non-current liabilities | | <u>189,238.09</u> | <u>302,780.94</u> |
| Total liabilities | | <u>163,465,468.53</u> | <u>138,607,848.94</u> |

Balance Sheet of Parent Company (Continued)*June 30, 2024*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan**Currency: RMB*

| Item | <i>Note</i> | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|---|-------------|---|---|
| Owner's equity (or shareholders' equity): | | | |
| Paid-up capital (or share capital) | | 547,665,988.00 | 547,665,988.00 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital reserves | | 1,319,989,066.10 | 1,319,146,235.48 |
| Less: Treasury stocks | | | |
| Other comprehensive income | | | |
| Special reserves | | | |
| Surplus reserves | | 38,071,282.24 | 38,071,282.24 |
| Undistributed profits | | <u>-66,346,220.89</u> | <u>-62,167,838.54</u> |
| Total owners' equity (or shareholders' equity) | | <u>1,839,380,115.45</u> | <u>1,842,715,667.18</u> |
| Total liabilities and owners' equity (or shareholders' equity) | | <u>2,002,845,583.98</u> | <u>1,981,323,516.12</u> |

*Person in charge of the
Company:***Mr. Li Junjie***Person in charge of accounting:***Ms. Feng Yongmei***Person in charge of the
accounting firm:***Mr. Yang Yue**

Consolidated Income Statement

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|--|---------|----------------------------|----------------------------|
| I. Total operating revenue | | 748,773,482.80 | 625,983,732.52 |
| Including: Operating revenue | VII. 61 | 748,773,482.80 | 625,983,732.52 |
| Interest income | | | |
| Earned premiums | | | |
| Fee and commission income | | | |
| II. Total operating cost | | 744,744,565.10 | 649,492,960.84 |
| Including: Operating cost | VII. 61 | 624,564,969.07 | 546,091,446.53 |
| Interest expenditure | | | |
| Fee and commission expenses | | | |
| Cash surrender amount | | | |
| Net expenses of claim settlement | | | |
| Net provision for insurance contract reserves | | | |
| Policyholder dividend expenses | | | |
| Reinsurance expenses | | | |
| Taxes and surcharges | VII. 62 | 4,637,296.73 | 3,215,567.15 |
| Selling expenses | VII. 63 | 23,469,294.64 | 17,906,764.13 |
| Administrative expenses | VII. 64 | 57,293,069.41 | 47,814,777.88 |
| R & D expenses | VII. 65 | 30,022,179.68 | 28,174,206.18 |
| Financial expenses | VII. 66 | 4,757,755.57 | 6,290,198.97 |
| Including: Interest expenses | | 8,196,990.99 | 8,830,075.36 |
| Interest income | | 2,265,545.33 | 2,177,647.04 |

Consolidated Income Statement (Continued)*January-June 2024*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan**Currency: RMB**Type of audit: Unaudited*

| Item | Note | First half year of 2024 | First half year of 2023 |
|---|----------------|------------------------------------|------------------------------------|
| Add: Other incomes | <i>VII. 67</i> | 5,950,362.84 | 1,562,792.50 |
| Investment income (loss to be listed with “-”) | <i>VII. 68</i> | 14,916,214.82 | 4,568,847.96 |
| Including: Income from investment in associates and joint ventures | | 4,965,147.93 | 4,568,847.96 |
| Derecognition income of financial asset measured at the amortized cost (loss to be listed with “-”) | | | |
| Exchange gains (loss to be listed with “-”) | | | |
| Net exposure hedging income (loss to be listed with “-”) | | | |
| Income from changes in fair value (loss to be listed with “-”) | | | |
| Credit impairment losses (loss to be listed with “-”) | <i>VII. 71</i> | -585,476.58 | -3,252,605.18 |
| Asset impairment losses (loss to be listed with “-”) | <i>VII. 72</i> | -13,599,617.75 | -12,595,858.77 |
| Income from assets disposal (loss to be listed with “-”) | <i>VII. 73</i> | | 55,422.47 |
| III. Operating profit (loss to be listed with “-”) | | 10,710,401.03 | -33,170,629.34 |
| Add: Non-operating revenue | <i>VII. 74</i> | 451,708.67 | 1,243,897.98 |
| Less: Non-operating expenses | <i>VII. 75</i> | 735,051.73 | 257,935.94 |
| IV. Total profit (total loss to be listed with “-”) | | 10,427,057.97 | -32,184,667.30 |
| Less: Income tax expenses | <i>VII. 76</i> | 6,801,273.26 | 6,574,895.30 |

Income Statement of Parent Company (Continued)

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|--|----------------|----------------------------|----------------------------|
| V. Net profit (net loss to be listed with “-”) | | 3,625,784.71 | -38,759,562.60 |
| (I) Classified according to operating continuity | | | |
| 1. Net profit from continuing operations (net loss to be listed with “-”) | | 3,625,784.71 | -38,759,562.60 |
| 2. Net profit from discontinuing operations (net loss to be listed with “-”) | | | |
| (II) Classified according to attribution of the ownership | | | |
| 1. Net profit attributable to the owner of the parent company (net loss to be listed with “-”) | | -3,374,923.71 | -29,690,936.02 |
| 2. Non-controlling interests (net loss to be listed with “-”) | | 7,000,708.42 | -9,068,626.58 |
| VI. Net after-tax amount of other comprehensive income | <i>VII. 77</i> | 710,654.81 | 2,332,083.51 |
| (1) Net after-tax amount of other comprehensive income attributable to the owner of the parent company | | 641,176.79 | 2,119,420.46 |
| (1) Other comprehensive income that cannot be reclassified into profit or loss | | | |
| (1) Changes arising from remeasurement of the defined benefit plan | | | |
| (2) Other comprehensive income that cannot be converted to profit or loss under the equity method | | | |
| (3) Changes in fair value of other equity instrument investments | | | |
| (4) Changes in fair value of the enterprise’s credit risk | | | |

Income Statement of Parent Company (Continued)

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|---|------|----------------------------|----------------------------|
| (II) Other comprehensive income that will be reclassified into profit or loss | | 641,176.79 | 2,119,420.46 |
| (1) Other comprehensive income that can be converted to profit or loss under the equity method | | | 28,657.25 |
| (2) Changes in fair value of other debt investment | | | |
| (3) Amount of financial assets reclassified into other comprehensive income | | | |
| (4) Provision for impairment of credit in other debt investments | | | |
| (5) Reserves for cash flow hedge | | | |
| (6) Translation difference of foreign currency financial statements | | 641,176.79 | 2,090,763.21 |
| (7) Others | | | |
| (2) Net of tax of other comprehensive income attributable to minority shareholders | | 69,478.02 | 212,663.05 |
| VII. Total comprehensive income | | 4,336,439.52 | -36,427,479.09 |
| (1) Total comprehensive income attributable to shareholders of the parent company | | -2,733,746.92 | -27,571,515.56 |
| (2) Total comprehensive income attributable to minority shareholders | | 7,070,186.45 | -8,855,963.53 |

Income Statement of Parent Company (Continued)

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|--|------|----------------------------|----------------------------|
| VIII. Earnings per share: | | | |
| (1) Basic earnings per share (RMB/ share) | | -0.01 | -0.05 |
| (2) Diluted earnings per share (RMB/ share) | | -0.01 | -0.05 |

For the business combination under common control occurred during the current period, net profit of the acquiree realised before business combination was RMB0. Net profit of the acquiree realised during the last period was RMB0.

*Person in charge of the
Company:*

Mr. Li Junjie

Person in charge of accounting:

Ms. Feng Yongmei

*Person in charge of the
accounting firm:*

Mr. Yang Yue

Income Statement of Parent Company

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|---|---------------|----------------------------|----------------------------|
| I. Operating revenue | <i>XIX. 4</i> | 2,368,722.61 | 454,601.78 |
| Less: Operating cost | | | |
| Taxes and surcharges | | 52,436.50 | 70,915.50 |
| Selling expenses | | | |
| Administrative expenses | | 5,715,878.12 | 4,702,981.80 |
| R & D expenses | | | |
| Financial expenses | | -51,312.11 | -31,440.02 |
| Including: Interest expenses | | 15,098.12 | |
| Interest incomes | | 69,030.97 | 74,372.90 |
| Add: Other incomes | | 25,726.06 | |
| Investment income (loss to be listed with “-”) | | | |
| Including: Income from investment in associates and joint ventures | | | |
| Derecognition income of financial asset measured at the amortized cost (loss to be listed with “-”) | | | |
| Net exposure hedging income (loss to be listed with “-”) | | | |
| Income from changes in fair value (loss to be listed with “-”) | | -26,428.00 | |
| Credit impairment losses (loss to be listed with “-”) | | -412,054.50 | -1,294,836.91 |
| Asset impairment losses (loss to be listed with “-”) | | | |
| Income from assets disposal (loss to be listed with “-”) | | | |
| II. Operating profit (loss to be listed with with “-”) | | -3,761,036.34 | -5,582,692.41 |
| Add: Non-operating revenue | | | |
| Less: Non-operating expenses | | | |

Income Statement of Parent Company (Continued)*January-June 2024*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan**Currency: RMB**Type of audit: Unaudited*

| Item | <i>Note</i> | First half year of 2024 | First half year of 2023 |
|---|-------------|------------------------------------|------------------------------------|
| III. Total profit (total loss to be listed with “-”) | | | |
| | | -3,761,036.34 | -5,582,692.41 |
| Less: Income tax expenses | | 417,346.01 | -3,569.51 |
| IV. Net profit (net loss to be listed with “-”) | | -4,178,382.35 | -5,579,122.90 |
| (I) Net profit from continuing operations (net loss to be listed with “-”) | | -4,178,382.35 | -5,579,122.90 |
| (II) Net profit from discontinued operations (net loss to be listed with “-”) | | | |
| V. Net of tax of other comprehensive income | | | |
| (I) Other comprehensive income that cannot be reclassified into profit or loss | | | |
| 1. Changes arising from remeasurement of the defined benefit plan | | | |
| 2. Other comprehensive income that cannot be converted to profit or loss under the equity method | | | |
| 3. Changes in fair value of other equity instrument investments | | | |
| 4. Changes in fair value of the enterprise’s credit risk | | | |

Income Statement of Parent Company (Continued)

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|---|------|----------------------------|----------------------------|
| (II) Other comprehensive income that will be reclassified into profit or loss | | | |
| 1. Other comprehensive income that can be converted to profit or loss under the equity method | | | |
| 2. Changes in fair value of other debt investment | | | |
| 3. Amount of financial assets reclassified into other comprehensive income | | | |
| 4. Provision for impairment of credit in other debt investments | | | |
| 5. Reserves for cash flow hedge | | | |
| 6. Translation difference of foreign currency financial statements | | | |
| 7. Others | | | |
| VI. Total comprehensive incomes | | -4,178,382.35 | -5,579,122.90 |

VII. Earnings per share:

- (1) Basic earnings per share (RMB/share)
- (2) Diluted earnings per share (RMB/share)

*Person in charge of the
Company:*

Mr. Li Junjie

Person in charge of accounting:

Ms. Feng Yongmei

*Person in charge of the
accounting firm:*

Mr. Yang Yue

Consolidated Cash Flow Statement

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|--|---------|----------------------------|----------------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sales of goods and provision of services | | 474,820,098.98 | 525,026,772.39 |
| Net increase in deposits from customers and placements from banks and other financial institutions | | | |
| Net increase in borrowings from the central bank | | | |
| Net increase in placement from other financial institutions | | | |
| Cash received for receiving premiums of original insurance contract | | | |
| Net cash received from reinsurance business | | | |
| Net increase in policyholders' deposits and investment | | | |
| Cash received from interests, fees and commissions | | | |
| Net increase in placement from banks and other financial institutions | | | |
| Net increase from repurchasing business funds | | | |
| Net cash received from securities brokering | | | |
| Taxes and surcharges refunds | | 464,678.51 | 1,677.44 |
| Other cash receipts related to operating activities | VII. 78 | 7,953,513.53 | 34,019,617.07 |
| Subtotal of cash inflows from operating activities | | <u>483,238,291.02</u> | <u>559,048,066.90</u> |

Consolidated Cash Flow Statement (Continued)

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|---|---------|----------------------------|----------------------------|
| Cash paid for goods and services | | 355,106,588.03 | 353,942,773.34 |
| Net increase in loans and advances to customers | | | |
| Net increase in deposits with the central bank and other financial institutions | | | |
| Cash paid for claim settlements on original insurance contract | | | |
| Net increase in placements from banks and other financial institutions | | | |
| Cash paid for interests, fees and commissions | | | |
| Cash paid for policy dividends | | | |
| Cash paid to and for employees | | 120,672,372.54 | 121,606,211.63 |
| Taxes and surcharges payments | | 46,442,378.69 | 47,464,385.67 |
| Other cash payments related to operating activities | VII. 78 | 104,364,446.22 | 42,501,594.90 |
| Subtotal of cash outflows from operating activities | | <u>626,585,785.47</u> | <u>565,514,965.54</u> |
| Net cash flows from operating activities | | <u>-143,347,494.45</u> | <u>-6,466,898.65</u> |

Consolidated Cash Flow Statement (Continued)

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|---|------|----------------------------|----------------------------|
| II. Cash flows from investing activities: | | | |
| Cash received from return of investment | | | |
| Cash received from acquirement of investment income | | | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 16,669,004.00 | 141,620.00 |
| Net cash received from disposal of subsidiaries and other business units | | | |
| Other cash receipts related to investing activities | | | |
| Subtotal of cash inflows from investing activities | | 16,669,004.00 | 141,620.00 |
| Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets | | 35,233,357.12 | 49,090,148.84 |
| Cash paid to acquire investments | | 9,600,000.00 | |
| Net increase in pledge loans | | | |
| Net cash paid for acquisition of subsidiaries and other business units | | | |
| Other cash payments related to investing activities | | | |
| Subtotal of cash outflows from investing activities | | <u>44,833,357.12</u> | <u>49,090,148.84</u> |
| Net cash flows from investing activities | | <u>-28,164,353.12</u> | <u>-48,948,528.84</u> |

Consolidated Cash Flow Statement (Continued)

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|---|---------|----------------------------|----------------------------|
| III. Cash flows from financing activities: | | | |
| Cash received from absorbing investment Including: Cash received by subsidiaries from minority shareholders' investment | | | |
| Cash received from borrowings | | 180,000,000.00 | 70,000,000.00 |
| Other cash receipts related to financing activities | VII. 78 | | 140,000,000.00 |
| Subtotal of cash inflows from financing activities | | 180,000,000.00 | 210,000,000.00 |
| Cash paid for repayments of debts | | 100,000,000.00 | |
| Cash paid for distribution of dividends, profits or interest repayment | | 3,707,991.65 | 1,971,666.67 |
| Including: Dividends and profits paid to minority shareholders by subsidiaries | | | |
| Other cash payments related to financing activities | VII. 78 | 14,944,529.20 | 12,268,749.32 |
| Subtotal of cash outflows from financing activities | | <u>118,652,520.85</u> | <u>14,240,415.99</u> |
| Net cash flows from financing activities | | <u>61,347,479.15</u> | <u>195,759,584.01</u> |
| IV. Impact of foreign exchange rate changes on cash and cash equivalents | | 1,637,385.13 | 1,038,246.16 |
| V. Net increase in cash and cash equivalents | | -108,526,983.29 | 141,382,402.68 |
| Add: Beginning balance of cash and cash equivalents | | <u>429,848,818.45</u> | <u>263,802,199.98</u> |
| VI. Ending balance of cash and cash equivalents | | <u>321,321,835.16</u> | <u>405,184,602.66</u> |

Person in charge of the
Company:
Mr. Li Junjie

Person in charge of accounting:
Ms. Feng Yongmei

Person in charge of the
accounting firm:
Mr. Yang Yue

Cash Flow Statement of Parent Company

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|--|------|----------------------------|----------------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sales of goods or provision of services | | 84,000,000.00 | 58,876,400.00 |
| Taxes and surcharges refunds | | | |
| Other cash receipts related to operating activities | | <u>6,207,308.11</u> | <u>288,572.95</u> |
| Subtotal of cash inflows from operating activities | | <u>90,207,308.11</u> | <u>59,164,972.95</u> |
| Cash paid for goods and services | | 82,534,810.00 | 56,782,598.40 |
| Cash paid to and for employees | | 4,049,539.23 | 5,210,114.33 |
| Taxes and surcharges payments | | 1,035,865.37 | 698,619.29 |
| Other cash payments related to operating activities | | <u>3,070,433.32</u> | <u>4,203,576.50</u> |
| Subtotal of cash outflows from operating activities | | <u>90,690,647.92</u> | <u>66,894,908.52</u> |
| Net cash flows from operating activities | | <u>-483,339.81</u> | <u>-7,729,935.57</u> |

Cash Flow Statement of Parent Company (Continued)

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|---|------|----------------------------|----------------------------|
| II. Cash flows from investing activities: | | | |
| Cash received from return of investment | | | |
| Cash received from acquirement of investment income | | | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | | |
| Net cash received from disposal of subsidiaries and other business units | | | |
| Other cash receipts related to investing activities | | | 5,000,000.00 |
| Subtotal of cash inflows from investing activities | | | 5,000,000.00 |
| Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets | | | 65,000.00 |
| Cash paid to acquire investments | | | 140,000,000.00 |
| Net cash paid for acquisition of subsidiaries and other business units | | | |
| Other cash payments related to investing activities | | | 25,000,000.00 |
| Subtotal of cash outflows from investing activities | | | 165,065,000.00 |
| Net cash flows from investing activities | | | -160,065,000.00 |

Cash Flow Statement of Parent Company (Continued)

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Type of audit: Unaudited

| Item | Note | First half year of 2024 | First half year of 2023 |
|---|------|----------------------------|----------------------------|
| III. Cash flows from financing activities: | | | |
| Cash received from equity investments | | | |
| Cash received from borrowings | | | |
| Other cash receipts related to financing activities | | | 140,000,000.00 |
| Subtotal of cash inflows from financing activities | | | 140,000,000.00 |
| Cash paid for repayment of debts | | | |
| Cash paid for distribution of dividends, profits or interest repayment | | | |
| Other cash payments related to financing activities | | 532,954.74 | |
| Subtotal of cash outflows from financing activities | | 532,954.74 | |
| Net cash flows from financing activities | | -532,954.74 | 140,000,000.00 |
| IV. Impact of foreign exchange rate changes on cash and cash equivalents | | | 0.04 |
| V. Net increase in cash and cash equivalents | | -1,016,294.55 | -27,794,935.53 |
| Add: Beginning balance of cash and cash equivalents | | 62,961,991.24 | 53,043,574.83 |
| VI. Ending balance of cash and cash equivalents | | 61,945,696.69 | 25,248,639.30 |

Person in charge of the
Company:
Mr. Li Junjie

Person in charge of accounting:
Ms. Feng Yongmei

Person in charge of the
accounting firm:
Mr. Yang Yue

Consolidated Statement of Changes in Owners' Equity

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

| Item | First half year of 2024 | | | | | | | | | | | | | | Minority shareholders interest | Total owners' equity |
|---|---|--------------------------|--------|--|------------------|----------------------|----------------------------|------------------|------------------|-----------------------|----------------------|--------|------------------|----------------|--------------------------------|----------------------|
| | Equity attributable to owners of the parent company | | | | | | | | | | | | Subtotal | | | |
| | Paid-up capital (or share capital) | Other equity instruments | | | Capital reserves | Less: treasury stock | Other comprehensive income | Special reserves | Surplus reserves | General risk reserves | Undistributed profit | Others | | | | |
| Preferred shares | | Perpetual bonds | Others | | | | | | | | | | | | | |
| I. Closing balance of the previous period | 547,665,988.00 | | | | 1,186,456,814.83 | | 3,094,393.89 | 381,371.62 | 45,665,647.68 | | -717,353,627.48 | | 1,065,910,588.54 | 312,496,185.54 | 1,378,406,774.08 | |
| Add: Changes in accounting policies | | | | | | | | | | | | | | | | |
| Corrections of prior period errors | | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | | |
| II. Opening balance of the current period | 547,665,988.00 | | | | 1,186,456,814.83 | | 3,094,393.89 | 381,371.62 | 45,665,647.68 | | -717,353,627.48 | | 1,065,910,588.54 | 312,496,185.54 | 1,378,406,774.08 | |
| III. Movements of the current period (decrease to be listed with "-") | | | | | 4,424,859.03 | | 641,176.79 | 479,187.05 | | | -3,374,923.71 | | 2,170,299.16 | 7,638,316.34 | 9,808,615.50 | |
| (I) Total comprehensive income | | | | | | | 641,176.79 | | | | -3,374,923.71 | | -2,733,746.92 | 7,070,186.45 | 4,336,439.53 | |
| (II) Capital invested and reduced by shareholders | | | | | 4,424,859.03 | | | | | | | | 4,424,859.03 | 576,553.59 | 5,001,412.62 | |
| 1. Common shares invested by owners | | | | | | | | | | | | | | | | |
| 2. Capital invested by other equity instrument holders | | | | | | | | | | | | | | | | |
| 3. Amount of share-based payment recognized as owners' equity | | | | | 4,424,859.03 | | | | | | | | 4,424,859.03 | 576,553.59 | 5,001,412.62 | |
| 4. Others | | | | | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | | | | | | |
| 1. Appropriation to surplus reserves | | | | | | | | | | | | | | | | |
| 2. Appropriation to general risk reserves | | | | | | | | | | | | | | | | |
| 3. Distribution to owners (or shareholders) | | | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | | | |
| (IV) Internal carry-over in owners' equity | | | | | | | | | | | | | | | | |
| 1. Transfer from capital reserves to capital (or share capital) | | | | | | | | | | | | | | | | |
| 2. Transfer from surplus reserves to capital (or share capital) | | | | | | | | | | | | | | | | |
| 3. Recovery of losses by surplus reserves | | | | | | | | | | | | | | | | |
| 4. Retained earnings carried over from changes in defined benefit plans | | | | | | | | | | | | | | | | |
| 5. Retained earnings carried over from other comprehensive income | | | | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | 479,187.05 | | | | | 479,187.05 | -8,423.69 | 470,763.36 | |
| 1. Appropriation in current period | | | | | | | | 540,037.14 | | | | | 540,037.14 | 540,037.14 | | |
| 2. Use in current period | | | | | | | | -60,850.09 | | | | | -60,850.09 | -8,423.69 | -69,273.78 | |
| (VI) Others | | | | | | | | | | | | | | | | |
| IV. Closing balance of the current period | 547,665,988.00 | | | | 1,190,881,673.86 | | 3,735,570.68 | 860,558.67 | 45,665,647.68 | | -720,728,551.19 | | 1,068,080,887.70 | 320,134,501.88 | 1,388,215,389.58 | |

Consolidated Statement of Changes in Owners' Equity (Continued)

January-June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

| Item | First half year of 2023 | | | | | | | | | | | | | | Minority shareholders interest | Total owners' equity |
|---|---|--------------------------|--------|--|------------------|----------------------|----------------------------|------------------|------------------|-----------------------|----------------------|--------|------------------|----------------|--------------------------------|----------------------|
| | Equity attributable to owners of the parent company | | | | | | | | | | | | Subtotal | | | |
| | Paid-up capital (or share capital) | Other equity instruments | | | Capital reserves | Less: treasury stock | Other comprehensive income | Special reserves | Surplus reserves | General risk reserves | Undistributed profit | Others | | | | |
| Preferred shares | | Perpetual bonds | Others | | | | | | | | | | | | | |
| I. Closing balance of the previous period | 542,265,988.00 | | | | 1,151,111,016.32 | | 2,128,736.81 | 124,960.21 | 45,665,647.68 | | -69,031,286.39 | | 1,072,265,062.63 | 334,216,404.18 | 1,406,481,466.81 | |
| Add: Changes in accounting policies | | | | | | | | | | | | | 3,492,489.49 | 3,186,776.43 | 6,679,265.92 | |
| Corrections of prior period errors | | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | | |
| II. Opening balance of the current period | 542,265,988.00 | | | | 1,151,111,016.32 | | 2,128,736.81 | 124,960.21 | 45,665,647.68 | | -665,538,796.90 | | 1,075,757,552.12 | 337,403,180.61 | 1,413,160,732.73 | |
| III. Movements of the current period (decrease to be listed with "-") | | | | | | | | | | | | | | | | |
| (I) Total comprehensive income | | | | | | | 2,119,420.46 | 544,571.38 | | | | | -29,690,936.02 | -27,026,944.18 | -35,753,448.42 | |
| (II) Capital invested and decreased by shareholders | | | | | | | | | | | | | | | | |
| 1. Common shares invested by owners | | | | | | | | | | | | | | | | |
| 2. Capital invested by other equity instrument holders | | | | | | | | | | | | | | | | |
| 3. Amount of share-based payment recognized as owners' equity | | | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | | | | | | |
| 1. Appropriation to surplus reserves | | | | | | | | | | | | | | | | |
| 2. Appropriation to general risk reserves | | | | | | | | | | | | | | | | |
| 3. Distribution to owners (or shareholders) | | | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | | | |
| (IV) Internal carry-over in owners' equity | | | | | | | | | | | | | | | | |
| 1. Transfer from capital reserves to capital (or share capital) | | | | | | | | | | | | | | | | |
| 2. Transfer from surplus reserves to capital (or share capital) | | | | | | | | | | | | | | | | |
| 3. Recovery of losses by surplus reserves | | | | | | | | | | | | | | | | |
| 4. Retained earnings carried over from changes in defined benefit plans | | | | | | | | | | | | | | | | |
| 5. Retained earnings carried over from other comprehensive income | | | | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | 544,571.38 | | | | | 544,571.38 | 129,459.29 | 674,030.67 | |
| 1. Appropriation in current period | | | | | | | | 4,155,087.55 | | | | | 4,155,087.55 | 1,584,108.73 | 5,739,196.28 | |
| 2. Use in current period | | | | | | | | -3,610,516.17 | | | | | -3,610,516.17 | -1,454,649.44 | -5,065,165.61 | |
| (VI) Others | | | | | | | | | | | | | | | | |
| IV. Closing balance of the current period | 542,265,988.00 | | | | 1,151,111,016.32 | | 4,248,157.27 | 669,531.59 | 45,665,647.68 | | -695,229,732.92 | | 1,048,730,607.94 | 328,676,676.37 | 1,377,407,284.31 | |

Person in charge of the
Company:
Mr. Li Junjie

Person in charge of accounting:
Ms. Feng Yongmei

Person in charge of the
accounting firm:
Mr. Yang Yue

Parent Company's Statement of Changes in Owners' Equity
January – June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

| Item | First half year of 2024 | | | | | | | | | | |
|---|---------------------------------------|--------------------------|--|--|---------------------|-------------------------|----------------------------------|---------------------|---------------------|-------------------------|-------------------------|
| | Paid-up capital (or share capital) | Other equity instruments | | | Capital reserves | Less: treasury stock | Other comprehensive income | Special reserves | Surplus reserves | Undistributed profit | Total owners' equity |
| I. Closing balance of the previous period | 547,665,988.00 | | | | 1,319,146,235.48 | | | | 38,071,282.24 | -62,167,838.54 | 1,842,715,667.18 |
| Add: Changes in accounting policies | | | | | | | | | | | |
| Corrections of prior period errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Opening balance of the current period | 547,665,988.00 | | | | 1,319,146,235.48 | | | | 38,071,282.24 | -62,167,838.54 | 1,842,715,667.18 |
| III. Movements of the current period (decrease to be listed with "-") | | | | | 842,830.62 | | | | | -4,178,382.35 | -3,335,551.73 |
| (I) Total comprehensive income | | | | | | | | | | -4,178,382.35 | -4,178,382.35 |
| (II) Capital invested and decreased by shareholders | | | | | 842,830.62 | | | | | | 842,830.62 |
| 1. Common shares invested by owners | | | | | | | | | | | |
| 2. Capital invested by other equity instrument holders | | | | | | | | | | | |
| 3. Amount of share-based payment recognized as owners' equity | | | | | 842,830.62 | | | | | | 842,830.62 |
| 4. Others | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | |
| 1. Appropriation to surplus reserves | | | | | | | | | | | |
| 2. Distribution to owners (or shareholders) | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | |
| (IV) Internal carry-over in owners' equity | | | | | | | | | | | |
| 1. Transfer from capital reserves to capital (or share capital) | | | | | | | | | | | |
| 2. Transfer from surplus reserves to capital (or share capital) | | | | | | | | | | | |
| 3. Recovery of losses by surplus reserves | | | | | | | | | | | |
| 4. Retained earnings carried over from changes in defined benefit plans | | | | | | | | | | | |
| 5. Retained earnings carried over from other comprehensive income | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | | | | |
| 1. Appropriation in current period | | | | | | | | | | | |
| 2. Use in current period | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | |
| IV. Closing balance of the current period | 547,665,988.00 | | | | 1,319,989,066.10 | | | | 38,071,282.24 | -66,346,220.89 | 1,839,380,115.45 |

Parent Company's Statement of Changes in Owners' Equity (Continued)
January – June 2024

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

| Item | First half year of 2023 | | | | | | | | | | |
|---|---------------------------------------|---------------------|--------------------|---------------------------------------|---------------------|-------------------------|----------------------------------|---------------------|---------------------|-------------------------|-------------------------|
| | Paid-up capital (or share capital) | Preferred shares | Perpetual bonds | Other equity instruments Others | Capital reserves | Less: treasury stock | Other comprehensive income | Special reserves | Surplus reserves | Undistributed profit | Total owners' equity |
| I. Closing balance of the previous period | 542,265,988.00 | | | | 1,123,816,744.17 | | | | 38,071,282.24 | -58,436,513.25 | 1,645,717,501.16 |
| Add: Changes in accounting policies | | | | | | | | | | | |
| Corrections of prior period errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Opening balance of the current period | 542,265,988.00 | | | | 1,123,816,744.17 | | | | 38,071,282.24 | -58,436,513.25 | 1,645,717,501.16 |
| III. Movements of the current period (decrease to be listed with "-") | | | | | 137,981,915.31 | | | | | -5,579,122.90 | 132,402,792.41 |
| (I) Total comprehensive income | | | | | | | | | | -5,579,122.90 | -5,579,122.90 |
| (II) Capital invested and reduced by shareholders | | | | | | | | | | | |
| 1. Common shares invested by owners | | | | | | | | | | | |
| 2. Capital invested by other equity instrument holders | | | | | | | | | | | |
| 3. Amount of share-based payment recognized as owners' equity | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | |
| 1. Appropriation to surplus reserves | | | | | | | | | | | |
| 2. Distribution to owners (or shareholders) | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | |
| (IV) Internal carry-over in owners' equity | | | | | 137,981,915.31 | | | | | | 137,981,915.31 |
| 1. Transfer from capital reserves to capital (or share capital) | | | | | | | | | | | |
| 2. Transfer from surplus reserves to capital (or share capital) | | | | | | | | | | | |
| 3. Recovery of losses by surplus reserves | | | | | | | | | | | |
| 4. Retained earnings carried over from changes in defined benefit plans | | | | | | | | | | | |
| 5. Retained earnings carried over from other comprehensive income | | | | | | | | | | | |
| 6. Others | | | | | 137,981,915.31 | | | | | | 137,981,915.31 |
| (V) Special reserves | | | | | | | | | | | |
| 1. Appropriation in current period | | | | | | | | | | | |
| 2. Use in current period | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | |
| IV. Closing balance of the current period | 542,265,988.00 | | | | 1,261,798,659.48 | | | | 38,071,282.24 | -64,015,636.15 | 1,778,120,293.57 |

*Person in charge of the
 Company:*
Mr. Li Junjie

Person in charge of accounting:
Ms. Feng Yongmei

*Person in charge of the
 accounting firm:*
Mr. Yang Yue

Notes:

1. Aging analysis of accounts receivable

Unit: Yuan
Currency: RMB

| Aging | Book balance at the end of the period | Book balance at the start of the period |
|---|---|---|
| Within one year | | |
| Including: sub-items within one year | | |
| Within one year | 468,973,389.91 | 323,622,147.25 |
| Subtotal within one year | 468,973,389.91 | 323,622,147.25 |
| One to two years | 60,655,288.43 | 58,056,494.92 |
| Two to three years | 11,808,639.48 | 16,705,104.02 |
| More than three years | | |
| Three to four years | 10,384,943.78 | 7,288,015.89 |
| Four to five years | 4,958,204.56 | 2,247,891.13 |
| More than five years | 42,558,014.51 | 45,462,311.34 |
| Total | 599,338,480.67 | 453,381,964.55 |

2. Aging analysis of accounts payable

Significant payables with an age of over 1 year:

Applicable Not Applicable

3. Turnover

The turnover shall include the received and receivable net sales value of different types of cryogenic storage-transport vessels, spare parts, intelligent manufacturing, integration of automation equipment and net value of service provisions. Their analysis is shown as follows:

| Item | <i>Unit: Yuan</i> <i>Currency: RMB</i> | |
|--|---|---|
| | Amount in the current period | Amount in the corresponding period of last year |
| Gas storage and transportation product | 599,865,005.76 | 537,610,872.31 |
| Automated manufacturing equipment system integration | 102,599,646.03 | 45,062,474.42 |
| Others | 31,867,697.88 | 31,877,074.03 |
| Gross Sales | <u>734,332,349.67</u> | <u>614,550,420.76</u> |
| Less: Sales tax and other additional charges | 4,637,296.73 | 3,215,567.15 |
| Total | <u>729,695,052.94</u> | <u>611,334,853.61</u> |

4. Taxes

(1) Main Tax Types and Tax Rate

| Tax category | Taxation basis | Tax rate |
|---------------------------------------|---|--------------|
| Value-added tax | Taxable amount of added value | 13%、9%、6%、5% |
| Excise tax | | |
| Business tax | | |
| City maintenance and construction tax | VAT payable | 7%、5% |
| Corporate income tax | Taxable income | 25%、15% |
| Education surcharge | VAT payable | 3% |
| Local education surcharge | VAT payable | 2% |
| Property tax | 70%-80% of the original property value and income from property leasing | 1.2% and 12% |
| Hong Kong profits tax | Taxable income | 16.50% |
| Corporate income tax (USA) | Taxable income | 21% |

(2) **Description of taxpayers and the tax rates of different corporate income taxes:**

| Names of the taxpayer | Income tax rate |
|--|------------------------|
| The Company | 25% |
| Beijing Tianhai Industry Co., Ltd.* | 15% |
| Tianjin Tianhai High Pressure Container Co., Ltd.* | 15% |
| Shanghai Tianhai Composite Cylinders Co., Ltd.* | 15% |
| Beijing Tianhai Cryogenic Equipment Co., Ltd.* | 25% |
| Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.* | 15% |
| Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd.* | 15% |
| Kuancheng Tianhai Pressure Container Co., Ltd.* | 15% |
| BTIC AMERICA CORPORATION* | 21% |
| Jingcheng Holding (Hong Kong) Co., Ltd.* | 16.50% |
| Qingdao BYTQ United Digital Intelligence Co., Ltd.* | 15% |
| Beijing Jingcheng Haitong Technology Culture Development Co., Ltd. | 25% |

(3) **Tax preference**

Applicable Not applicable

On December 1, 2022, Tianhai Industry, a subsidiary of the Company, obtained a high-tech enterprise certificate with the certificate number GR202211004332 jointly issued by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration. The validity of the certificate is three years. The corporate income tax is calculated at a preferential corporate income tax rate of 15% for the current period.

On December 8, 2023, Tianjin Tianhai, a subsidiary of the Company, obtained a high-tech enterprise certificate with the certificate number GR202312003152. The certificate was jointly issued by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau and Tianjin Municipal Tax Service, State Taxation Administration. The validity of the certificate is three years. The corporate income tax is calculated at a preferential corporate income tax rate of 15% for the current period.

On December 12, 2023, Shanghai Tianhai Composite Cylinders Co., Ltd., a subsidiary of the Company, obtained a high-tech enterprise certificate with the certificate number GR202331006818. The certificate was jointly issued by Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau and Shanghai Municipal Tax Service, State Taxation Administration. The validity of the certificate is three years. The corporate income tax is calculated at a preferential corporate income tax rate of 15% for the current period.

On November 30, 2023, Beijing Tianhai Hydrogen Energy Equipment Co., Ltd., a subsidiary of the Company, obtained a high-tech enterprise certificate with the certificate number GR202311005600 jointly issued by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration. The validity of the certificate is three years. The corporate income tax is calculated at a preferential corporate income tax rate of 15% for the current period.

On December 20, 2023, Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd., a subsidiary of the Company, obtained a high-tech enterprise certificate with the certificate number GR202311009688 jointly issued by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration. The validity of the certificate is three years. The corporate income tax is calculated at a preferential corporate income tax rate of 15% for the current period.

On November 22, 2022, Kuancheng Tianhai Pressure Container Co., Ltd., a subsidiary of the Company, obtained a high-tech enterprise certificate with the certificate number GR202213003894 jointly issued by Hebei Provincial Department of Science and Technology, Hebei Provincial Finance Department, Hebei Provincial Tax Service, State Taxation Administration. The validity of the certificate is three years. The corporate income tax is calculated at a preferential corporate income tax rate of 15% for the current period.

On November 14, 2021, Qingdao BYTQ United Digital Intelligence Co., Ltd., a subsidiary of the Company, received a High-tech Enterprise Certificate numbered GR202137100429 from Qingdao Municipal Science and Technology Bureau, Qingdao Municipal Finance Bureau, and Qingdao Tax Service, State Taxation Administration, with a validity period of three years. The corporate income tax is calculated at a preferential corporate income tax rate of 15% for the current period.

According to the “Notice of the Ministry of Finance and the State Taxation Administration on Extending the Period of Loss Carryover of High-tech Enterprises and Technology-based SMEs” (CS [2018] No.76), since January 1, 2018, for high and new technologies enterprises or enterprises qualified as science and technology small and medium-sized enterprises (hereinafter the qualification) at that year, their uncovered losses occurred in 5 years before their qualifying year are allowed to be carried forward to cover up in the following years, and the maximum carry-forward period is extended from 5 years to 10 years.

(4) Changes in taxation and taxation preferential policy

There was no change in taxation and taxation preferential policy this year compared with the previous year.

(5) Taxes

| | <i>Unit: Yuan</i> <i>Currency: RMB</i> | |
|----------------------------------|---|--|
| Item | Amount in the current period | Amount in the corresponding period of last year |
| Income tax in the current period | 7,922,598.37 | 8,836,567.38 |
| Deferred income tax | <u>-1,121,325.11</u> | <u>-2,261,672.08</u> |
| Total | <u><u>6,801,273.26</u></u> | <u><u>6,574,895.30</u></u> |

5. Earnings per share

- (1) Basic earnings per share is calculated through consolidated net profit attributable to the ordinary shareholders of the parent company divided by the weighted average outstanding ordinary shares.

Unit: Yuan
Currency: RMB

| Item | Current period | Last period |
|--|-----------------------|--------------------|
| Consolidated net profit attributable to the ordinary shareholders of the parent company | -3,374,923.71 | -29,690,936.02 |
| Consolidated net profit attributable to the ordinary shareholders of the parent company (after deducting non-recurring gains and losses) | -13,229,264.35 | -31,831,469.28 |
| The weighted average numbers of outstanding ordinary shares of the parent company | 547,665,988 | 542,265,988 |
| Basic earnings per share (RMB/share) | -0.01 | -0.05 |
| Basic earnings per share (RMB/share) (after deducting non-recurring gains and losses) | -0.02 | -0.06 |

- (2) **Diluted earnings per share**

Unit: Yuan
Currency: RMB

| Item | Current period | Last period |
|--|-----------------------|--------------------|
| Consolidated net profit attributable to the ordinary shareholders of the parent company | -3,374,923.71 | -29,690,936.02 |
| Consolidated net profit attributable to the ordinary shareholders of the parent company (after deducting non-recurring gains and losses) | -13,229,264.35 | -31,831,469.28 |
| The weighted average numbers of outstanding ordinary shares of the parent company | 547,665,988 | 542,265,988 |
| Basic earnings per share (RMB/share) | -0.01 | -0.05 |
| Basic earnings per share (RMB/share) (after deducting non-recurring gains and losses) | -0.02 | -0.06 |

6. Share capital

The change in the legal, issued and paid-up share capital of the Company was as follows. All the shares of the Company are ordinary shares with a face value of RMB1 per share.

Unit: Yuan
Currency: RMB

| Item | Opening amount | | Change in the current period | | | | | Closing amount | |
|---|--------------------|----------------|------------------------------|-----------------|---|------------|----------|--------------------|---------------|
| | Amount | Ratio (%) | Issuing new shares | Bonus shares | Transfer from capital surplus to share capital | Others | Subtotal | Amount | Ratio (%) |
| Total restricted shares (non- tradable A share) | 19,469,105 | 4.3% | 0 | 0 | 0 | -7,034,553 | 0 | 12,434,552 | 2.8% |
| Unrestricted shares (tradable A share) | 428,196,883 | 95.7% | 0 | 0 | 0 | 7,034,553 | 0 | 435,231,436 | 97.2% |
| Total | 447,665,988 | 100.00% | 0 | 0 | 0 | 0 | 0 | 447,665,988 | 100.0% |
| Ordinary shares (RMB) | 447,665,988 | 81.7% | 0 | 0 | 0 | 0 | 0 | 447,665,988 | 81.7% |
| Overseas listed foreign shares | 100,000,000 | 18.3% | 0 | 0 | 0 | 0 | 0 | 100,000,000 | 18.3% |
| Total | 547,665,988 | 100.0% | 0 | 0 | 0 | 0 | 0 | 547,665,988 | 100.0% |
| Total shares | 547,665,988 | 100.0% | 0 | 0 | 0 | 0 | 0 | 547,665,988 | 100.0% |

7. Dividend

No dividend was paid or declared during the first half of 2024. No dividend was declared after the end of the Reporting Period up to the date of this announcement (2023: none).

For and on behalf of the Board
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
16 August 2024

As at the date of this announcement, the Board of the Company 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 Ms. Chen Junping, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive directors.

* For identification purpose only