

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

## **2020 INTERIM RESULTS ANNOUNCEMENT**

### **I. IMPORTANT NOTICES**

- 1. This interim results announcement is derived from the 2020 Interim Report. To comprehensively understand operating results, financial position and future development plans of Beijing Jingcheng Machinery Electric Company Limited (the “Company”, together with its subsidiaries, the “Group”), investors should carefully read the full text of the 2020 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 2020 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 2020 interim results has not been audited.**
- 5. The proposal of distribution of profit for the reporting period or the transfer of capital reserve to equity considered by the Board**

Nil

## II. BASIC INFORMATION OF THE COMPANY

### 2.1 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	*ST京城	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	010-67365383/58761949	010-67365383/58761949
Fax number	010-87392058/58766735	010-87392058/58766735
Email address	jcgf@btic.com.cn	jcgf@btic.com.cn

## 2.2 Major financial data of the Company

*Unit: Yuan  
Currency: RMB*

	<b>As at the end of the reporting period</b>	<b>As at the end of last year</b>	<b>Increase/Decrease comparing the end of the reporting period with the end of last year (%)</b>
Net assets attributable to shareholders of listed company	522,167,353.34	337,286,095.32	54.81
Total assets	1,866,734,002.76	1,670,839,500.81	11.72
	<b>For the reporting period (January – June 2020)</b>	<b>For the same period last year</b>	<b>Increase/Decrease comparing the reporting period with the same period last year (%)</b>
Net cash flow from operating activities	26,638,246.85	15,298,022.79	74.13
Operating income	523,831,648.77	595,157,618.64	-11.98
Net profit attributable to shareholders of listed company	-24,089,791.77	-35,573,865.71	-
Net profit attributable to shareholders of listed company after extraordinary items	-27,666,725.33	-36,309,230.68	-
Return on net assets on weighted average basis (%)	-7.41	-7.92	Increased by 0.51 percentage points
Basic earnings per share (RMB/share)	-0.06	-0.08	-
Diluted earnings per share (RMB/share)	-0.06	-0.08	-

## 2.3 Shareholdings of top ten shareholders

*Unit: share*

Total number of shareholders as at the end of the reporting period 14,766

Total number of preference shareholders with voting rights restored at the end of the reporting period 0

### Shareholdings of top ten shareholders

Name of shareholder (full name)	Shareholder(s) nature	Shareholding ratio (%)	Number of shares held at the end of the period	Number of shares held subject to selling restrictions	Pledged or frozen	
					Share status	Number
Beijing Jingcheng Machinery Electric Holding Co., Ltd (Jingcheng Machinery Electric)	State-owned legal-person	43.30	182,735,052	0	Nil	0
HKSCC NOMINEES LIMITED	Unknown	23.52	99,259,147	0	Unknown	–
Hu Suhua	Unknown	0.71	3,006,400	0	Unknown	–
Li Qidong	Unknown	0.49	2,061,390	0	Unknown	–
Xu Zihua	Unknown	0.41	1,708,100	0	Unknown	–
Huang Zhiping	Unknown	0.40	1,680,778	0	Unknown	–
He Yong	Unknown	0.40	1,678,120	0	Unknown	–
Yang Qing	Unknown	0.39	1,627,210	0	Unknown	–
Xu Rui	Unknown	0.38	1,594,300	0	Unknown	–
Hong Kong Securities Clearing Company Limited	Unknown	0.37	1,568,258	0	Unknown	–

Explanation on the connected relationship of the shareholders and action in concert among the aforesaid shareholders

As of the reporting period, shares subject to selling restrictions held by the Company were all listed for circulation in the market. 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) Beijing Jingcheng Machinery Electric Holding Co., Ltd. is the controlling shareholder of the Company, no share of which are being pledged or frozen.
- (2) On 9 July 2020, the share registration procedures of the non-public issuance of new A Shares of the Company are completed in the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The newly issued A Shares of the issuance are circulating shares subject to selling restrictions, 63,000,000 shares subject to restrictions are held by Beijing Jingcheng Machinery Electric Company Limited, with a lock-up period of 36 months and will be listed and traded on the Shanghai Stock Exchange on the next trading day upon the expiry of the lock-up period. For details, please refer to the “Indicative announcement in relation to the changes in interests of the controlling shareholder” disclosed by the Company on 10 July 2020.
- (3) 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.
- (4) As at 30 June 2020, so far as was known to the Directors, the Directors, the supervisors and chief executive of the Company or their respective associates do not have any interest or short positions 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 are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are 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 are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”), to be notified to the Company and the Hong Kong Stock Exchange.
- (5) Save as disclosed above, as at 30 June 2020, 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.
- (6) There is no provision for pre-emptive rights under the laws of the PRC and the articles of association of the Company.
- (7) As of 30 June 2020, the Company did not issue any convertible securities, options, warrants or any other similar right.

**2.4 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

**2.5 Changes in controlling shareholder or beneficial controller**

Applicable     Not Applicable

**2.6 Undue and unpaid or overdue corporate bonds**

Applicable     Not Applicable

### III. MANAGEMENT DISCUSSION AND ANALYSIS

#### 3.1 Management discussion and analysis

During the first half of 2020, due to various adverse impacts such as the global economic contraction, the novel coronavirus epidemic, protection of international trade, etc., the domestic and foreign markets are facing a risk of major uncertainties. Faced with the unprecedented complex situation and arduous development tasks, the Company has unswervingly implemented the strategic development aims formulated by the Company at the beginning of the year to overcome difficulties and advanced the work in an orderly manner.

In terms of principal business, we always adhere to market need as a guide, take reform and innovation as the driving forces, comprehensively accelerated the construction of product diversified structure and market development. Leveraging on the advantages of continuous innovation, the Company continues to consolidate its position in the industrial gas and fire services products, focusing on strengthening the technology innovation in the hydrogen energy industry chain business, LNG marine tanks, tank container business and type IV cylinder products. At the same time, strengthening the internal management, promoting the reduction in cost and increase in efficiency, fully making use of the advantages of capital market and broadening the financing channels to enhance the Company's profitability and achieve diversified development.

During the reporting period, the Company realized operating income of approximately RMB523,831,600, representing a decrease of approximately 11.98% as compared with corresponding period of last year. Net profits attributable to shareholders of the Company was approximately RMB-24,089,800, representing an decrease of loss of approximately RMB11,484,100 as compared with the corresponding period of last year.

During reporting period, the Company focused on the following works:

##### ***1. Adhere to domestic and foreign markets during the adversity, consolidate the main business of gas storage and transportation equipment***

As affected by the intensified trade friction between China and the United States, the spread of epidemic in local and overseas and the fierce industry competition, the domestic and foreign market expansion has been subject to certain fluctuations. The Company has been continuously consolidating the major markets such as the United States and Europe, actively promoting strategic cooperation with multinational gas companies and vigorously developing the emerging markets of "One Belt One Road" to build a sound pattern in which coexists with major markets and emerging market coexist, and cater for medium and high-end products, and moves forward in both domestic and foreign markets.

*Field of industrial gas:* as affected by the novel coronavirus epidemic, industrial enterprises are under-employed during the first half of year, but there were considerable demand in the medical, pharmaceutical and protective gear industries. Based on the advantage of product quality and branding, the Company has achieved better growth in fire services cylinders and electronic special gas cylinder products. At the same time, the Company actively deploy the post-epidemic era market, deeply meet the needs of the biomedical field, and expand the application of cryogenic industrial bottle products in multiple dimensions.

*Field of natural gas:* in the first half of 2020, as domestic natural gas price continued to fall, the Company firmly grasped the market demand and actively promoted LNG refueling station tanks, LNG marine tanks and other products, achieving a relatively large business growth; as the heavy truck market gradually recovered in the second quarter, there was a significant increase in terms of the market share of the Company's LNG vehicle products which entered into the domestic OEM market. At the same time, HPDI products have been sold in batches to European vehicle manufacturers and have gained a good reputation.

*Field of hydrogen energy market:* the Company has paid close attention to the development trends of the global and domestic hydrogen energy industry, and actively promoted the business layout and expansion of high-pressure hydrogen storage, system integration, liquid hydrogen storage and transportation, and hydrogen refueling stations. At present, a large number of vehicles that have been equipped with the Company's hydrogen supply system have been announced. At the same time, the Company has carried out strategic cooperation with leading enterprises in the hydrogen energy industry chain to jointly promote the development of the hydrogen energy industry, create a new profit growth point for the Company, and promote comprehensive sustainable and healthy development of the Company.

## **2. *Actively promote reform and innovation, enhance the development quality of main business***

The Company actively engaged in the Hydrogen Fuel Cell Commercial Vehicle Industry Innovation Center led by Beiqi Foton to establish the hydrogen energy industry alliance and achieve mutual benefit and win-win. The Company also continuously promoted the construction, research and development and production work of the type IV cylinders intelligent digital control production line, and vigorously developed high value-added products.

### ***3. Deploy the the function of capital operation platform and the service strategic transformation***

During the reporting period, the non-public issuance of A Shares of the Company has been successfully carried out. The non-public issuance of A Shares has been completed on 9 July. Jingcheng Machinery Electric, the controlling shareholder, has subscribed the shares, the raised funds after the deduction of issuance expenses will be fully injected into Tianhai Industry, a subsidiary, by way of capital injection for the core strategic products of hydrogen energy related project construction, and to conform to the country's strategic requirements for promoting the development of hydrogen energy industry and service strategy transformation. At the same time, it will be used to repay the debt, improve the gearing structure of the Company, relief the capital pressure and strengthen the capabilities in anti-risk and profitability.

### ***4. Strengthen technology innovation, lead the development of the industry***

By adhering to the concept of innovative development, continuously enhancing its research and development capabilities to achieve product iteration upgrades and closely following to the national development strategies and industrial policies to build a forward-looking research and development mechanism so as to maintain the advanced nature of the technologies and products. During the reporting period, the trial production and testing of the type IV cylinders 35MPa products have been completed and registered 3 patents. The Company also actively participated in the 70MPa hydrogen cylinder project of the Beijing Science and Technology Commission and the new energy vehicle major special project of the Ministry of Science and Technology, which obtained significant progress and has become the first domestic enterprise that has completed the national standard certification work with 70MPa large volume type III cylinder for hydrogen fuel commercial vehicles. At the same time, the Company optimized products such as tank containers, and marine tanks of various specifications to meet the differentiated needs of the market.

### ***5. Enhance risk awareness, strengthen corporate risk control mechanism construction***

The Company has gradually improved the risk management structure, established the contract management system, strengthened the risk prevention and control of major projects and comprehensively improved the awareness on risk prevention and control to truly implement the risk control work and ensure the sustainable development of the Company. During the reporting period, comprehensive legal review on contracts, rules and regulations and major decisions was carried out, a series of seminars and legal knowledge training were commenced, actively responded to the annual review of US countervailing duties, and internal special audits were carried out to strengthen the audit supervision and secure the operation and management of the Company.

## **6. Strengthen the capital management, lower the operation costs**

During the reporting period, the Company complied with the policies and adjusted to market changes, continuously innovated its marketing model, strengthened the management's awarenesses on operation and cash flow, adhered to fund management, strengthened the management and control on capital, implemented the comprehensive budget management and cost control, and improved the capital efficiency while establishing stable cooperative relations with financial institutions, adjusting and optimizing the debt structure, increasing the loan concentration, reducing the capital costs and supporting the healthy development of enterprises.

During the second half of the year, the Company will focus on the following work:

### **1. Focus on the development of the Company's main businesses, actively expand market**

The Company will continue to intensify efforts to develop the international market, pay close attention to the updates on China-US trade war, eliminate unfavorable factors, deepen the mainstream market in the U.S. and exert the role of the European offices to deepen the emerging markets of "One Belt One Road", and expand the proportion of business in the international market through various measures such as increasing cooperation with multinational gas companies, development on new markets and catering for both medium and high-end products.

The Company will continuously optimize and refine the domestic market, pay close attention to the guidance of national policies and the development of downstream industries, improve its comprehensive research and judgement capabilities, increase the market sensitivity, follow the trend so as to implement in-depth marketing.

*Field of industrial fire services:* the Company will fully utilize the advantages of market service and "JP" brand to further expand the influence of the Company's products in the high-end market, continuously consolidate the leading position in the field of subway fire services and actively increase the market share in the field of marine use fire services market.

*Field of natural gas:* the Company will accurately grasp the development trend of the LNG industry and the development of competitors, keep up with mainstream customers in the industry, gain insight into customers' needs, and effectively and reasonably adjust sales strategies. By actively connecting with OEMs, strengthening the communication in technology, enhancing the service standard, securing the product quality, and gradually expanding the market share of the vehicle LNG product series in the OEMs market, the Company will pay continuous attention to the market demand in tank containers to develop more application solutions, further enhance the competitiveness of marine tank products to maintain the smooth cooperation channels with major customers so as to consolidate the market position.

*Field of hydrogen energy:* in the second half of the year, the Company will continue to carry out extensive cooperation with hydrogen energy industry chain enterprises in order to actively explore the operation model of hydrogen energy industry. At the same time, by utilizing the advantages of products, channels and terminal applications, the domestic commercial application models of 70MPa high-pressure hydrogen storage cylinders and hydrogen supply system will be accelerated, the long-term strategic cooperative relationship with domestic new energy vehicle OEMs will be maintained so as to provide them with competitive product and technology services and achieve the rapid growth in the Company's hydrogen energy sector business.

## ***2. Steadily promote the deepen reform, and continue to release development vitality***

In the second half of 2020, the Company will focus on the implementation of working deployment in relation to the "14th Five-Year" plan of Beijing Municipal government, City State-owned Assets Supervision and Administration Commission and Jingcheng Machinery Electric, to do a solid job in the planning work of the "14th Five-Year" plan, further optimizing the spatial arrangement and product structure, accelerating the market promotion of the core products. The Company will also actively seek for strategic cooperation with upstream and downstream enterprises of the hydrogen energy industrial chain, through the promotion and expanded application on the technology of new products such as hydrogen transportation, high-pressure hydrogen storage, etc., to expand the fields of products and promote the development of the Company's hydrogen energy industry. At the same time, the Company will deepen the construction of digitalized information, enabling it to be equipped with management capabilities in full-cycle so as to increase competitiveness of the enterprise.

### ***3. Continuous technology innovation and product research and development to enhance the core competitiveness***

The Company will continue to increase the investment in technology innovation and research and development of new products, improve the establishment of quality certification system, and improve the Company's market competitiveness.

*Field of industrial gas:* the Company will continue to promote the development, improvement and product promotion of high pressure light gas cylinder, accelerate the promotion of various gas system assembly projects, and improve the system integration supply capacity. At the same time, the Company will accelerate the promotion of electronic special gas cylinder projects to cultivate new kinetic energy.

*Field of natural gas products:* the Company will accelerate the research and development and progress on obtaining the certificate of new products including various specifications of marine tank and tank container to enrich the field of products, continue to promote the liquid hydrogen storage and transportation, and start to prepare the enterprise standard proposals for liquid hydrogen tank containers and fixed liquid hydrogen storage tanks. At the same time, the Company will carry out continuous technology innovation certification of LNG cylinders for ultra-large volume vehicles, low-pressure large diameter LNG cylinders, etc..

*Field of hydrogen energy products:* the Company will concentrate the resource advantage to continuously strengthen the transformation of various technological research and development outcomes, focus on promoting the construction, research and development and production of type IV cylinders, gradually carry out the fiber localization and lightweighting work in products of all series and specifications.

### ***4. Accelerate management and innovation, comprehensively improve the operating level***

The Company will continue to deepen reforms, strengthen the assessment and incentives, activate internal potential, and tap potential to increase efficiency, continuously optimize procurement methods, broaden the procurement channels, strengthen the price control on procurement, and strengthen the management on procurement plan, perform well in the preparation, execution, analysis and feedback of capital plans. At the same time, the Company will strictly abide by compliance operations, corporate governance procedures for decision-making, as well as consolidate the contract management and put the risk control at the forefront.

In the second half of 2020, under the combined effect of multiple factors such as the China-US trade war, national tax reduction policies, the continuous growth of investment in new infrastructures, and the new novel coronavirus pneumonia epidemic, the contradiction between market supply and demand will continue. In face of the arduous situation, the Company will actively plan and respond calmly, highlight all profit-centric value orientations, deepen the reforms, release the vitality, increase revenue and reduce expenditures, reduce costs and increase efficiency, drive innovation, transform and upgrade, strengthen the foundation to turn losses into profits.

## (1) Analysis of principal businesses

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

Item	Current period	Corresponding period of last year	Unit: Yuan
			Currency: RMB
			Changes (%)
Operating income	523,831,648.77	595,157,618.64	-11.98
Operating cost	460,653,282.50	529,850,732.05	-13.06
Sales expense	23,619,779.98	30,029,952.91	-21.35
Management expense	32,304,626.97	47,714,070.26	-32.30
Financial expense	9,724,015.22	10,945,290.27	-11.16
R&D expenditure	9,163,732.02	4,488,434.23	104.16
Net cash flows from operating activities	26,638,246.85	15,298,022.79	74.13
Net cash flows from investment activities	18,036,307.86	-6,908,049.77	-
Net cash flows from financing activities	137,635,630.94	23,115,963.55	495.41

Reasons for the change in the operating income: decrease of 11.98% as compared with the corresponding period of last year, mainly due to the epidemic which led to a decrease in operating income;

Reasons for the change in operating cost: decrease of 13.06% as compared with the corresponding period of last year, mainly due to the decrease in income from principal business decreased which led to a decrease in operating costs of principal business;

Reasons for the change in sales expense: decrease of 21.35% as compared with the corresponding period of last year, mainly due to the decrease in sales revenue which led to a decrease in expenses;

Reasons for the change in management expense: decrease of 32.3% as compared with the corresponding period of last year, mainly due to significant decrease in salaries as compared with the corresponding period of last year, the exemption in social security insurance during the epidemic and other reasons;

Reasons for the change in financial expense: decrease of 11.16% as compared with the corresponding period of last year, mainly due to the change of financing method and the decrease in interest rates;

Reasons for the change in R&D expenditure: increase of 104.16% as compared with the corresponding period of last year, mainly due to the increase in R&D investment during the current period;

Reasons for the change in net cash flows from operating activities: increase of approximately RMB11,340,200 as compared with the corresponding period of last year, mainly due to the increase in cash received from operating activities while decrease in cash paid for operating activities;

Reasons for the change in net cash flows from investment activities: increase of approximately RMB24,944,400 as compared with the corresponding period of last year, mainly due to the receipt of equity transfer funds and investment income during the current period;

Reasons for the change in net cash flows from financing activities: increase of approximately RMB114,519,700 as compared with the corresponding period of last year, mainly due to the obtain of capital increase during the current period.

## **2. Others**

### *(1) Details of the material changes in profit components or income source*

Applicable     Not Applicable

### *(2) Others*

Applicable     Not Applicable

Unit: Yuan  
Currency: RMB

Item	Current period	Corresponding period of last year	Changes (%)	Description
Investment income	-6,049,911.14	161,801.18	-3839.1	Mainly due to the decrease in net profits of joint ventures during the current period
Non-operating expenses	589,190.45	418,778.96	40.69	Mainly due to the disposal of scrap assets by subsidiaries
Income tax expenses	990,695.35	1,586,865.62	-37.57	Mainly due to the decrease in income tax expenses of subsidiaries in the current period
Net profit attributable to the owner of parent company	-24,089,791.77	-35,573,865.71	N/A	The profitability for the current period has improved as compared to the corresponding period of last year
Other net comprehensive income after tax	343,846.44	-315,646.89	N/A	Mainly due to the effect of the translation balance in the financial statements of foreign currency

**(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 the corresponding period last year over total assets (%)	Change in amount at the end of current period over the corresponding period last year (%)	Description
Monetary funds	294,713,929.09	15.79	79,823,773.84	4.49	269.21	Mainly due to the receipt of fixed increase at the end of the current period
Notes receivable			18,363,421.77	1.03	-100	Mainly due to the decrease in notes to be collected during the current period
Receivables financing	4,097,590.46	0.22			100	Mainly due to the increase in bank acceptance bill planned to be settled in advance
Other receivables	8,747,961.06	0.47	25,968,409.64	1.46	-66.31	Mainly due to the reclassification of rental of associates into contract assets and the recovery of dividends receivable of Shandong Tianhai during the current period
Long-term equity investments	53,932,717.94	2.89	125,060,750.57	7.03	-56.87	Mainly due to the decrease in the equity interests in Shandong Tianhai and the loss in associates at the end of the current period as compared to the corresponding period of last year
Construction in progress	54,164,548.46	2.90	23,769,589.54	1.34	127.87	Mainly due to the increase in investment in type IV cylinders project

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 the corresponding period last year over total assets (%)	Change in amount at the end of current period over the corresponding period last year (%)	Description
Deferred income tax assets	293,783.38	0.02	434,285.35	0.02	-32.35	Mainly due to the deferred taxation impact of the subsidiaries
Short-term borrowings	199,224,748.81	10.67	313,464,154.25	17.62	-36.44	Mainly due to change in financing methods
Notes payable	62,100,000.00	3.33			100	Mainly due to the increase in bank acceptance bill issued by subsidiaries during the current period
Taxes payable	2,701,247.28	0.14	6,503,103.39	0.37	-58.46	Mainly due to the decrease in the unpaid taxes payables during the current period
Other payables	147,669,064.96	7.91	84,780,978.53	4.77	74.18	Mainly due to the increase in borrowings from Jingcheng Holding by subsidiaries during the current period
Other current liabilities	281,811.60	0.02	201,563.68	0.01	39.81	Mainly due to the increase in pending changeover VAT on sales
Long-term borrowings	1,253,071.50	0.07	5,500,000.00	0.31	-77.22	Mainly due to the decrease in long-term borrowings by Kuancheng Tianhai, a subsidiary of the Company
Provisions	4,847,373.02	0.26	3,251,807.32	0.18	49.07	Mainly due to the increase in impairment of LNG products quality guarantee of subsidiaries

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 the corresponding period last year over total assets (%)	Change in amount at the end of current period over the corresponding period last year (%)	Description
Deferred income	6,534,183.27	0.35	2,941,458.70	0.17	122.14	Mainly due to the decrease in the receipt of funding from Technology Commission by the subsidiaries
Other comprehensive income	3,074,103.61	0.16	2,147,309.20	0.12	43.16	Mainly due to the impact of exchange difference arising on translation of foreign currency statements

Other descriptions

Nil

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

Applicable    Not Applicable

Unit: Yuan  
Currency: RMB

Item	Ending carrying amount	Reasons for restriction
Monetary funds	33,195,707.46	Letters of guarantee, borrowings guarantee from letter of credit and litigation freeze
Fixed assets	174,935,485.10	Pledged to secure bank borrowings
Intangible assets	8,756,365.30	Pledged to secure bank borrowings
Total	216,887,557.86	—

## 3. 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

The Company held the second extraordinary meeting of the tenth session of the Board on 30 June 2020, the “Resolution in relation to the Use of Raised Funds to Inject Capital into an Indirect Wholly-owned Subsidiary to Implement Investment Projects” was considered and approved. It is agreed that the funds raised from the non-public issuance of A shares of the Company, after deducting the issuance expenses, will be used for capital injection into an indirect wholly-owned subsidiary, Beijing Tianhai. After the completion of capital injection, Beijing Tianhai shall remain as an indirect wholly-owned subsidiary of the Company.

After the reporting period, Beijing Tianhai completed the procedures for the change of business registration of equity transfer in respect of change of registered capital of the Company and filling of the Articles of Association of the Company, a new business license has been obtained. The registered capital of Beijing Tianhai has been increased from USD61,401,800 to USD90,719,500. For details, please refer to the “Announcement in relation to the completion of capital injection into an indirect wholly-owned subsidiary” dated 21 July 2020 of the Company.

(2) *Material non-equity investments*

Applicable  Not Applicable

(3) *Financial assets measured at fair value*

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.	US\$61,401,800	RMB1,659,002,241.21	RMB262,504,210.59	RMB-41,261,500.28
Jingcheng Holding (Hong Kong) Company Limited	Trading and investment	Import and export trade, investment holding and consultancy services, etc.	HK\$1,000	RMB170,608,674.18	RMB164,366,511.39	RMB-373,601.13

**(VII) Structured entities under the control of the Company**

Applicable  Not Applicable

### III. OTHER DISCLOSURES

**(I) Warning and explanation about predicted negative accumulated net profit for the period from the beginning of the year to the end of the next reporting period or significant change as compared with the corresponding period of last year**

Applicable  Not Applicable

**(II) Potential risks**

Applicable  Not Applicable

**1. *Delisting risk***

The Company's net profit attributable to shareholders of the Company for 2018 was negative, and its net profit attributable to shareholders of the Company for 2019 remained negative. In accordance with the relevant requirements of the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, if the audited net profit of the Company for the year 2020 remains negative, the listing of A Shares of the Company will be suspended. Investors are advised to pay attention to the investment risks.

**2. *Development risk on new business and new market***

The application on hydrogen energy and fuel cell industry is at an early stage of industrialization. There is still a process for quantification and large-scale production, and there remains many uncertainties. There are unexpected risks for the Company in developing new business and new market. In 2020, the Company will continue to enhance the development of hydrogen energy business and promote the development of hydrogen energy industry chain so as to seize market opportunities and accumulate industry experience and lay a foundation for the sustainable development for the Company's future business.

**3. *Risk of intensified market competition***

Although the gas storage and transportation market has shown a steady upward trend, the industry competition has become more intensified, in the future, market development still facing certain uncertainties, and the product market may change, which will bring certain impacts on the Company's business development and business results. The Company further strengthens its core competitiveness, and continues to carry out technology research and development, technological innovation and project reserve to ensure the complementarity between different products, different markets and different industry sectors, thereby enhancing the Company's ability to resist risks.

#### **4. *Litigation risk***

During the reporting period, Beijing Tianhai Cryogenic Equipment Co., Ltd., a subsidiary of the Company, has received a civil writ by Shanghai Junzheng Logistics Co., Ltd.\* (上海君正物流有限公司). Since the litigation has not yet been tried in a hearing, it is currently impossible to estimate the impacts on the Company's profit for or after the current period. The Company shall actively respond to the case to protect the legal interests and rights of the Company. The Company will perform its obligation of information disclosure in a timely manner in accordance with the progress. Investors are advised to pay attention to the relevant announcement(s) and the investment risks.

#### **5. *Global novel coronavirus pneumonia epidemic risk***

Since the outbreak of the novel coronavirus pneumonia epidemic and its global spread, global social and economic operations have been greatly affected, and the international economic situation is relatively severe. As affected by the development of the epidemic and prevention and control measures, domestic economic activities are gradually recovering, and business demand is at risk of a gradual decline. The Company will actively implement the epidemic prevention and control work, pays close attention to the development of the epidemic, observe the changes in the operating environment and policies from a broad perspective, strengthen the communication with customers and suppliers, adopt various methods to promote the continuous and stable operation of the business, strengthen cost control and minimize the adverse impact of the epidemic on the Company's operation and development.

### **III. Other disclosures**

Applicable  Not Applicable

#### **1. *Financial position analysis***

By implementing 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 has kept its loan scale under strict control such that it can satisfy the capital need of operating activities while minimizing its financial costs 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.

<b>Liquidity and capital structure</b>	<b>At the end of the period</b>	<b>At the beginning of the period</b>
(1) Gearing ratio	54.52%	58.07%
(2) Quick ratio	79.61%	58.79%
(3) Liquidity ratio	117.54%	99.93%

## **2. Bank loans**

The Company seriously implemented its annual capital income and expenditure budget plan in accordance with the market conditions and requirement of customers to strictly control the bank loan scale, to satisfy the Company's capital need of operating activities while minimizing its financial costs and preventing against financial risks in a timely manner by fully utilizing financial instruments, to improve the profit of the Company and shareholders. As at the end of the reporting period, the Company had short-term loan amounting to approximately RMB199,224,700, representing a decrease of 31.53% as compared with the beginning of the year. Long-term borrowings: long-term borrowings amounted to approximately RMB1,253,100 as at the end of the period, non-current liabilities due within one year amounted to RMB16,500,000, representing a decrease of RMB5,500,000 for the period; representing a decrease of 19.30% as compared with the beginning of the year calculated in accordance with non-classification method.

## **3. Foreign exchange risk management**

Foreign exchange risk refers to the risk of loss due to exchange rate changes. The Group is mainly exposed to foreign exchange risk relating to USD. The Group's main operation is settled by RMB, except BTIC America Corporation and Jingcheng Holding (Hong Kong) Co., Ltd., subsidiaries of the Company, which use USD for sales and purchases. Accordingly, it may be exposed to foreign exchange risks arising from the changes in the exchange rate between USD and RMB, the Company actively adopted such measures to reduce the foreign exchange risk.

## **4. Principal Sources of Fund and Its Use**

### **1. Cash flows from operating activities**

The Company's cash inflows are mainly derived from the income of product sales during the reporting period. Cash outflow was mainly related to the expenses from production and operating activities. The Company's cash inflow from operating activities for the reporting period amounted to approximately RMB506,984,300, while cash outflow amounted to approximately RMB480,346,100. Net cash flow during the reporting period from operating activities amounted to approximately RMB26,638,200.

## *2. Cash flows from investment activities*

Cash inflow from investment activities during the reporting period amounted to approximately RMB36,264,000, which was mainly due to the receipt of equity transfer funds and investment income for the current period, cash outflow to investment activities amounted to approximately RMB18,227,700, which was mainly used for capital expense on the contributions to joint ventures and purchase of fixed assets. Net cash flow from investment activities for the reporting period amounted to approximately RMB18,036,300.

## *3. Cash flows from fund-raising activities*

Cash inflow from fund-raising activities during the reporting period amounted to approximately RMB312,355,300, which was mainly derived from capital increase and bank loans. Cash outflow to fundraising activities during the reporting period amounted to approximately RMB174,719,700. Net cash flow from fund-raising activities for the reporting period amounted to approximately RMB137,635,600.

Net cash flow from operating activities during the current period increased by approximately RMB11,340,200 compared with the corresponding period last year, which was mainly due to the cash received from operating activities increased and the cash paid for operating activities decreased. Net cash flow generated from the investment increased by approximately RMB24,944,400 compared with the corresponding period last year was mainly attributable to the receipt of equity transfer funds and investment income for the current period. Net cash flow generated from fundraising activities increased by approximately RMB114,519,700 compared with the corresponding period last year, which was mainly due to the obtaining of fund from capital increase in the current period as compared to the corresponding period of last year.

Net cash flow generated from operating activities for the current period was approximately RMB26,638,200. Net profit for the current period was approximately RMB-37,446,000. The Company mainly raised capital for operations from cash flow generated internally and borrowings.

## **5. Capital structure**

The Company's capital structure consists of shareholders' equity interests and liabilities during the reporting period. Shareholders' equity interests amounted to RMB849,016,400, of which, minority interests amounted to RMB326,849,000, and total liabilities amounted to RMB1,017,717,600. Total assets amounted to RMB1,866,734,000. As at the end of the reporting period, the Company's gearing ratio was 54.52%.

## Capital structure by liquidity

Total current liabilities	Approximately RMB834,922,400	Accounting for 44.73% of assets
Total equity interest attributable to shareholders	Approximately RMB849,016,400	Accounting for 45.48% of assets
Of which: minority shareholders' interests	Approximately RMB326,849,000	Accounting for 17.51% of assets

### 6. *Contingent liabilities*

As at the end of the reporting period, the Company has no significant contingency that needs to be disclosed.

### 7. *Details of the Company's charge on assets*

*Unit: Yuan*  
*Currency: RMB*

<b>Item</b>	<b>Book value at the end of period</b>	<b>Reason for restriction</b>
Monetary funds	33,195,707.46	Deposits of bank acceptance note, borrowings guarantee from letter of credit, frozen for litigation
Fixed assets	174,935,485.10	Pledged to secure bank borrowings
Intangible assets	8,756,365.30	Pledged to secure bank borrowings
<b>Total</b>	<b>216,887,557.86</b>	—

### 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 1,574 people.

#### *(2) Remunerations:*

Remunerations paid to employees during the reporting period was RMB73,636,900.

### *(3) Remuneration Policies*

The Company implemented 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 the each position is determined by job evaluation with reference to labor market for confirming the relative value of the post, so as to ensure the internal and external equality of salaries level. On this basis, the remuneration policy is to be implemented in accordance with different personnel and nature of work to undertake a diversified salaries system based on level and category, such as the implementation of evaluation and hiring based on technical level and technological innovation incentives for technical staff; the sales commission approach for sales and marketing staff; piecework or hourly wage system for production workers and annual salary system for senior management.

### *(4) Training Plan*

In the first half of 2020, due to the impact of the pandemic, the training plan was adjusted in a timely manner, and offline courses were adjusted to online training. In addition, the pandemic prevention and control training was stepped up. According to the “2020 training plan”, a total of 49,636.8 hours of training was completed, with training of 5,862 staffs, number of training hours per staff reached 28.9 hours. According to the Company’s annual training plan, the Company organized and completed the “online pandemic prevention and control training”, “ISO45001 Occupational Health and Safety Management System Training”, “Hazard Source Identification and Risk Improvement Training”, “2020 ISO Occupational Health and Safety Management System Promotion”, “New Staff Induction Training” and “Fundamental Course for Finance” and other training courses.

## **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 power and responsibilities, allowing them to do their own work while coordinating with each other and to operate in compliance with requirements. The Board of the Company and its strategy committee, the audit committee, the remuneration and monitoring committee and the 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 complied with relevant requirements.

## **10. Others**

- (1) The applicable enterprise income tax rate for the Company for the reporting period was 25%.
- (2) The unaudited 2020 interim report of the Company has been reviewed by the audit committee under the Board of the Company.
- (3) The Company has been in compliance with the provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the reporting period.
- (4) During the reporting period, the Company has adopted the model code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standards set in the Model Code in Appendix 10 of the Listing Rules. After making specific enquiries to all directors and supervisors, the Company confirmed that, each of directors and supervisors has complied with the required standards on securities transactions by directors and supervisors as set in the Model Code for the six months ended 30 June 2020.
- (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 scope of the consolidated statements as compared to the financial report for the previous year.

## **III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD**

√ Applicable  Not applicable

### **1. Scale and Brand Advantages**

The Company is a group company consisted of 8 production bases manufacturing professional gas storage and transportation equipment (including Beijing Tianhai, Minghui Tianhai, Tianhai Low Temperature, Tianjin Tianhai, Shanghai Tianhai, Kuancheng Tianhai, Tianhai Hydrogen Energy, Jiangsu Tianhai) and an American Company. With 20 years of operation development, the Company has established a corporate image of fine technology basis with product stability and reliability and the brand of Tianhai has become one of the well-known brands in the industry.

## **2. Technology advantage**

After continuous technology research and development, the Company currently 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. It can produce over 800 types of seamless steel gas cylinders, winding cylinders, accumulator shells, asbestos-free acetylene cylinders, welded insulated cylinders, carbon fiber full-winding compound gas cylinders (including those for vehicles), cryogenic tanks and filling stations. The Company owns advanced production lines for aluminum liner fully wrapped carbon fiber composite cylinders, which can design and manufacture various specifications of aluminum liner fully wrapped carbon fiber high-pressure gas storage cylinders with a nominal working pressure of 15-70Mpa, a nominal volume of 0.5-300L, and a nominal diameter of 60~600mm. The Company's products are widely applied in automotive, chemical, fire services, medical, petroleum, energy, urban construction, food, metallurgy, machinery, electronics and other industries.

At the same time, with an accurate grasp of the clean energy market, the Company has combined technologies in respect of LNG cylinders for vehicles, CNG cylinders, cryogenic tanks and natural gas vehicle filling stations and is able to provide customers with LNG/CNG system solutions. The Company is also capable of manufacturing cryogenic tanks and IMO tank container products in accordance with China pressure vessel standards, EU ADM and 97/23/EC PED and Australia/New Zealand AS1210 standards.

## **3. Sales network advantage**

The Company has established a complete sales network with over 30 distribution offices scattering across the country, achieving a full coverage in all regions of the country, and is capable of offering components to largest-scaled automobile manufacturer of national automobile industry among the supply chain of components for domestic mainstream automobile manufacturers. The Company has set up various overseas sales offices mainly located in countries such as the United States, Singapore, Korea, India and Australia. Relevant products have been widely accepted by the world's most influential multinational 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 organization, make flexible and quick responses to the changes in the market and effectively enhance the results of operation.

Leveraging on advanced technology, outstanding management, reliable products and completed 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 resource advantage**

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

#### **IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS**

Description of the appointment and dismissal of accounting firms

Applicable     Not Applicable

Description of change of accounting firms during the audit period

Applicable     Not Applicable

The Company's explanation of "Non-Standard Audit Report" of the accounting firm

Applicable     Not Applicable

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

### (1) Litigations and arbitrations have been disclosed in extraordinary announcements with no subsequent developments

Applicable  Not Applicable

#### Summary and type of matter

Beijing Tianhai Cryogenic Equipment Co., Ltd., a subsidiary of the Company, has received a civil writ by Shanghai Junzheng Logistics Co., Ltd.\* (上海君正物流有限公司). Since the litigation has not yet been tired in a hearing, Beijing Tianhai Cryogenic Equipment Co. is actively preparing to respond to the lawsuit, and there is no subsequent development. For details, please refer to the “Announcement on litigation involving Beijing Tianhai Cryogenic Equipment Co. Ltd.” disclosed by the Company on 2 June 2020.

#### Index for enquiry

Shanghai Securities News, the website of the SSE (www.sse.com.cn) and the website of the Stock Exchange HKExnews (www.hkexnews.hk)

### (2) Information on litigation and arbitration not disclosed in extraordinary announcements or with subsequent developments

Applicable  Not Applicable

### (3) Other descriptions

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

During the reporting period, the Company and its controlling shareholders had good credit status.

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

### **(I) Relevant share incentives matters disclosed in the extraordinary announcements without progress or change in the follow-up implementation**

Applicable     Not Applicable

### **(II) Incentive conditions and share incentive conditions not disclosed in the extraordinary announcement or with subsequent progress**

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 extraordinary announcements without progress or change in the follow-up implementation***

Applicable     Not Applicable

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

Applicable     Not Applicable

#### ***3. Matters which were not disclosed in extraordinary announcements***

Applicable     Not Applicable

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

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

Applicable    Not Applicable

#### **Type of matter**

On 4 December 2019, the “Resolution in relation to the registered share capital reduction of BTIC America Corporation (hereinafter “BTIC America”) to realize the withdrawal of part of the shares held by the external shareholders and connected transaction” was considered and approved at the eighteenth extraordinary meeting of the ninth session of the Board of the Company. Beijing Tianhai and external shareholders, Bill Zheng and Susan Guo entered into the “Shareholders’ Agreement Amendment Agreement” and “Stock Purchase Agreement”, respectively. External shareholders sell a total of 520 shares of BTIC America to BTIC America at an aggregate consideration of US\$3,206,360. BTIC America will cancel the shares transferred. Upon the completion of project, BTIC America has a total of 680 shares in which Beijing Tianhai holds 612 shares and external shareholders collectively hold 68 shares (among which Bill Zheng and Susan Guo each holds 34 shares), the registered capital of BTIC America will be reduced to US\$1,908,280 which is held as to 90% by Beijing Tianhai and external shareholders collectively hold 10% (among which Bill Zheng and Susan Guo each holds 5%).

On 18 May 2020, the Company disclosed the “Announcement on the Results of the Acquisition of Shares and Capital Reduction of BTIC America Corporation”, Beijing Tianhai and Bill Zheng and Susan Guo, shareholders of both sides of BTIC America had completed the change of share certificates and Beijing Tianhai had received the new share certificates. At this point, the connected transaction is completed.

#### **Index for enquiry**

Shanghai Securities News, the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) and the website of the Stock Exchange HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk))

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

Applicable     Not Applicable

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

Applicable     Not Applicable

**4. *Results which are relating 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 extraordinary announcements without progress or change in the follow-up implementation***

Applicable     Not Applicable

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

Applicable     Not Applicable

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

Applicable     Not Applicable

**(IV) Related creditor's right and debt transactions**

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

Applicable     Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

*Unit: Yuan*  
*Currency: RMB*

Related party	Relationship	Provision of funding to related party			Provision of funding by related party to listed company		
		Beginning balance	Amount occurred	Ending balance	Beginning balance	Amount occurred	Ending balance
Beijing Mechanical and Electrical Research Institute Co., Ltd.	Subsidiary of shareholder				7,000.00	-7,000.00	0.00
Jiangsu Tianhai Special Equipment Co., Ltd.	Associate	494,358.97	1,335,943.59	1,830,302.56	13,812,054.75	-7,781,142.53	6,030,912.22
Beijing Jingcheng Industrial Logistics Co., Ltd.	Controlling subsidiary of parent company				902,227.27		902,227.27
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	Parent company				182,259,666.64	41,265,930.76	223,525,597.40
Beijing No. 1 Machine Tool Plant	Wholly-owned subsidiary of parent company				667,359.09	90,000.00	757,359.09
Beijing Jingcheng Haitong Technology and Culture Development Co., Ltd.	Associate	26,723,697.03	-370,147.56	26,353,549.47	39,200,000.00	-11,781,356.24	27,418,643.76
Zheng Guoxiang	Others					5,674,856.41	5,674,856.41
Guo Zhihong	Others					5,674,856.40	5,674,856.40
Kuancheng Shenghua Pressure Container Manufacturing Co., Ltd.	Others				428.00		428.00
Tianjin Steel Pipe and Steel Trade Co., Ltd	Others				7,295,646.36	-973,027.22	6,322,619.14
Tianjin Seamless Investment Co. Ltd.	Others				4,294,369.42		4,294,369.42
<b>Total</b>		<b>27,218,056.00</b>	<b>965,796.03</b>	<b>28,183,852.03</b>	<b>248,438,751.53</b>	<b>32,163,117.58</b>	<b>280,601,869.11</b>
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) Other substantial connected transactions

Applicable    Not Applicable

As of 30 June 2020, the Group has entered into connected transactions with the following entities that are regarded as connected persons of the Company under the Listing Rules.

- (1) Tianjin Seamless is a shareholder of Tianjin Tianhai, holding 45% interests in Tianjin Tianhai. Tianjin Seamless and Tianjin Steel Pipe are both wholly-owned subsidiaries of Tianjin Steel Pipe Group. Therefore, Tianjin Steel Pipe is an associate of Tianjin Seamless and a connected person of the Company.
- (2) Jingcheng Machinery Electric is a controlling shareholder of the Company. Therefore, Jingcheng Machinery Electric is a connected person of the Company.

As of 30 June 2020, details of connected transactions and continuing connected transactions for the half year are set out below:

### *Connected transactions*

On 17 December 2019, the Company received the “Approval in relation to the Non-public Issuance of Shares by Beijing Jingcheng Machinery Electric Company Limited” (Zheng Jian Xu Ke [2019] No. 2551) (《關於核准北京京城機電股份有限公司非公開發行股票的批覆》(證監許可[2019]2551號)) issued by the China Securities Regulatory Commission (hereinafter “CSRC”), in which the Company’s non-public issuance of not more than 84,400,000 (inclusive) new A shares has been approved.

The issuance of ordinary shares (A Shares) of 63,000,000 shares with the issue price of RMB3.41/share, raised a total fund amounting to RMB214,830,000. After deducting various issuance expenses of RMB7,104,802.04 (tax exclusive), the actual net raised funds amounted to RMB207,725,197.96.

On 30 June 2020, ShineWing Certified Public Accountants (Special General Partnership) has verified the funds placement of the Company’s non-public issuance of shares and issued the “Capital Verification Report” No. XYZH/2020BJA40504.

On 9 July 2020, the new shares issued have completed the share registration procedures at the China Securities Depository and Clearing Company Limited (Shanghai Branch).

On 9 July 2020, the non-public issuance is completed. The number of shares held by Jingcheng Machinery Electric, the controlling shareholder, has increased from 182,735,052 shares to 245,735,052 shares, the shareholding has increased from 43.30% before the issuance to 50.67% after the issuance. For details, please refer to the Company’s announcement dated 10 July 2020 on the completion of the non-public issuance of A shares.

### *Continuing connected transactions*

On 30 October 2019, Tianjin Tianhai, Kuancheng Tianhai, subsidiaries of the Company, entered into the “Gas Cylinder Pipe Sale and Purchase Framework Agreements” with Tianjin Pipe, pursuant to which, within three years from 1 January 2020 to 31 December 2022, the monetary caps for Tianjin Tianhai to purchase gas cylinder pipes from Tianjin Steel Pipe amounted to RMB300 million, while the monetary caps for Kuancheng Tianhai to purchase gas cylinder pipes from Tianjin Steel Pipe amounted to RMB200 million. For the part that exceeds the cap, both parties shall enter into a supplementary agreement, which has the same effect as the framework agreements. On 16 December 2019, the resolution in relation to Tianjin Tianhai High Pressure Containers Co., Ltd. and Kuancheng Tianhai High Pressure Containers Co., Ltd. to enter into the “Gas Cylinder Pipe Sale and Purchase Framework Agreements” and connected transactions with Tianjin Pipe Steel Trade Co., Ltd. was considered and approved at the fourth extraordinary meeting of 2019 of the Company.

During the reporting period, the above continuing connected transactions were processed in accordance with their contractual agreements. The independent non-executive directors of the Company have reviewed each continuing connected transaction and confirmed that:

- (1) it was entered into by the Group in the ordinary and usual course of business;
- (2) it was conducted on normal commercial terms;
- (3) it was carried out in accordance with the terms of the relevant transaction agreement, which were fair and reasonable and in the interests of the Company’s shareholders as a whole.

Such transactions were entered into in the ordinary and usual course of business of the Company, which were necessary for and continued during the operation of the Company. Also, such transactions would in no way affect the independence of the Company and harm the interests of the Company and its shareholders, and in particular, the medium-sized shareholders and the minority shareholders.

### **(VI) Others**

Applicable     Not Applicable

## **XI. MATERIAL CONTRACTS AND THEIR EXECUTION**

### **1. Trust, contracting and lease matters**

Applicable     Not Applicable

### **2. Guarantee**

Applicable     Not Applicable

### **3. Other material contracts**

Applicable     Not Applicable

## **XII. POVERTY ALLEVIATION MEASURES OF THE LISTED COMPANY**

Applicable     Not Applicable

### **1. Targeted poverty alleviation plan**

Applicable     Not Applicable

### **2. Summary of the targeted poverty alleviation during the reporting period**

Applicable     Not Applicable

### **3. Results of the targeted poverty alleviation**

Applicable     Not Applicable

### **4. Interim progress on the performance of the social responsibilities of the targeted poverty alleviation**

Applicable     Not Applicable

### **5. Subsequent plan for the targeted poverty alleviation**

Applicable     Not Applicable

### XIII. CONVERTIBLE BONDS

Applicable     Not Applicable

### XIV. ENVIRONMENTAL INFORMATION

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

Applicable     Not Applicable

**1. Information on emission of pollutants**

Applicable     Not Applicable

Tianjin Tianhai, a subsidiary of the Company was included in the list of key pollutant-discharging units by Tianjin Environmental Protection Bureau in 2019.

**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 in the extension area of the bonded area. Pollution factors include PH value, suspended solids, chemical oxygen demand, petroleum, biochemical oxygen demand, ammoniac nitrogen. The “Pollutant Discharge License” does not indicate the permitted annual emission limit.

In the first half of 2020, the wastewater has undergone sampling and monitoring through Tianjin Guona Product Testing Technology Service Co., Ltd., and the results were in compliance with Tianjin Province “Overall Sewage Emission Standard” DB12/356-2018 (Level 3), and reached the emission standard throughout the first half of year.

Statistical table of emission concentration of water pollutant

Table 1-1 Unit: mg/L

Pollutants	Standard Limit	Emission concentration monitoring data (average) 2020		Emission pattern	Emission flow
Regular pollutants	PH value	6~9	7.34		
	COD	500	198.25		Sewage treatment plant in the extended area of the bonded area
	ammoniac nitrogen	45	4.35	Stable and	
	suspended solids	400	24	continuous disposal	
	phosphorous	8	0.815		
Characteristic pollutants	petroleum	15	0.125		

Statistics of total emission volume of water pollutant

Table 1-2 Unit: tons

Pollutants	Data Source	2020		
		Production volume	Disposal volume	
Total disposal volume of wastewater	Statistical method	53475	—	
Regular pollutants	chemical oxygen demand	Third-party testing	10.6	—
	ammoniac nitrogen	Third-party testing	0.233	—
	suspended solids	Third-party testing	1.283	—
	phosphorous	Third-party testing	0.044	—
Characteristic pollutants	petroleum	Third-party testing	0.007	—

## 2. Information of exhaust gas emission

Tianjin Tianhai has 9 exhaust gas ports, of which there are 2 spray paint exhaust gas ports, 1 manual touch-up 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 smoke and dust, blackness of flue gas, sulfur dioxide, nitrogen oxides, benzene, sum of toluene and xylene and VOCS. In accordance with the “Pollutant Discharge License”, 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 2020, the exhaust gas undergone sampling and monitoring through Tianjin Guona Product Testing Technology Service Co., Ltd., the results were in compliance with “Emission Standard of Air Pollutants for Industrial Kilns and Furnaces” (DB12/556-2015) and “Volatile Organic Compound Emission Control Standards for Industrial Enterprises” (DB12/524-2014), and reached the emission standard throughout the first half of year.

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

Pollutants		Maximum allowable emission concentration	Annual average of emission concentration	Maximum allowable emission rate
		(mg/m <sup>3</sup> )	monitoring data (mg/m <sup>3</sup> ) 2020	(kg/h)
Natural gas combustion exhaust gas port				
Regular pollutants	sulfur dioxide	50	6.75	—
	nitrogen oxides	150	32.5	—

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

Pollutants	Maximum allowable emission concentration (mg/m <sup>3</sup> )	Annual average of emission concentration monitoring data (mg/m <sup>3</sup> )	Maximum allowable emission rate (kg/h)
		2020	
Spray paint exhaust gas port			
Characteristic pollutants	benzene	1	0.004
	sum of toluene and xylene	20	0.148

Statistical table of total emission volume of air pollutant

Table 2-3 Unit: tons/year

Emission volume of natural gas combustion		m <sup>3</sup>	2020
Emission volume of spray paint exhaust gas		m <sup>3</sup>	
<b>Pollutants</b>		<b>Source</b>	<b>Emission volume</b>
Regular pollutants			
	sulfur dioxide	Third-party testing	0.481
	nitrogen oxides	Third-party testing	1.244
	benzene	Third-party testing	0.00028
	sum of toluene and xylene	Third-party testing	0.00928

### 3. Emission control on hazardous waste

In the first half of 2020, general solid wastes generated during the production process, such as tube head, scap iron, cap, oxide, etc. are 969.8 tons and shall be recycled and reused by Tianjin Qingjiangqiang Trading Company. Hazardous waste of 11.14 tons shall be transferred to Tianjin Hejia Veolia Environmental Services Co., Ltd., a qualified hazardous waste disposal unit for disposal in accordance with the regulations.

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

Applicable    Not Applicable

Tianjin Tianhai installed facilities for prevention and control of pollution in sewage node on each production facilities; exhaust gas ports which produce volatile organic compounds 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 are operating normally and effectively.

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

Applicable    Not Applicable

Since its establishment in 2003, all construction projects of Tianjin Tianhai are in compliance with the environmental laws and regulations as well as the standard requirements. Two production plants of Tianjin Tianhai in No. 268, Jinbin Road and No. 306, Xingang Road of Tianjin Pilot Free Trade Zone (Tianjin Port Bonded Area) have obtained the “Pollutant Discharge License” in June 2020, the number of the license are 91120116746652398J003V and 91120116746652398J002V, respectively.

## **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 accident occurred in Tianjin Tianhai in a timely, high efficiency and proper manner. In accordance with the relevant requirements of the Environmental Protection Bureau of Tianjin Province and bonded area, emergency plans for unexpected environmental pollution accidents of Tianjin Tianhai was prepared and filed (file no.: 120117-2019-116-L). Potential environmental risk and possible environmental pollution incidents of Tianjin Tianhai are analyzed, emergency drills are organized in due time, and drills are summarized and evaluated and the plans are revised and refined in a timely manner.

## **5. Environmental self-monitoring scheme**

Applicable    Not Applicable

In accordance with the requirements of the “Management Measures for Pollution Discharge Permits (Trial) (Ministry Order No. 48) of the Ministry of Environmental Protection, Tianjin Tianhai conducts self-monitoring on all existing ports and all pollutants discharged from the plants, and formulates self-monitoring plans.

Tianjin Tianhai has 11 ports in total, including 2 wastewater ports and 9 exhaust gas ports.

### Pollution sources and pollutants

Types of pollutants	No. of ports	Monitoring factor	Execution standard	Standard limit (concentration mg/m <sup>3</sup> )	Monitoring frequency			
Wastewater	WS-BS018	PH value (dimensionless)	“Integrated Wastewater Discharge Standard” (DB/12/356-2018)	6-9	once/quarter			
		WS-BS100		COD		500		
		5-day biochemical oxygen demand		300				
		suspended solids		400				
		ammoniac nitrogen		45				
		total nitrogen		70				
		phosphorous		8				
		petroleum		15				
	Exhaust gas			sulfur dioxide		“Emission standard of air pollutants for industrial kiln and furnace” (DB12/556-2015)	25	once/quarter
		FQ-BS192		nitrogen oxides			150	
FQ-BS197		particulates	10					
		ringelmann scale	level 1	once/quarter				
FQ-BS044		sulfur dioxide	50					
FQ-BS176		nitrogen oxides	300					
		particulates	20					
		ringelmann scale	level 1					
FQ-BS042		benzene	“Emission control standard on the volatile organic of industrial enterprises” (DB12/524-2014)		1	once/quarter		
FQ-BS045		sum of toluene and xylene		20				
FQ-BS0191		VOCs		50				
FQ-BS0189		sulfur dioxide		“Emission Standard of Air Pollutants for Industrial Kiln and Furnace” (DB12/556-2015)	25		once/quarter	
FQ-BS0190		nitrogen oxides						
		particulates	150					
		ringelmann scale	10					
	benzene	level 1						
	sum of toluene and xylene	1	once/quarter					
	VOCs	20						
		50						
Plant boundary noise	Four sides of the plant boundary	Equivalent continuous A sound level	“Emission Standard for Industrial Enterprises Noise at Boundary” (GB12348-2008)	65dB (A) in daytime 55dB (A) in nighttime	once/quarter			

### 6. Other disclosable environmental information

Applicable     Not Applicable

**(2) Description on the environment protection of the companies other than those falling under key sewage emission entities**

Applicable     Not Applicable

**1. *Industrial sewage***

Names of major pollutants and characteristic pollutants: Total amount of industrial sewage generated was approximately 38,412.86 tons, Chemical Oxygen Demand (COD) of approximately 0.18 tons, ammonia nitrogen of approximately 0.15 tons, suspended solids of approximately 0.32 tons, total phosphorus of approximately 0.11 tons, animal and vegetable oil of approximately 0.015 tons, petroleum of approximately 0.0054 tons; a total of 2 discharge ports, all meeting the discharge standard.

**2. *Exhaust gas emissions***

Names of major pollutants and characteristic pollutants: Emission of sulfur dioxide of approximately 0.07 tons, nitrogen oxides of 2.63 tons, benzene of approximately 0.001 tons, benzene series of approximately 0.0167 tons, non-methane total hydrocarbon of approximately 0.48 tons; a total of 24 discharge ports, all meeting the discharge standard.

**3. *Solid waste***

Total amount of waste generated was approximately 1,843.56 tons, of which total amount of hazardous waste generated was approximately 43.28 tons (excluding storage), the storage capacity was approximately 3.89 tons, and total amount of hazardous waste disposed was approximately 59.27; the wastes were disposed by companies which possess hazardous waste treatment qualifications.

**4. *Construction and operation of pollution prevention & treatment facilities:***

Beijing Minghui Tianhai has set up pollution prevention facilities for each of the production facilities. 35 sets of dust removal devices are functioning normally.

Tianhai Cryogenic has set up pollution prevention facilities for each of the production facilities. Tianhai Cryogenic established 5 sets of centralized smoke and dust purification rooms, 1 set of plasma cutting smoke and dust collection facilities, 1 set of root cleaning smoke and dust collection facilities, and 65 sets of mobile smoke and dust purifiers are operating normally and effectively.

**5. *Emergency plan for environmental emergencies:***

The Company has formulated the “Emergency Plan for Radiation Safety Accidents QSD/EH12-01-07”, the “Emergency Plan for Sudden Environmental Pollution Incidents QSD/EH12-01-08”, and the “Beijing Tianhai Industrial Co., Ltd. Air Pollution Emergency Plan” to respond to emergent issues.

**6. *Environmental self-monitoring plan:***

The Company has accepted and cooperated with the local environmental protection bureau’s supervision and inspection, and arranged to entrust a third party to conduct self-monitoring in accordance with the requirements of the Company’s ISO14001: 2015 “Environmental Management System Requirements and Guidelines”.

**(III) Explanation of reasons for non-disclosure of environmental information of companies other than those falling under key sewage emission entities**

Applicable     Not Applicable

**(IV) Description of the follow-up progress or changes in the disclosure of environmental information during the reporting period**

Applicable     Not Applicable

**XV. EXPLANATION ON OTHER IMPORTANT MATTERS**

**(I) Details, reasons and impact from the changes to the accounting policies, accounting estimates and audit methods compared with the last accounting period**

Applicable     Not Applicable

**(II) Particulars, correction amount, reason and the impact of significant accounting errors amended by retrospective restatement during the reporting period**

Applicable     Not Applicable

## (IV) Others

Applicable    Not Applicable

### **1. *General election of the Board and the Supervisory Committee***

On 27 March 2020, the Company convened the eleventh meeting the the ninth session of the Board and the thirty-first meeting of the ninth session of the Supervisory Committee to consider and approve the resolutions in relation to the general election of the Board of the Company, and the general election of the Supervisory Committee, respectively. The above resolutions were considered and approved in the annual general meeting of 2019. On 9 June 2020, the general employees' meeting was convened, at which the election of Ms. Wen Jinhua as the employee supervisor of the tenth session of the Supervisory Committee of the Company was considered and approved. On 10 June 2020, the first extraordinary meeting of the tenth session of the Board was convened, at which the resolution on the "Election of chairman of the tenth session of the Board of the Company" was considered and approved, and the first meeting of the Supervisory Committee was convened, at which the resolution on the "Election of chairman of the tenth session of the Supervisory Committee" was considered and approved. The Board and Supervisory Committee of the Company had completed the general election.

### **2. *Non-public issuance***

The Company completed the non-public issuance of A Shares on 9 July 2020. Jingcheng Machinery Electric, the controlling shareholder, subscribed for 63,000,000 shares in full, the amount of shares held increased from 182,735,052 shares to 245,735,052 shares, the shareholding changed from 43.30% to 50.67%. The raised funds after the deduction of issuance expense will be injected to Tianhai Industrial, a subsidiary by way of capital injection. For details, please refer to the Company's announcement dated 10 July 2020 on the completion of the on-public issuance of A shares.

## IV FINANCIAL STATEMENTS

### Consolidated Balance Sheet

June 30, 2020

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan  
Currency: RMB

Item	Note	Closing balance	Beginning balance
<b>Current assets:</b>			
Cash at bank and on hand		294,713,929.09	83,509,311.05
Settlement reserve			
Loans to banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable		249,171,999.78	190,226,684.14
Receivables financing		4,097,590.46	8,247,436.93
Advances to suppliers		48,605,244.52	54,366,914.14
Premiums receivable			
Reinsurance premium receivable			
Reinsurance contract provision receivable			
Other receivables		8,747,961.06	46,407,948.62
Including: Interest receivable			
Dividends receivable		270,300.00	7,619,884.14
Financial assets purchased under agreements to resell			
Inventories		316,679,045.91	322,173,505.52
Contractual assets		22,452,248.39	21,661,449.47
Held-for-sale assets			
Current portion of non-current assets			
Other current assets		36,919,890.32	55,967,530.79
<b>Total current assets</b>		<b>981,387,909.53</b>	<b>782,560,780.66</b>

**Consolidated Balance Sheet (Continued)***June 30, 2020*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan  
Currency: RMB*

<b>Item</b>	<i>Note</i>	<b>Closing balance</b>	<b>Beginning balance</b>
<b>Non-current assets:</b>			
Loans and advances			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments		53,932,717.94	61,184,187.22
Other equity instrument investments			
Other non-current financial assets			
Investment properties		27,514,831.11	27,917,854.93
Fixed assets		620,589,712.61	641,752,611.90
Construction in progress		54,164,548.46	25,554,133.59
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		122,750,735.20	124,393,260.49
Development expenditures			
Goodwill			
Long-term deferred expenses		6,099,764.53	7,042,191.37
Deferred income tax assets		293,783.38	434,480.65
Other non-current assets			
<b>Total non-current assets</b>		<u>885,346,093.23</u>	<u>888,278,720.15</u>
<b>Total assets</b>		<u>1,866,734,002.76</u>	<u>1,670,839,500.81</u>

**Consolidated Balance Sheet (Continued)***June 30, 2020*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan  
Currency: RMB*

<b>Item</b>	<i>Note</i>	<b>Closing balance</b>	<b>Beginning balance</b>
<b>Current liabilities:</b>			
Short-term borrowings		199,224,748.81	290,964,226.81
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		62,100,000.00	
Accounts payable		327,021,176.31	291,509,493.82
Advances from customers			
Contractual liabilities		59,540,183.91	61,714,542.49
Financial assets sold under agreements to repurchase			
Deposits and placements from other financial institutions			
Customer broking			
Securities underwriting			
Employee benefits payable		19,884,177.92	25,880,020.05
Taxes payable		2,701,247.28	6,941,271.99
Other payables		147,669,064.96	83,829,249.76
Including: Interest payable		601,368.81	
Dividends payable			
Fees and commissions payable			
Reinsurance amounts payable			
Held-for-sale liabilities			
Current portion of non-current liabilities		16,500,000.00	22,000,000.00
Other current liabilities		281,811.60	281,811.60
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>834,922,410.79</b>	<b>783,120,616.52</b>

**Consolidated Balance Sheet (Continued)***June 30, 2020*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan  
Currency: RMB*

<b>Item</b>	<i>Note</i>	<b>Closing balance</b>	<b>Beginning balance</b>
<b>Non-current liabilities:</b>			
Insurance contract reserves			
Long-term borrowings		1,253,071.50	
Bonds payable			
Including: Preferred shares			
Perpetual bond			
Lease liabilities			
Long-term payables		143,318,643.76	155,100,000.00
Long-term employee benefits payable		26,841,945.17	26,035,280.87
Provisions		4,847,373.02	3,906,332.75
Deferred income		6,534,183.27	2,052,019.15
Deferred income tax liabilities			
Other non-current liabilities			
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>182,795,216.72</b>	<b>187,093,632.77</b>
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>1,017,717,627.51</b>	<b>970,214,249.29</b>
		<hr/>	<hr/>

**Consolidated Balance Sheet (Continued)***June 30, 2020*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan  
Currency: RMB*

<b>Item</b>	<i>Note</i>	<b>Closing balance</b>	<b>Beginning balance</b>
<b>Owner's equity (or shareholders' equity):</b>			
Paid-up capital (or share capital)		485,000,000.00	422,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		833,000,580.28	687,349,089.60
Less: treasury stocks			
Other comprehensive income		3,074,103.61	2,754,544.50
Special reserves			
Surplus reserves		45,665,647.68	45,665,647.68
General risk reserve			
Undistributed profits		<u>-844,572,978.23</u>	<u>-820,483,186.46</u>
<b>Total equity attributable to owners (or shareholders) of the parent company</b>		<u>522,167,353.34</u>	<u>337,286,095.32</u>
<b>Minority equity</b>		<u>326,849,021.91</u>	<u>363,339,156.20</u>
<b>Total owners' equity (or shareholders' equity)</b>		<u>849,016,375.25</u>	<u>700,625,251.52</u>
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<u>1,866,734,002.76</u>	<u>1,670,839,500.81</u>

## Balance Sheet of Parent Company

June 30, 2020

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Item	Note	Closing balance	Beginning balance
<b>Current assets:</b>			
Cash at bank and on hand		211,123,547.32	1,111,993.77
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivable financing			
Advances to suppliers			280.00
Other receivables		388,404,067.80	390,404,067.80
Including: Interest receivable		33,404,067.80	35,404,067.80
Dividends receivable			
Inventories			
Contractual assets			
Held-for-sale assets			
Current portion of non-current assets			
Other current assets		353,822.31	1,491,320.85
<b>Total current assets</b>		<u>599,881,437.43</u>	<u>393,007,662.42</u>

**Balance Sheet of Parent Company (Continued)***June 30, 2020*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan  
Currency: RMB*

<b>Item</b>	<i>Note</i>	<b>Closing balance</b>	<b>Beginning balance</b>
<b>Non-current assets:</b>			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments		694,842,724.41	694,842,724.41
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		43,203.58	36,345.59
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets			
<b>Total non-current assets</b>		<u>694,885,927.99</u>	<u>694,879,070.00</u>
<b>Total assets</b>		<u>1,294,767,365.42</u>	<u>1,087,886,732.42</u>



**Balance Sheet of Parent Company (Continued)***June 30, 2020*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan  
Currency: RMB*

<b>Item</b>	<i>Note</i>	<b>Closing balance</b>	<b>Beginning balance</b>
<b>Total liabilities</b>		<u>21,471,770.26</u>	<u>19,317,973.33</u>
<b>Owner's equity (or shareholders' equity):</b>			
Paid-up capital (or share capital)		485,000,000.00	422,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		811,365,185.81	666,639,987.85
Less: treasury stocks			
Other comprehensive income			
Special reserves			
Surplus reserves		38,071,282.24	38,071,282.24
Undistributed profits		<u>-61,140,872.89</u>	<u>-58,142,511.00</u>
<b>Total owners' equity (or shareholders' equity)</b>		<u>1,273,295,595.16</u>	<u>1,068,568,759.09</u>
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<u>1,294,767,365.42</u>	<u>1,087,886,732.42</u>

## Consolidated Income Statement

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
<b>I. Total operating revenue</b>		523,831,648.77	595,157,618.64
Including: Operating revenue		523,831,648.77	595,157,618.64
Interest income			
Earned premiums			
Fee and commission income			
<b>II. Total operating cost</b>		539,672,653.66	627,330,886.58
Including: Operating cost		460,653,282.50	529,850,732.05
Interest expenses			
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		4,207,216.97	4,302,406.86
Selling expenses		23,619,779.98	30,029,952.91
Administrative expenses		32,304,626.97	47,714,070.26
R & D expenses		9,163,732.02	4,488,434.23
Financial expenses		9,724,015.22	10,945,290.27
Including: Interest expenses		9,519,858.78	10,606,563.98
Interest income		672,612.09	63,953.07

## Consolidated Income Statement (Continued)

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
Add: Other incomes		517,835.88	506,001.66
Investment income (loss to be listed with “-”)		-6,049,911.14	161,801.18
Including: Income from investment in associates and joint ventures (loss to be listed with “-”)		-6,049,911.14	161,801.18
Derecognition income of financial asset measured at the amortized cost (loss to be listed with “-”)			
Exchange gain (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 “-”)		-4,907,101.35	-5,815,385.93
Asset impairment losses (loss to be listed with “-”)		-10,848,486.68	-10,183,520.45
Income from assets disposal (loss to be listed with “-”)			
<b>III. Operating profit (loss to be listed with “-”)</b>		<b>-37,128,668.18</b>	<b>-47,504,371.48</b>
Add: non-operating revenue		1,262,541.69	983,539.32
Less: non-operating expenses		589,190.45	418,778.96
<b>IV. Total profit (total loss to be listed with “-”)</b>		<b>-36,455,316.94</b>	<b>-46,939,611.12</b>
Less: income tax expenses		990,695.35	1,586,865.62

## Consolidated Income Statement (Continued)

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
<b>V. Net profit (net loss to be listed with “-”)</b>		-37,446,012.29	-48,526,476.74
(I) Classified according to operating continuity			
1. Net profit from continuing operations (net loss to be listed with “-”)		-37,446,012.29	-48,526,476.74
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 “-”)		-24,089,791.77	-35,573,865.71
2. Non-controlling interests (net loss to be listed with “-”)		-13,356,220.52	-12,952,611.03
<b>VI. Net of tax of other comprehensive income</b>		343,846.44	-315,646.89
(1) Net of tax of other comprehensive income attributable to the owner of the parent company		319,559.11	-160,691.37
(I) Other comprehensive income that cannot be reclassified into profit or loss			
(1) Changes arising from re- measurement of the defined benefit plan			
(2) Other comprehensive income that cannot be reclassified into 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			

## Consolidated Income Statement (Continued)

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
(II) Other comprehensive income that will be reclassified into profit or loss		319,559.11	-160,691.37
(1) Other comprehensive income that can be reclassified into 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		319,559.11	-160,691.37
(7) Others			
(2) Net of tax of other comprehensive income attributable to minority shareholders		24,287.33	-154,955.52
<b>VII. Total comprehensive income</b>		<b>-37,102,165.85</b>	<b>-48,842,123.63</b>
(1) Total comprehensive income attributable to shareholders of the parent company		-23,770,232.66	-35,734,557.08
(2) Total comprehensive income attributable to minority shareholders		-13,331,933.19	-13,107,566.55
<b>VIII. Earnings per share:</b>			
(1) Basic earnings per share (RMB/share)		-0.06	-0.08
(2) Diluted earnings per share (RMB/share)		-0.06	-0.08

## Income Statement of Parent Company

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
<b>I. Operating revenue</b>			
Less: Operating cost			
Taxes and surcharges		51,931.30	5,523.38
Selling expenses			
Administrative expenses		2,946,463.59	4,258,710.28
R & D expenses			
Financial expenses		-33.00	-790,334.57
Including: Interest expenses			
Interest income		-1,489.73	792,560.90
Add: other incomes			
Investment income (loss to be listed with “-”)			
Including: Income from investment in associates and joint ventures (loss to be listed with “-”)			
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 “-”)			
Credit impairment losses (loss to be listed with “-”)			
Asset impairment losses (loss to be listed with “-”)			
Income from assets disposal (loss to be listed with “-”)			

**Income Statement of Parent Company (Continued)**

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
<b>II. Operating profit (loss to be listed with with “-”)</b>		-2,998,361.89	-3,473,899.09
Add: non-operating revenue			
Less: non-operating expenses			
<b>III. Total profit (total loss to be listed with “-”)</b>		-2,998,361.89	-3,473,899.09
Less: income tax expenses			
<b>IV. Net profit (net loss to be listed with “-”)</b>		-2,998,361.89	-3,473,899.09
(I) Net profit from continuing operations (net loss to be listed with “-”)		-2,998,361.89	-3,473,899.09
(II) Net profit from discontinuing operations (net loss to be listed with “-”)			
<b>V. Net of tax of other comprehensive income</b>			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes arising from re- measurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified into 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			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			

## Income Statement of Parent Company (Continued)

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
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			
<b>VI. Total comprehensive income</b>		-2,998,361.89	-3,473,899.09
<b>VII. Earnings per share:</b>			
(1) Basic earnings per share (RMB/share)			
(2) Diluted earnings per share (RMB/ share)			

## Consolidated Cash Flow Statement

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		462,159,937.68	469,141,180.69
Net increase in deposits and placements from financial institutions			
Net increase of borrowings from the central bank			
Net increase in placement from other financial institutions			
Cash received from premiums of original insurance contract			
Net amount of reinsurance business			
Net increase in deposit of the insured and investment			
Cash received from interests, fees and commissions			
Net increase in placement from banks and other financial institutions			
Net increase in repurchasing			
Net cash received from securities brokering			
Taxes and surcharges refunds		23,450,237.87	16,288,989.47
Other cash receipts related to operating activities		21,374,152.62	15,066,793.22
<b>Subtotal of cash inflows from operating activities</b>		<u>506,984,328.17</u>	<u>500,496,963.38</u>

## Consolidated Cash Flow Statement (Continued)

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
Cash paid for goods and services		313,541,812.65	316,640,202.66
Net increase in loans and advances			
Net increase in deposits with the central bank and other banks			
Cash paid for claim settlements on original insurance contract			
Net increase in loans to banks and other financial institutions			
Cash paid for interests, fees and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		90,090,031.47	113,085,835.64
Taxes and surcharges cash payments		21,043,094.37	24,900,956.45
Other cash payments related to operating activities		55,671,142.83	30,571,945.84
<b>Subtotal of cash outflows from operating activities</b>		<u>480,346,081.32</u>	<u>485,198,940.59</u>
<b>Net cash flows from operating activities</b>		<u>26,638,246.85</u>	<u>15,298,022.79</u>
<b>II. Cash flows from investing activities:</b>			
Cash received from return of investment		27,634,150.00	
Cash received from investment income		8,551,142.28	
Net cash received from disposal of fixed assets, intangible assets and other long- term assets		78,667.00	
Net cash received from disposal of subsidiaries and other business entities			
Other cash receipts related to investing activities			
<b>Subtotal of cash inflows from investing activities</b>		<u>36,263,959.28</u>	

## Consolidated Cash Flow Statement (Continued)

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		6,446,295.18	6,908,049.77
Cash paid to acquire investments		11,781,356.24	
Net increase in pledge loans			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments related to investing activities			
		<hr/>	<hr/>
<b>Subtotal of cash outflows from investing activities</b>		<u>18,227,651.42</u>	<u>6,908,049.77</u>
<b>Net cash flows from investing activities</b>		<u>18,036,307.86</u>	<u>-6,908,049.77</u>
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investment Including: cash received from minority shareholders' investment in subsidiaries		211,111,360.00	
Cash received from borrowings		61,243,929.45	145,466,001.21
Other cash receipts related to financing activities		<u>40,000,000.00</u>	
<b>Subtotal of cash inflows from financing activities</b>		<u>312,355,289.45</u>	<u>145,466,001.21</u>



## Cash Flow Statement of Parent Company

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Note	Amount for the current period	Amount for the corresponding period of last year
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services			
Taxes and surcharges refunds		5,980.33	
Other cash receipts related to operating activities		452,397.77	359,555.17
<b>Subtotal of cash inflows from operating activities</b>		<u>458,378.10</u>	<u>359,555.17</u>
Cash paid for goods and services			
Cash paid to and for employees		1,155,536.95	1,237,948.22
Taxes and surcharges cash payments		853,986.87	1,253,441.84
Other cash payments related to operating activities		1,535,562.73	1,806,756.97
<b>Subtotal of cash outflows from operating activities</b>		<u>3,545,086.55</u>	<u>4,298,147.03</u>
<b>Net cash flows from operating activities</b>		<u>-3,086,708.45</u>	<u>-3,938,591.86</u>
<b>II. Cash flows from investing activities:</b>			
Cash received from return of investment			
Cash received from 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 entities			
Other cash receipts related to investing activities		2,000,000.00	3,000,000.00
<b>Subtotal of cash inflows from investing activities</b>		<u>2,000,000.00</u>	<u>3,000,000.00</u>

**Cash Flow Statement of Parent Company (Continued)**

January – June 2020

Unit: Yuan  
Currency: RMB

<b>Item</b>	<i>Note</i>	<b>Amount for the current period</b>	<b>Amount for the corresponding period of last year</b>
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		13,098.00	5,850.00
Cash paid to acquire investments			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments related to investing activities			
<b>Subtotal of cash outflows from investing activities</b>		<u>13,098.00</u>	<u>5,850.00</u>
<b>Net cash flows from investing activities</b>		<u>1,986,902.00</u>	<u>2,994,150.00</u>
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investment		211,111,360.00	
Cash received from borrowings			
Other cash receipts related to financing activities			
<b>Subtotal of cash inflows from financing activities</b>		<u>211,111,360.00</u>	
Cash paid for repayment of debts			
Cash paid for allocation of dividends, profits or interest repayment			
Other cash payments related to financing activities			
<b>Subtotal of cash outflows from financing activities</b>			
<b>Net cash flows from financing activities</b>		<u>211,111,360.00</u>	

**Cash Flow Statement of Parent Company (Continued)***January – June 2020**Unit: Yuan  
Currency: RMB*

<b>Item</b>	<i>Note</i>	<b>Amount for the current period</b>	<b>Amount for the corresponding period of last year</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		210,011,553.55	-944,441.86
Add: beginning balance of cash and cash equivalents		<u>1,111,993.77</u>	<u>3,199,803.46</u>
<b>VI. Ending balance of cash and cash equivalents</b>		211,123,547.32	2,255,361.60

# Consolidated Statement of Changes in Owners' Equity

## January – June 2020

Unit: Yuan  
Currency: RMB

Half year of 2020															
Equity attributable to owners of the parent company															
Item	Paid-up capital (or share capital)	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal	Total shareholders' equity	
		Preferred shares	Perpetual bond	Others											
I. Closing balance of the previous period	422,000,000.00				687,349,089.60		2,754,544.50		45,665,647.68		-820,483,186.46		337,286,095.32	363,339,156.20	700,625,251.52
Add: changes in accounting policies															
Corrections of prior period errors															
Business combination under common control															
Others															
II. Opening balance of the current period	422,000,000.00				687,349,089.60		2,754,544.50		45,665,647.68		-820,483,186.46		337,286,095.32	363,339,156.20	700,625,251.52
III. Change in increase or decrease of the current period (decrease to be listed with "-")	63,000,000.00				145,651,490.68		319,559.11				-24,089,791.77		184,881,258.02	-36,490,134.29	148,391,123.73
(I) Total comprehensive income							319,559.11				-24,089,791.77		-23,770,232.66	-13,331,933.19	-37,102,165.85
(II) Capital invested and decreased by shareholders	63,000,000.00				145,651,490.68								208,651,490.68	-23,158,201.10	185,493,289.58
1. Common shares invested by owners	63,000,000.00				144,725,197.96								207,725,197.96	-22,231,908.38	185,493,289.58
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment recognized as shareholders' equity															
4. Others					926,292.72								926,292.72	-926,292.72	
(III) Profit distribution															
1. Appropriation to surplus reserves															
2. Appropriation of general risk provision															
3. Distribution to owners (or shareholders)															
4. Others															
(IV) Internal carry-over in shareholders' equity															
1. Transfer from capital reserves to capital stock															
2. Transfer from surplus reserves to capital stock															
3. Recovery of losses by surplus reserve															
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	485,000,000.00				833,000,580.28		3,074,103.61		45,665,647.68		-844,572,978.23		522,167,353.34	326,849,021.91	849,016,375.25

# Consolidated Statement of Changes in Owners' Equity (Continued)

January – June 2020

Unit: Yuan  
Currency: RMB

Item	Half year of 2019													Total owners' equity						
	Equity attributable to owners of the parent company												Minority							
	Paid-up capital (or share capital)	Preferred shares	Other equity instruments Perpetual bond	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others			Subtotal					
<b>I. Closing balance of the previous period</b>	422,000,000.00														45,665,647.68	-690,446,430.91	466,876,306.94	396,392,564.58	863,268,871.52	
Add: changes in accounting policies																				
Corrections of prior period errors																				
Merger of enterprises under common control																				
Others																				
<b>II. Opening balance of the current period</b>	422,000,000.00				687,349,089.60		2,308,000.57		45,665,647.68		-690,446,430.91				466,876,306.94	396,392,564.58	863,268,871.52			
<b>III. Change in increase or decrease of the current period (decrease to be listed with "-")</b>																				
(I) Total comprehensive income							-160,691.37				-35,573,865.71				-35,734,557.08	-13,107,566.55	-48,842,123.63			
(II) Capital invested and decreased by owners																				
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 of general risk provision																				
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 reserve																				
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																				
<b>IV. Closing balance of the current period</b>	422,000,000.00				687,349,089.60		2,147,309.20		45,665,647.68	0.00	-726,020,296.62				431,141,749.86	383,284,998.03	814,426,747.89			

**Parent Company's Statement of Changes in Owner's Equity**  
*January – June 2020*

*Unit: Yuan*  
*Currency: RMB*

Item	Half year of 2020										
	Paid-up capital (or share capital)	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
<b>I. Closing balance of the previous period</b>	422,000,000.00				666,639,987.85				38,071,282.24	-58,142,511.00	1,068,568,759.09
Add: changes in accounting policies											
Corrections of prior period errors											
Others											
<b>II. Opening balance of the current period</b>	422,000,000.00				666,639,987.85				38,071,282.24	-58,142,511.00	1,068,568,759.09
<b>III. Change in increase or decrease of the current period</b>											
(decrease to be listed with “-”)	63,000,000.00				144,725,197.96					-2,998,361.89	204,726,836.07
(I) Total comprehensive income										-2,998,361.89	-2,998,361.89
(II) Capital invested and decreased by owners	63,000,000.00				144,725,197.96						207,725,197.96
1. Common shares invested by owners	63,000,000.00				144,725,197.96						207,725,197.96
2. Capital invested by other equity instrument holders											
3. Amount of share-based payment recognized as shareholders' equity											
4. Others											
(III) Profit distribution											
1. Appropriation to surplus reserves											
2. Distribution to owners (or shareholders)											
3. Others											
(IV) Internal carry-over in shareholders' 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 reserve											
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											
<b>IV. Closing balance of the current period</b>	<b>485,000,000.00</b>				<b>811,365,185.81</b>				<b>38,071,282.24</b>	<b>-61,140,872.89</b>	<b>1,273,295,595.16</b>

**Parent Company's Statement of Changes in Owner's Equity (Continued)**  
*January – June 2020*

*Unit: Yuan*  
*Currency: RMB*

Item	Half year of 2019										
	Paid-up capital (or share capital)	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
<b>I. Closing balance of the previous period</b>	422,000,000.00				666,639,987.85				38,071,282.24	-60,099,977.96	1,066,611,292.13
Add: changes in accounting policies											
Corrections of prior period errors											
Others											
<b>II. Opening balance of the current period</b>	422,000,000.00				666,639,987.85				38,071,282.24	-60,099,977.96	1,066,611,292.13
<b>III. Change in increase or decrease of the current period</b>											
(decrease to be listed with "-")										-3,473,899.09	-3,473,899.09
(I) Total comprehensive income										-3,473,899.09	-3,473,899.09
(II) Capital invested and decreased by owners											
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											
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 reserve											
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											
<b>IV. Closing balance of the current period</b>	<b>422,000,000.00</b>				<b>666,639,987.85</b>				<b>38,071,282.24</b>	<b>-63,573,877.05</b>	<b>1,063,137,393.04</b>

**Note:****1. Aging analysis of accounts receivable**

*Unit: Yuan*  
*Currency: RMB*

<b>Aging</b>	<b>Book balance</b>	<b>Closing balance</b>	
		<b>Bad debt provision</b>	<b>Provision proportion (%)</b>
Within one year	219,909,158.48	3,540,283.02	1.61
One to two years	31,406,602.90	5,625,578.55	17.91
Two to three years	4,957,231.31	1,503,432.13	30.33
Three to four years	3,338,375.19	1,972,125.04	59.07
Four to five years	12,925,941.61	10,723,890.97	82.96
More than five years	14,741,643.47	14,741,643.47	100.00
<b>Total</b>	<b>287,278,952.96</b>	<b>38,106,953.18</b>	<b>—</b>

**2. Aging analysis of accounts payable****Significant payables with aging of over 1 year:**

*Unit: Yuan*  
*Currency: RMB*

<b>Name of Company</b>	<b>Closing balance</b>	<b>Reasons for non-repayment or carrying over</b>
Roth Composite Machinery	10,375,928.00	Unsettled
Jiangsu Tianhai Special Equipment Co., Ltd.	5,509,616.55	Unsettled
Xinxiang Jinpeng Metallurgical Equipment Co., Ltd.	6,880,274.95	Unsettled
Gaobeidian Haihong Industrial Co., Ltd.	4,437,015.27	Unsettled
Gaobeidian Baobei Telecommunications Equipment Factory	3,361,272.75	Unsettled
Danyang Flywheel Gas Valve Co., Ltd.	3,299,979.70	Unsettled
Jiangsu Dall Energy Saving Technology Co., Ltd.	3,244,670.45	Unsettled
Beijing Yataihongda Trading Co., Ltd.	3,098,212.33	Unsettled
Shengzhongyuan Hoisting Machinery Operation Department, Dongli District, Tianjin	2,681,006.57	Unsettled
Tianjin Seamless Investment Co., Ltd.	2,590,165.89	Unsettled
Wuxi Zhengda Metal Products Co., Ltd.	2,549,464.27	Unsettled
Changzhou Hengpu Electromechanical Engineering Co., Ltd.	2,448,154.48	Unsettled
Tianjin WERH Air Compressor Sales Co., Ltd.	2,006,365.57	Unsettled
<b>Total</b>	<b>52,482,126.78</b>	<b>—</b>

### 3. Revenue

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

Item	<i>Unit: Yuan</i>	
	<i>Currency: RMB</i>	
	<b>Amount in the current period</b>	<b>Amount in the corresponding period of last year</b>
Seamless Steel Gas Cylinder	207,812,689.70	233,574,260.28
Full-wrapped Cylinder	43,656,034.81	74,864,185.85
Cryogenic Cylinder	87,432,964.03	120,390,292.13
Cryogenic Storage and Transportation Equipment	75,647,600.29	79,551,266.97
Other	70,725,331.12	67,323,083.90
<b>Gross Sales</b>	<b>485,274,619.95</b>	<b>575,703,089.13</b>
Less: Sales Tax and Other Additional Charges	4,103,924.97	4,302,406.86
<b>Total</b>	<b>481,170,694.98</b>	<b>571,400,682.27</b>

### 4. Taxes

#### (1) Main Tax Types and Tax Rate

Tax category	Basis of computing tax	Tax rate
Value-added tax	Taxable added value	13%, 6%, 5% and 0%
City maintenance and construction tax	VAT payable	5% and 7%
Education surcharge	VAT payable	3%
Local education surcharge	VAT payable	2%
Property tax	70%-80% of the original house property value and income from house property leasing	1.2% and 12%
Corporate income tax	Taxable income	25%
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:

<b>Names of the taxpayer</b>	<b>Income tax rate (%)</b>
The Company	25%
Beijing Tianhai Industry Co., Ltd.	15%
Tianjin Tianhai High Pressure Container Co., Ltd.	25%
Shanghai Tianhai Composite Cylinders Co., Ltd.	25%
Beijing Tianhai Cryogenic Equipment Co., Ltd.	25%
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	25%
Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd.	25%
Kuancheng Tianhai Pressure Container Co., Ltd.	25%
BTIC AMERICA CORPORATION	21%
Jingcheng Holding (Hong Kong) Co., Ltd.	16.50%

(3) **Tax Preference**

Beijing Tianhai Industry Co., Ltd, a subsidiary of the Company, has obtained the High-tech Enterprise Certificate on 2 December 2019 jointly issued by Beijing Municipal Science & Technology Commission, Finance Bureau of Beijing Municipality, Beijing Municipal Office of SAT and Beijing Local Taxation Bureau, with the Certificate No. GR201911006923. The validity of the certificate is three years. In January to June 2020, provision for corporate income tax is based on the 15% preferential corporate income tax rate.

In accordance with the “Notice of Ministry of Finance of the State Administration of Taxation on Extending the Deficit-carrying Years of High-tech Enterprises and Technology-based SMEs” (Cai Shui [2018] No. 76), since 1 January 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, its uncovered losses occurred in 5 years before its qualifying year are allowed to be carried forward to cover up in 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 is no change in taxation and taxation preferential policy this year compared with the previous year.

(5) **Taxes**

<b>Item</b>	<b>Amount in the current period</b>	<b>Amount in the corresponding period of last year</b>
Corporate Income Tax in the Current Year	849,998.08	1,658,063.72
Deferred Income Tax	140,697.27	-71,198.10
<b>Total</b>	<b>990,695.35</b>	<b>1,586,865.62</b>

*Unit: Yuan*  
*Currency: RMB*

## 5. Earnings Per Share

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

*Unit: Yuan*  
*Currency: RMB*

Item	Current period	Corresponding period of last year
Consolidated net profit attributable to the common shareholders of the parent company	-24,089,791.77	-35,573,865.71
Consolidated net profit attributable to the common shareholders of the parent company (net of non-operating gains and loss)	-27,666,725.33	-36,309,230.68
The weighted average numbers of outstanding common shares of the parent company	422,000,000	422,000,000
Basic earnings per share (RMB/share)	-0.06	-0.08
Basic earnings per share (RMB/share) (net of non-operating gains and loss)	-0.07	-0.09

The calculation of the weighted average number of basic EPS:

Item	Current period	Corresponding period of last year
The beginning balance of outstanding common shares	422,000,000.00	422,000,000.00
Adjustment of capital reserves transfer to the capital	0.00	0.00
The balance of outstanding common shares at the end of the period	485,000,000.00	422,000,000.00

- (2) Diluted earnings per share

*Unit: Yuan*  
*Currency: RMB*

Item	Current period	Corresponding period of last year
Adjusted consolidated net profit attributable to the basic shareholders of the parent company	-24,089,791.77	-35,573,865.71
Adjusted consolidated net profit attributable to the basic shareholders of the parent (net of non-operating gains and loss)	-27,666,725.33	-36,309,230.68
The adjusted weighted average numbers of outstanding common shares	422,000,000	422,000,000
Diluted earnings per share (RMB/share)	-0.06	-0.08
Diluted earnings per share (RMB/share) (net of non-operating gains and loss)	-0.07	-0.09

## 6. Share Capital

The change of the legal, issued and paid share capital of the Company is as follows: All the shares of the Company are ordinary share with the face value of RMB1 per share.

*Unit: Yuan*  
*Currency: RMB*

Item	Opening amount	Change in the current period				Subtotal	Closing amount
	Amount	Issuing new shares	Bonus shares	Transfer from capital surplus to share capital	Others		Amount
		63,000,000				63,000,000	63,000,000
Total restricted shares							
Unrestricted shares	322,000,000						322,000,000
RMB ordinary shares	100,000,000						100,000,000
Overseas listed foreign share	422,000,000						422,000,000
Total unrestricted shares							
Total shares	422,000,000	63,000,000				63,000,000	485,000,000

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

As of 30 June 2020, 63,000,000 restricted shares were issued under the non-public issuance of A shares with the total raised funds amounting to RMB214,830,000, after deducting various issuance expenses of RMB7,104,802.04 (tax exclusive), the actual net raised funds amounted to RMB207,725,197.96, of which registered capital (share capital) of RMB63,000,000.00 was added and increasing the capital reserve by RMB144,725,197.96.

## 7. Dividend

No dividend was paid or declared during the first half of 2020. No dividend was declared after the end of the reporting period up to the date of this announcement (2019: none).

**Beijing Jingcheng Machinery Electric Company Limited**  
**Wang Jun**  
*Chairman*

Beijing, the PRC  
11 August 2020

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