



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)*

(H Share Stock Code: 0187; A Share Stock Code: 600860)

2025

INTERIM REPORT





## IMPORTANT NOTES

- I. The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company guarantee that the content of this interim report is true, accurate, and complete without any false information, misleading statements or material omissions, and severally and jointly accept legal responsibility for the above.
- II. All Directors of the Company have attended the meetings of the Board.
- III. This interim report has not been audited.
- IV. Mr. Li Junjie, the person in charge of the Company, Ms. Feng Yongmei, the person in charge of accounting work and Mr. Yang Yue, the person in charge of the accounting firm (accountant in charge), have declared that they guarantee the authenticity, accuracy and completeness of the financial statements contained in this interim report.
- V. Resolutions of profit distribution or capitalisation of capital reserves of the Company for the Reporting Period passed by the Board
- Nil
- VI. Declaration on risk from forward-looking statements
- ☒ Applicable   ☐ Not applicable
- Forward-looking statements such as future plans contained in this interim report do not constitute substantial undertakings of the Company to investors due to uncertainties. Investors are advised to be cautious about investment risks.
- VII. Whether the controlling shareholders and other related parties have misappropriated the Company's funds for non-operational purpose
- No
- VIII. Whether any external guarantees are provided in violation of any specified decision-making procedures
- No
- IX. Whether more than half of the Directors cannot guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company
- No



# IMPORTANT NOTES

## X. Important risk warnings

### 1. Risk of intensified market competition

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

### 2. Risk of new business and new market development

Currently, China's hydrogen energy and fuel cell technologies are primarily focused on commercial vehicle applications, covering logistics and transport, urban public transport and long-distance passenger transport. Although the industry is in a stage of rapid growth, uncertainties such as the policy environment, technical standards and market access continue to pose challenges to the development of enterprises. In response to these potential risks, the Company will continue to deepen its planning in the hydrogen energy industry, enhance its capabilities for independent research and development of key technologies to build a product portfolio with industry-leading advantages and drive industry upgrading through technological innovation, thereby consolidating its competitiveness in the market.

### 3. Risk of periodic fluctuations of the macroeconomy

At present, with the proactively support on intelligent manufacturing industry from national policies, it is anticipated that in the short term, there will be no change in the policy of encouraging the research and development and application of industrial robots and promoting the innovation and development of industrial robots and other industries. The market demands in reforms of traditional industrial technologies, factory automation, enterprise informatisation development and other aspect will continue to grow. However, if fluctuations happen in the macroeconomic trend, resulting in the restriction of the economic development of the PRC, the demand of the downstream industries, which account for a relatively large proportion of the Company's business, will be affected by the cycle, which may in turn reduce the investment in new fixed assets, thus bringing an unstable impact on the Company's production and operation. In order to cope with this risk, the Company will pay timely attention to the macroeconomic situation, grasp the upstream and downstream development dynamics, and control the risk factors of industrial policies to the minimum in order to minimise the impact on the Company.

## XI. Others

☐ Applicable    ☒ Not applicable



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Documents  
Available  
for Inspection

1. Original copy of the 2025 interim report, which has been signed by the chairman.
2. The financial statements signed and chopped by the legal representative and the person in charge of accounting work of the Company as well as the person in charge of the accounting firm.
3. The original copies of all documents and announcements of the Company publicly disclosed during the Reporting Period in Shanghai Securities News and the websites of the Shanghai Stock Exchange and HKEXnews website of The Stock Exchange of Hong Kong Limited.
4. The Articles of Association of the Company
5. The above documents are available for inspection at the office of the Board of Directors of the Company, situated at No.2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, the People's Republic of China.



## SECTION 1 DEFINITION

Unless the context otherwise requires, the following terms should have the following meanings in this report:

### Definition of frequently used terms

Company, Listed Company or JINGCHENG MAC	Beijing Jingcheng Machinery Electric Company Limited (北京京城機電股份有限公司), a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and the SSE
Beiren Holdings	Beiren Printing Machinery Holdings Limited (the former name of the Company)
Group	the Company and its subsidiaries
Jingcheng Machinery Electric or Jingcheng Holding (controlling shareholder and beneficial controller)	Beijing Jingcheng Machinery Electric Holding Co., Ltd. (北京京城機電控股有限責任公司), a company established in the PRC and the controlling shareholder of the Company, holding approximately 44.87% equity interest in the Company
Beiren Group	Beiren Group Corporation (北人集團公司), a company incorporated in the PRC and a subsidiary of Jingcheng Machinery Electric (the former controlling shareholder of the Company)
Tianhai Industry or Beijing Tianhai	Beijing Tianhai Industry Co., Ltd. (北京天海工業有限公司), a subsidiary of the Company
BYTQ	Qingdao BYTQ United Digital Intelligence Co., Ltd., a subsidiary of the Company
Board	the board of directors of the Company
Supervisory Committee	the supervisory committee of the Company
Director(s)	the director(s) of the Company
Supervisor(s)	the supervisor(s) of the Company
Shareholder(s)	the holder(s) of Shares of the Company
connected person(s)	has the same meaning ascribed to it under the Listing Rules
Share(s) of the Company	unless otherwise stated, share(s) of the Company, including A share(s) and H share(s)
Reporting Period	the period from 1 January 2025 to 30 June 2025
SSE	the Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
CSRC	China Securities Regulatory Commission
controlling shareholder(s)	has the same meaning ascribed to it under the Listing Rules
Listing Rules	the Rules Governing the Listing on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on the Stock Exchange
PRC Accounting Standards for Business Enterprises	PRC Accounting Standards for Business Enterprises



## SECTION 1 DEFINITION

RMB	Renminbi, the lawful currency of the PRC
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
USD	United States dollars, the lawful currency of the United States of America
LNG	abbreviation of liquefied natural gas
CNG	abbreviation of compressed natural gas
station, filling station	a station where automobiles are filled with LNG or CNG
industrial gas cylinders	collective name for the cylinders that are filled with industrial gas
Type IV Cylinders	plastic tank full-winding compound gas cylinder (塑膠內膽纖維全纏繞複合氣瓶), mainly used for vehicle fuel storage, for filling natural gas or hydrogen
construction project of intelligent digital control production line for Type IV Cylinders	the construction project of intelligent digital control production line for plastic tank full-winding compound gas cylinder (塑膠內膽纖維全纏繞複合氣瓶)
Reorganisation	the issue of shares and payment of cash to specific targets in consideration of acquiring certain equity interests in BYTQ, and fund raising
Acquisition	the prior investment of Beijing Jingcheng Machinery Electric Industrial Investment Co., Ltd. in Shanghai Sunwise Energy Systems Co., Ltd. and its obtaining the control of Shanghai Sunwise Energy Systems Co., Ltd.
Jingcheng Industrial Investment	Beijing Jingcheng Machinery Electric Industrial Investment Co., Ltd.* (北京京城機電產業投資有限公司)
Shanghai Sunwise	Shanghai Sunwise Energy Systems Co., Ltd.* (上海舜華新能源系統有限公司)
Jingcheng Haitong	Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.* (北京京城海通科技文化發展有限公司)
Jingcheng Assets	Beijing Jingcheng Machinery Electric Assets Management Co., Ltd.* (北京京城機電資產管理有限公司), a wholly-owned subsidiary of Jingcheng Machinery Electric
Minghui Tianhai	Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.* (北京明暉大海氣體儲運裝備銷售有限公司)
Tianjin Tianhai	Tianjin Tianhai High Pressure Container Co., Ltd.* (天津天海高壓容器有限責任公司)
Jiangsu Tianhai	Jiangsu Tianhai Special Equipment Co., Ltd.* (江蘇天海特種裝備有限公司)
Qingdao Eternal	Qingdao Eternal Economic Information Consulting Co., Ltd.* (青島艾特諾經濟信息諮詢有限公司)
Peitian Robots	Beijing Peitian Technology Co., Ltd.* (北京配天技術有限公司)

\* For identification purposes only



## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### I. INFORMATION OF THE COMPANY

Chinese name of the Company	北京京城機電股份有限公司
Chinese abbreviation	京城股份
English name of the Company	BEIJING JINGCHENG MACHINERY ELECTRIC COMPANY LIMITED
English abbreviation	JINGCHENG MAC
Company's legal representative	Mr. Li Junjie

### II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative in charge of securities affairs
Name	Luan Jie	Chen Jian
Contact 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	010-87707288	010-87707289
Facsimile	010-87707291	010-87707291
E-mail	jcgf@btic.com.cn	jcgf@btic.com.cn

### III. CHANGES OF BASIC INFORMATION

Registered address of the Company	Room 901, No. 59 Mansion, Dongsanhuan Road Central, Chaoyang District, Beijing
Historical changes to the registered address of the Company	Registered office from 13 July 1993 to 6 January 2004 as: No. 44, Guangqu Road South, Chaoyang District, Beijing, China Registered office from 7 January 2004 to 31 October 2013: No. 6 Rongchang East Street, Beijing Economic and Technological Development Area, Beijing, China Changed to the Company's current registered address on 1 November 2013
Office address of the Company	No.2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing
Postal code of the office address of the Company	101109
Company's website	www.jingchenggf.com.cn
E-mail	jcgf@btic.com.cn

### IV. CHANGE OF INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name of newspaper designated for information disclosure	Shanghai Securities News
Website for publishing the Interim Report	www.sse.com.cn
Place for inspection of the Company's Interim Report	Office of the Board of the Company

### V. INFORMATION OF THE COMPANY'S SHARES

Type of Shares	Place of listing of the Shares	Stock abbreviation	Stock code	Stock abbreviation before change
A Shares	the Shanghai Stock Exchange	京城股份	600860	京城股份
H Shares	The Stock Exchange of Hong Kong Limited	JINGCHENG MAC	00187	JINGCHENG MAC



## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### VI. OTHER RELATED INFORMATION

√ Applicable    □ Not Applicable

The accounting firm engaged by the Company (audit agency newly appointed by the Company for its 2024 financial statement audit and internal control audit projects)	Name Office address Names of signing accountant	WUYIGE Certified Public Accountants LLP Room 2206, 22/F, 1 Zhichun Road, Haidian District, Beijing Han Xueyan, Wang Peng
The domestic legal adviser engaged by the Company	Name Office address	Beijing Kangda Law Firm 8/F, 9/F, 11/F, Emperor Group Centre, No. 12D, Jianwai Avenue, Chaoyang District, Beijing
The overseas legal adviser engaged by the Company	Name Office address	Woo Kwan Lee & Lo 26/F, Jardine House, Central, Hong Kong
Sponsor performing continuous supervision duties during the Reporting Period	Name Office address Names of signing sponsor representatives Period of continuous supervision	CSC Financial Co., Ltd. Tower B & E, Metro World Centre, Dongcheng District, Beijing He Liyao, Lu Xingyu Until the fund raised is used up
Financial adviser performing continuous supervision duties during the Reporting Period	Name Office address Names of signing organizer of financial advisor Period of continuous supervision	CSC Financial Co., Ltd. (中信建投证券股份有限公司) Tower B & E, Metro World Centre, Dongcheng District, Beijing He Chengda, Hou Shun From the date of completion of the asset restructuring to 2024
Other basic information of the Company	Reception of shareholders' enquiries: 10th and 20th of each month (or on the following business day if it falls on a public holiday) (Closed on Saturdays and Sundays) 9:00 a.m. to 11:00 a.m. and 2:00 p.m. to 4:00 p.m.	

### VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

#### (I) Major accounting data

Unit: Yuan    Currency: RMB

Principal accounting data	For the Reporting Period (January – June 2025)	For the same period last year	Increase/Decrease comparing the Reporting Period with the same period last year (%)
Operating income	680,343,762.00	748,773,482.80	-9.14
Total profit	-4,795,551.54	10,427,057.97	–
Net profit attributable to shareholders of the listed company	-15,755,703.57	-3,374,923.71	–
Net profit attributable to shareholders of the listed company after extraordinary items	-22,602,812.49	-13,230,039.21	–
Net cash flow from operating activities	-89,952,567.51	-143,347,494.45	–
	As at the end of the Reporting Period	As at the end of last year	Increase/Decrease comparing the end of the Reporting Period with the end of last year (%)
Net assets attributable to shareholders of the listed company	1,071,816,813.65	1,084,156,625.22	-1.14
Total assets	3,006,376,280.86	3,086,613,319.89	-2.60





## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (II) Key financial indicators

Unit: Yuan    Currency: RMB

Key financial indicators	For the Reporting Period (January – June 2025)	For the same period last year	Increase/Decrease comparing the Reporting Period with the same period last year (%)
Basic earnings per share (RMB/share)	-0.03	-0.01	—
Diluted earnings per share (RMB/share)	-0.03	-0.01	—
Basic earnings per share after extraordinary items (RMB/share)	-0.04	-0.02	—
Return on net assets on weighted average basis (%)	-1.46	-0.32	Decreased by 1.14 percentage points
Return on net assets on weighted average basis after extraordinary items (%)	-2.10	-1.24	Decreased by 0.86 percentage point

Explanation on the major accounting data and financial indicators of the Company

☐ Applicable    ☒ Not Applicable

### VIII. ACCOUNTING DATA DIFFERENCES UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

☐ Applicable    ☒ Not Applicable



## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### IX. EXTRAORDINARY ITEMS AND AMOUNTS

√ Applicable    □ Not Applicable

Unit: Yuan    Currency: RMB

Extraordinary items	Amount	Note (where applicable)
Gain or loss on disposal of non-current assets, inclusive of impairment allowance write-off	1,470,535.89	
Government subsidies included in current profit or loss, other than on-going government subsidies which are closely related to the Company's normal operation, meet the requirements of government policies and are subject to certain limits or conditions	3,805,548.74	
Gains and losses on fair value changes arising from financial assets and financial liabilities held by non-financial entities, and gains and losses arising from the disposal of financial assets and financial liabilities, except for effective hedging transactions that are related to the Company's normal operation		
Capital occupation fee received from non-financial entities included in current profit or loss		
Gain or loss on entrusted investments or asset under management		
Gains and losses on external entrusted loans		
Loss of assets due to force majeure events, such as natural disasters		
Reversal of the impairment provision for receivables which is tested individually for impairment	520,000.00	
Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures		
Net gains or losses of subsidiaries for the current period from the beginning of the period to the date of combination arising from business combination under common control		
Gains and losses on exchange of non-monetary assets		
Gain or loss on debt restructuring	2,044,137.75	
One-time costs incurred by the enterprise due to the fact that the relevant business activities has discontinued, such as expenses for relocating employees		
One-time effect of adjustment according to the requirements of tax and accounting laws and regulations on current profit or loss		
One-time share-based payment expense recognized for cancellation and modification of share incentive schemes		
For cash settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the date of exercise of options		
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement		
Gain or loss incurred by transactions with obviously unfair transaction price		
Gain or loss on other contingencies which are not related to the Company's normal operations		
Entrusted fee income from entrusted operations		
Other non-operating income and expenses apart from the aforesaid items	699,622.10	
Other gain or loss items falling within the definition of extraordinary items		
Less: Effect of income tax	3,800.47	
Effect of minority interest (after tax)	1,688,935.09	
Total	6,847,108.92	



## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

For the non-recurring profit and loss items not listed in “Explanatory Announcement No. 1 on Information Disclosure by Public Issuers – Non-recurring Profit or Loss Items” (《公開發行證券的公司信息披露解釋性公告第1號—非經常性損益》) recognised by the Company as non-recurring profit and loss items with significant amounts, as well as the categorization as recurring profit and loss items of the non-recurring profit and loss items listed in “Explanatory Announcement No. 1 on Information Disclosure by Public Issuers – Non-recurring Profit or Loss Items” (《公開發行證券的公司信息披露解釋性公告第1號—非經常性損益》) defined by the Company as recurring profit and loss items, the reasons shall be explained.

☐ Applicable    ☒ Not Applicable

### **X. NET PROFIT AFTER THE IMPACT OF DEDUCTING SHARE-BASED PAYMENTS TO BE DISCLOSED BY CHOICE FOR COMPANIES WITH SHARE INCENTIVE AND EMPLOYEE SHARE SCHEMES**

☐ Applicable    ☒ Not Applicable

### **XI. OTHERS**

☐ Applicable    ☒ Not Applicable



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### I. INDUSTRY OVERVIEW AND PRINCIPAL ACTIVITIES OF THE COMPANY DURING THE REPORTING PERIOD

#### (I) Scope of business

Licensed items of operation: general logistics; professional contracting.

General scope of operation: development, design, sales, installation, adjustment and trial, maintenance of cryogenic containers for storage and transportation, compressors (piston compressor, membrane compressor and membrane compressor of nuclear grading) and accessories; machinery equipment and electrical equipment; technical consultancy and technical services; import and export of commodities and technology and acting as an agency for import and export; manufacturing of general equipment (excluding special equipment); manufacturing of special equipment (excluding manufacturing of licensed professional equipment); research and development of machinery and equipment; sales of machinery and equipment; manufacturing of intelligent basic manufacturing equipment; research and development of intelligent robotics; manufacturing of industrial robotics; sales of intelligent robotics; sales of industrial robotics; installation and maintenance of industrial robotics; manufacturing of servo control units; sales of artificial intelligent hardware; manufacturing of industrial automatic control system devices; sales of industrial automatic control system devices; sales of intelligent storage equipment; manufacturing of ocean engineering equipment; sales of ocean engineering equipment; manufacturing of oil drilling and production equipment; sales of oil drilling and production equipment; installation services of general machinery and equipment; information system integration services; software development; sales of software; information technology consultation services; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; industrial internet information services; import and export of commodities; import and export of technology; manufacturing of metallic products; sales of metallic products. (Other than the items subject to approval according to laws, operating activities shall be operated by itself based on the business license and in accordance with laws) Permitted items: electrical installation services. (For items subject to approval in accordance with laws, operating activities can only be conducted upon approval by relevant authorities, and the specific business items are subject to the approval documents or licenses issued by relevant authorities).

#### (II) Main products and applications

##### (1) Gas Storage and Transportation Segment:

Main products include liquefied natural gas (LNG) cylinders for vehicles, compressed natural gas (CNG) cylinders for vehicles, seamless steel gas cylinders, welded insulated cylinders, carbon fiber full-winding compound gas cylinders, ISO tank containers, cryogenic tanks, aluminum carbon fiber full-winding compound gas cylinders for fuel cells, plastic carbon fiber full-winding compound gas cylinders and filling station equipment, etc.

##### (2) Intelligent Manufacturing Segment:

Main products include ground conveyance and assembly system products, suspension chain air conveyance system products, integrated robotic applications and stamping lines products, non-standard automation machine products, etc.

#### (III) Business model

##### (1) Gas Storage and Transportation Segment:

The Company's business model comprises the processes of product research and development, raw material procurement, production and processing, and sales, including:

Procurement model: The main raw material used in the Company's production is steel and its main product is steel cylinder. The procurement is conducted on a cash on delivery basis.

Production model: Due to the complex production process for steel cylinders of high temperature and high pressure, low temperature and negative pressure and strong continuity, its production must be kept stable for a long period of operation.

Sales model: The Company's products are mainly sold through direct sales and distribution models, whereby it strives to occupy the market through distributors with strong capability and extensive channels, while making direct sales to capable manufacturers and end customers in order to capture market share.

##### (2) Intelligent Manufacturing Segment:

The Company focuses on the field of industrial automation and informatisation, and carries out the planning of production lines, the research and development of automated special equipment and the development of information-based industrial software systems according to the production process of customers, as well as the secondary development of operating software and the integration of independent production of non-standard equipment on the basis of purchased robots and special machinery to meet the individual needs of customers. The main products of the Company are intelligent manufacturing equipment for informatisation and automation.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (IV) Conditions of the industry in which the Company operated during the Reporting Period

#### (1) Gas Storage and Transportation Segment:

Conventional cylinders industry:

Although the national economy showed signs of positivity amid stability in the first half of the year, investment in downstream sectors such as real estate development slowed down, which, together with the intensifying competition in the industrial gases market, has had a significant impact on the fire safety market (particularly the market of fire safety for buildings), thereby suppressing demand for industrial gases. Under the impact of current economic periodic adjustments coupled with industry transformation, it is expected that the growth in the demand for bulk gas for the whole year will slow down in 2025, putting pressure on the market demand for cylinders.

Compound gas cylinders and system integration industry:

The development of the hydrogen energy industry is currently at a critical stage where both growing pains and breakthroughs coexist. In the first half of the year, the promotion of hydrogen fuel cell vehicles in China fell short of expectations, as enterprises on the hydrogen energy industry chain were confronted with difficulties such as operating losses and cash flow risks. However, from a policy perspective, the development prospects of the hydrogen energy industry remain optimistic. In the first half of 2025, various national and local policies related to hydrogen energy were issued. Such central and local policies are promoting the high-quality development of the hydrogen energy industry through core technology research and development, financial subsidies and support, development of demonstration projects and exploration of energy management mechanisms. Policies have been introduced to break through bottlenecks in the industry, such as allowing integrated hydrogen production and refueling stations outside chemical industrial parks, exempting hydrogen-powered vehicles from highway tolls and offering preferential treatment to hydrogen production projects using renewable energy. In particular, the "hydrogen corridor" model, which focuses on the application of hydrogen energy on highways, is shaping up to form a practical and effective operational model for the industry chain and is becoming a key link in the current drive to commercialize hydrogen fuel cell vehicles.

Although the hydrogen energy industry is facing numerous hurdles and challenges in the short term with the market taking a wait-and-see approach, in the medium and long term, with the continuous innovation of industry chain technologies, the narrowing of commercialization gaps, the continuation of policies for a new round of urban demonstration clusters and the continuous optimization of national and local support policies, the development of the hydrogen energy industry still has huge potential.

Cryogenic storage and transportation industry:

Affected by trade protectionism and the ongoing economic recovery, the cryogenic storage and transportation equipment market has shown a complex and diverse development trend, yet it still presents opportunities. Driven by the global demand for energy structure adjustment, the global demand for LNG has continued to rise. Multiple new LNG receiving terminal projects along China's coast have been put into operation simultaneously, driving the continuous expansion of the LNG cryogenic storage and transportation equipment market. The cryogenic storage and transportation equipment market for industrial gases has shown a rapid growth trend in fields such as electronic specialty gases, biomedicine and cold chain logistics. For liquid hydrogen storage and transportation equipment, national policies have shifted from supporting research and development breakthroughs to encouraging pilot applications of the "production, storage, transportation and use" chain.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (2) Intelligent Manufacturing Segment:

Automation equipment industry:

With the continuous advancement of technology and the deep integration of the global economy, intelligent manufacturing, as the core of Industry 4.0, is becoming a key force driving the transformation and upgrading of manufacturing. A main component in intelligent manufacturing is industrial automation equipment, which is widely used in vehicles, electronics, home appliances and other industries, helping enterprises to improve efficiency and reduce costs. With the development of Industry 4.0, equipment is evolving towards greater intelligence and flexibility, while industrial robots and other technical levels continue to improve.

The competitive landscape of the industry is becoming increasingly concentrated, with leading companies commanding significant market shares due to their technological and brand advantages, and emerging enterprises rising in sub-segments through innovation and customized services. Although the industry is exhibiting a robust growth trajectory, it still faces challenges such as technological upgrades and intensified market competition.

In the future, the industry is poised to advance towards greater intelligence and sustainability. As a result, enterprises need to perpetually innovate and enhance their core competitiveness to adapt to market changes and seize opportunities for development.

Home appliances industry:

In the first half of 2025, driven by policy support and technological upgrades, the home appliances industry achieved structural growth, with green intelligence and scenario-based and global planning becoming the core driving forces. Currently, the global smart home appliances market is experiencing a rapid growth trend, especially in China's home appliances production and consumption, where smart home appliances are going from strength to strength. Consumers' recognition and acceptance of smart home appliances have been steadily increasing, with market demand constantly expanding. Meanwhile, supportive national policies and government guidance have provided a favourable external environment for the home appliances industry.

Description of significant new non-principal businesses of the Company during the Reporting Period

☐ Applicable ☒ Not Applicable

## II. MANAGEMENT DISCUSSION AND ANALYSIS

The year 2025 marks the concluding year of the "14th Five-Year Plan". Facing complex domestic and international situations, the Company has adhered to its corporate development strategy as its guiding principle. Under this guiding principle, the Company has resolutely carried out the decisions and plans of the municipal Party committee, municipal government, municipal state-owned assets supervision and administration commission as well as Jingcheng Machinery Electric, actively serving the new development dynamic and quickly adapting itself to it, with a view to expediting the development of new productive forces. In the first half of the year, the Company remained focused on its annual budget tasks, with all key tasks carried out in an orderly manner, including market expansion, efficiency enhancement, future planning and risk control.

### 1. Intensifying market penetration efforts and maintaining operational performance

Gas storage and transportation segment:

In the conventional cylinders industry, the Company focused on lightweight high-pressure products to enhance product differentiation, retaining its major customers while actively capturing market opportunities. In the compound gas cylinders and system integration industry, the Company further consolidated its first-mover and technological advantages with Type IV cylinders, achieving revenue growth while expanding its market share to enhance its competitiveness. The Company spared no effort in promoting large-capacity storage and transportation products and systems as alternatives, which resulted in steady increases in both revenue and market share. In the hydrogen energy market, the Company stepped up its cooperation with downstream customers, completing the release of new vehicle models and supplementary announcements with several domestic major automakers. In the cryogenic storage and transportation industry, the Company actively expanded its presence in the domestic cryogenic cylinders market, which resulted in initial success, as the Company had begun to secure bulk orders in related markets such as the vehicle-mounted LNG cylinders. In the international market, the Company actively adjusted its strategies in Europe and the United States by intensifying its efforts in overseas platform development, expanding extended services and enhancing customer loyalty and augmenting its retail market share. Meanwhile, it ramped up its marketing efforts for new products, meeting the needs of target customers with precision and laying a solid foundation for precise market expansion in the future.

Intelligent manufacturing segment:

In the first half of the year, facing a challenging market environment, the Company expedited the acceptance process of its projects, increased its efforts in tracking new orders, strengthened its technological research and development (R&D) and enhanced its refined management. Overall, the Company made steady progress and continued to improve in the segment. At the same time, focusing on latest market trends and the investment needs of customers, the Company further optimized its product mix and improved its production and operational efficiency. In addition, the construction of its industrial park progressed steadily, with fitting-out and installation work underway.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Enhancing innovation-driven development and expediting the emergence of a new development dynamic

Gas storage and transportation segment:

Focusing on customer needs, the Company developed new products to achieve competitive differentiation. Through research projects, it sought to achieve breakthroughs in the development of original technologies. It also steadily promoted the digital transformation of the industry, completing the standardization of hydrogen energy order systems and achieving real-time online monitoring of relevant production processes. It also completed the application process for the certification of its smart factories in Beijing (basic level and advanced level).

Intelligent manufacturing segment:

Leveraging its ongoing investment in R&D, BYTQ, a subsidiary of the Company, continued to research, upgrade and promote technologies related to automatic presses, friction bars and suspension chains and other products, expanding the applications of such products and enhancing their competitiveness in the market. It developed information-based industrial software systems and conducted secondary development of operating software based on related equipment, significantly increasing the operability of its products and enhancing product differentiation. The improvement in its technical capabilities reduced product costs, ensured product quality and enhanced its profitability.

### 3. Strengthening operational management to drive continuous improvement in internal efficiency

The Company continued to strengthen the market awareness and cost awareness of its technical personnel. It reduced costs through technology by means of process optimization, material substitution and other measures, while reducing manufacturing costs by improving its manufacturing standards. It optimized the procurement process and streamlined the approval process to make it more efficient. It strictly controlled expenses by utilizing operational big data tools to generate precise expense lists, thereby providing data support for further reductions in administrative costs. It also enhanced warehouse integration by drafting a warehouse integration plan. In addition, it continued to promote “6S” management to improve its on-site management and cultivate lean awareness among its employees.

### 4. Erecting shields against risks to ensure stable operation of the Company

The Company systematically developed internal control and compliance frameworks, optimized the development of systems, strengthened risk resolution, actively completed rectification of internal control issues and promoted the efficient operation of its internal control framework. The Company also improved its safety and quality responsibility framework, required every unit to assume its responsibility for safety, enhanced its fire prevention and hazardous chemicals management and stepped up its efforts in carrying out the “Three-Year Action Plan to Address the Root Causes of Work Safety” by systematically identifying all sources of danger and implementing precise control.

### 5. Optimizing financial management and laying a solid foundation for high-quality development

Guided by the principle of “capabilities enhancement”, the Company focused on system optimization and professional empowerment. It improved its financial policies and established procedural standards to cement the foundation of financial management. It also deepened the integration of business and finance and strengthened its data-driven decision-making capabilities to promote management efficiency. Meanwhile, tiered and categorized training sessions were conducted to elevate the professional competence of its teams. The Company also enhanced its budget management, which led to year-on-year decreases in administrative expenses and financial expenses. Furthermore, the Company actively engaged with various financing institutions to continually optimize its financing structure and reduce capital costs.

In the first half of 2025, the Company’s operations remained largely stable, with all key tasks carried out in an orderly manner. In the second half of the year, the Company will stick to its strategy, focusing on all its annual targets and indicators unwaveringly and making every effort to achieve its annual operational goals. It will meticulously analyze market trends, closely monitor market demand and leverage its technological advantages to expedite the R&D of high-quality products and expand their applications, thereby enhancing its competitiveness in the market. With a strong sense of responsibility and urgency, the Company will take the initiative by actively responding to challenges, with a view to driving its high-quality development and achieving new results.

### 1. Focusing on enhancing marketing capabilities for market expansion

Gas storage and transportation segment:

In the conventional cylinders industry, the Company will drive steady growth in its market share through efficient cost management and seek to achieve competitive differentiation. It will also closely monitor major domestic customers and keep abreast of related new projects, with a view to expanding sales scale. In the compound gas cylinders and system integration industry, the Company will firmly implement its established strategy in relation to product sales, making full use of its first-mover advantage with Type IV cylinders and adopting a slew of measures to secure orders. It will also intensify its efforts in market expansion, continue to optimize its sales strategy in relation to major customers, promote cooperation along the industry chain and improve its marketing framework. In the cryogenic storage and transportation industry, the Company will continue to expand into various markets, expand the applications of cryogenic cylinders, intensify its R&D efforts for new products and equipment and complete relevant certification and licensing procedures. In the international market, the Company will consolidate its existing foundation, deepen its core user base and bolster its advantageous businesses. It will also focus on its flagship products, mature markets or advantageous channels, enhance product stickiness and tap into the potential of repeat purchases. In addition, it will proactively cultivate new applications and innovate marketing models to better align with the demand for and perceived value of products in overseas markets.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Intelligent manufacturing segment:

The Company will seek to secure orders from the home appliances industry and make every effort to fulfil the orders of new projects and pass the acceptance inspections on existing projects, with a view to achieving growth in its annual results. It will also allocate more resources to the 3C production equipment field as well as the automotive production equipment field to achieve healthy development and rapid growth. The Company will continue to enhance its competitiveness and market share by pursuing a multi-pronged strategy. It will also actively seek new customers by understanding their needs and facilitating seamless business connections, in order to obtain more potential cooperation and enhance the order conversion rate.

### 2. Focusing on cultivating innovative momentum to accelerate technological upgrade and value creation

Gas storage and transportation segment:

The Company will benchmark its products against competing products, enhance technological empowerment to bolster the competitiveness of traditional offerings and achieve the core objectives of “improving quality, reducing costs, increasing efficiency, saving energy, reducing emissions and reducing consumption”. It will also continue to enhance the development of original technologies in the field of hydrogen storage and transportation equipment and carry out research on key core technologies in conjunction with relevant projects. The Company will remain committed to thoroughly understanding customers and engaging with end users. Taking commercial value and market demand into consideration, it will help customers improve their profitability through innovative products and solutions, thereby constantly creating value for customers. It will also promote the implementation of digital transformation, accelerate the verification of master data frameworks and carry out standardized, orderly and centralized management of material data to break down “information silos” and lay a solid foundation for digital empowerment.

Intelligent manufacturing segment:

The Company will continue to increase its investment in R&D, hire sufficient professional personnel, step up its independent R&D efforts, improve its technical levels and supply chain management capabilities and reduce product costs. It will continue to upgrade its production lines and optimize its intelligent scheduling and control frameworks, with a view to improving stability and enhancing the efficiency of production quality management. It will also continue to promote technology in depth, introducing products and technologies with stable operation in the home appliances industry into new fields of equipment. It will enrich its product mix, create high-quality products that satisfy customers and better support customers in product upgrades and replacements.

### 3. Focusing on improving operational quality and efficiency, and thoroughly implementing cost reduction and lean improvement

In terms of cost control, the Company will continue to focus on cost reduction in the three key areas of technology, procurement and manufacturing. In terms of expense control, it will enhance its budget management, use information technology to strengthen ex-ante control, ensure that expenses are adjusted dynamically in line with operating results and promote refined cost accounting and analysis to improve control precision. In terms of cash flow management, it will strive to expand its financing channels, improve capital efficiency and enhance the management of its accounts receivable and inventory. In terms of on-site management, the Company will continue to deepen its lean management and improve its on-site standards, work efficiency and product quality through the implementation of “6S” management, thereby comprehensively enhancing the core competitiveness of the Company.

### 4. Focusing on bolstering risk prevention and control and striving to implement strict regulations and refined management

The Company will intensify the development of its internal control and compliance frameworks, accelerate the centralized review and update of frameworks and processes, conduct thorough evaluation and rectification for internal control, cement the foundation for lawful and compliant operations and promote the deepening of legal corporate governance practices. It will also fortify defenses to ensure safety, quality and governance at source, refine safety responsibilities and assign them to all units, strictly control risk sources, enhance risk identification and adhere to the “zero defect” approach.

Material changes in the operation of the Company during the Reporting Period and events that occurred during the Reporting Period that have had a significant impact on the operation of the Company and are expected to have a significant impact in the future

☐ Applicable ☒ Not Applicable





## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

√ Applicable    □ Not Applicable

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

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

##### 1. Scale and Brand Advantages

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

##### 2. Technology Advantages

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

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

##### 3. Sales Network Advantages

The Company has established a complete sales network equipped with over 30 distribution offices scattering across the country, achieving a full geographical coverage nationwide, and is capable of offering components to largest-scale automobile manufacturers of the national automobile industry in the supply chain of components for domestic mainstream automobile manufacturers. The Company has also set up eight overseas sales offices which are mainly located in the United States, Singapore, Korea, India, Australia and other countries. Relevant products have been accepted by seven out of the world's top eight influential gas companies. To build a bridge between the basic unit and the market, and to increase the vitality of the strategy execution unit and results of operation, the Company carried out transformation and upgrade of the internal management and control so that each of its subsidiaries could establish a business model of unifying research, production, supply and sales, so as to fully unleash the vitality of the organisation, make flexible and quick responses to the changes in the market and effectively enhance the results of operation.

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

##### 4. Human Resources Advantages

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



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (II) Analysis of the core competitiveness of the intelligent manufacturing segment

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

#### 1. Technology Advantages

The Company focuses on the industrial automation field and deeply engages in the home appliances industry. With the enterprise informatisation business module as the driving core and customized intelligent manufacturing equipment as the base, the Company continues to make technological breakthroughs in the fields of automation and intelligence, while strengthening its customised services, rapid response capabilities, large-scale and flexible production, and industry chain synergies.

#### 2. Sales Advantages

The company has established an efficient sales team, which has professional sales skills and extensive market experiences, and is able to promote and sell the products efficiently. They are able to understand the market dynamics and customer needs timely and provide customers with professional consultation and services in order to promote the sales of products. The Company focuses on core customers and understands customers' needs in depth, such that it has fully released the vitality of the team to quickly adjust the marketing model in response to market changes. With advanced technology, extensive industrial experiences and expertise, the Company can continuously promote the technological innovation and upgrade of its products and steadily expand its market share.

#### 3. Human Resources Advantages

The Company has set up an efficient and professional team of staffs, established a performance appraisal and remuneration and welfare system to fully mobilize employees' innovation initiatives, and provided a platform for employees to grow with the Company. The Company cultivates excellent talents with high professional quality in core positions such as technology, production, sales, management and operation. The Company attaches great importance to technology development, and continuously recruits excellent technical talents to broaden the Company's business scale, and enhance the Company's profitability. According to the needs of business development, the Company will gradually expand the mechanical design team for assembly, robot application, specialised machine development, stamping application, suspension chain and others, while expanding the electrical team and software informatisation team.

The Company has established a modern enterprise management system covering the entire process of strategic planning, risk prevention and control, and compliant operation, thereby forming a scientific decision-making mechanism and a standardised implementation system to ensure the efficient operation and sustainable development of its businesses.

#### 4. Strategic Co-development Advantages

Leveraging its strategic resources advantages, the Company has strengthened the vertical integration across the industry chain and achieved efficient synergies across areas such as technological R&D, production, and marketing channels through unified strategic planning. The Company has enhanced horizontal business linkage by establishing cross-enterprise and cross-departmental cooperation mechanisms to share R&D results and supply chain resources, thereby reducing operating costs. This approach has created a brand matrix effect, integrating customer resources and service systems to enhance capabilities to deliver comprehensive solutions. Through the development of ecosystems, the Company has expanded into related areas such as smart homes and industrial internet, striving to enhance the service capabilities across the entire value chain of the industry and strengthen its all-round competitiveness in resisting cyclical risks.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### IV. PRINCIPAL OPERATION DURING THE REPORTING PERIOD

#### (i) Analysis of principal business

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

Unit: Yuan Currency: RMB

Item	Current period	Corresponding period of last year	Changes (%)
Operating income	680,343,762.00	748,773,482.80	-9.14
Operating cost	548,694,876.01	624,564,969.07	-12.15
Sales expense	20,038,057.94	23,469,294.64	-14.62
Management expense	54,164,729.47	57,293,069.41	-5.46
Financial expense	5,231,447.28	4,757,755.57	9.96
Research and development expenditure	42,208,662.39	30,022,179.68	40.59
Net cash flows from operating activities	-89,952,567.51	-143,347,494.45	-
Net cash flows from investing activities	-43,121,459.56	-28,164,353.12	-
Net cash flows from financing activities	11,929,283.99	61,347,479.15	-80.55

Reasons for the change in operating income: Operating income decreased by 9.14% year-on-year, mainly because the gas storage and transportation segment faced significant downward pressure due to the impact of international trade friction and the intelligent manufacturing segment recorded less income due to project cycles;

Reasons for the change in operating cost: Operating cost decreased by 12.15% year-on-year, mainly due to lower costs as a result of lower income;

Reasons for the change in sales expense: Sales expense decreased by 14.62% year-on-year, mainly due to decreases in selling service fee and exhibition fee during the current period;

Reasons for the change in management expense: Management expense decreased by 5.46% year-on-year, mainly due to a decrease in depreciation cost included in management expense during the current period;

Reasons for the change in financial expense: Financial expense increased by 9.96% year-on-year, mainly due to an increase in interest expense;

Reasons for the change in research and development expenditure: research and development expenditure increased by 40.59% year-on-year, mainly due to increased investment efforts in R&D during the current period;

Reasons for the change in net cash flows from operating activities: Increased by approximately RMB53.3949 million year-on-year, mainly due to an increase in taxes and surcharges refunds during the current period;

Reasons for the change in net cash flows from investing activities: Decreased by approximately RMB14.9571 million year-on-year, mainly due to a year-on-year decrease in net cash received from the disposal of fixed assets, intangible assets and other long-term assets and a year-on-year increase in cash paid to acquire investments during the current period; and

Reasons for the change in net cash flows from financing activities: Decreased by approximately RMB49.4182 million year-on-year, mainly due to a year-on-year increase in cash paid for repayments of debts.

##### 2 Details of the material changes in types of business, profit components or income sources of the Company in the current period

☐ Applicable ☒ Not Applicable



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (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 the current period compared with the end of the corresponding period last year (%)	Description
Notes receivable	7,155,593.33	0.24	14,048,892.34	0.46	-49.07	Mainly due to a decrease in undue acceptance bills
Other receivables	9,497,909.48	0.32	3,253,586.63	0.11	191.92	Mainly due to an increase in transaction
Other current assets	34,763,229.24	1.16	66,859,038.79	2.17	-48.01	Mainly due to a decrease in value-added tax retained by subsidiaries
Fixed assets	852,600,450.84	28.36	603,611,099.03	19.56	41.25	Mainly due to an increase in fixed assets of subsidiaries
Construction in progress	43,685,953.48	1.45	280,234,944.36	9.08	-84.41	Mainly due to the transference of construction in progress into fixed assets of subsidiaries
Other non-current assets	3,675,982.21	0.12	18,299,049.58	0.59	-79.91	Mainly due to a decrease in pre-payment for equipment of subsidiaries
Employee benefits payable	25,540,187.01	0.85	37,221,250.27	1.21	-31.38	Mainly due to a decrease in payment of benefits payable last year during the current period
Taxes payable	5,547,882.90	0.18	17,922,431.27	0.58	-69.05	Mainly due to a decrease in payment of taxes unpaid at the end of last year during the current period
Other payables	42,989,758.33	1.43	69,177,703.97	2.24	-37.86	Mainly due to a decrease in the second installment of the equity transfer payment for the acquisition of BYTQ, a subsidiary of the Company, and a decrease in pre-paid fee during the current period
Special reserves	2,570,890.35	0.09	1,222,044.23	0.04	110.38	Mainly due to an increase in the accrual of production safety expenses by subsidiaries

Other descriptions

Nil

#### 2. Overseas Assets

☒ Applicable ☐ Not Applicable

##### (1) Size of assets

Including: overseas assets of 89,318,920.67 (Unit: Yuan Currency: RMB), accounting for 2.97% of the total assets.

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

☐ Applicable ☒ Not Applicable

Other descriptions

Nil



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

☒ Applicable   ☐ Not Applicable

Unit: Yuan   Currency: RMB

Item	Book balance	Book value	End of the period Type of restriction	Condition of restriction
Fixed assets and intangible assets	160,521,389.15	88,407,135.04	Pledged property buildings	Security for borrowings and bank acceptance
Monetary funds	87,094,321.34	87,094,321.34	Margin	Deposits for bank acceptance bills
	7,000,000.00	7,000,000.00	Funds jointly monitored	Funds jointly monitored
	1,233,183.89	1,233,183.89	Funds frozen due to litigation	Funds frozen due to litigation
	4,059,973.87	4,059,973.87	Margin	Letter of credit guarantee deposit
Total	259,908,868.25	187,794,614.14	–	–

Item	Book balance	Book value	Beginning of the period Type of restriction	Condition of restriction
Fixed assets and intangible assets	160,638,154.58	96,058,176.93	Pledged property buildings	Security for borrowings and bank acceptance
Financing receivables	2,800,000.00	2,800,000.00	Pledged notes receivables	Pledge
Monetary funds	69,544,018.02	69,544,018.02	Margin	Deposits for bank acceptance bills
	1,639,488.83	1,639,488.83	Margin	Letter of credit guarantee deposit
	1,232,613.74	1,232,613.74	Funds frozen due to litigation	Funds frozen due to litigation
Total	235,854,275.17	171,274,297.52	–	–

### 4. Other descriptions

☐ Applicable   ☒ Not Applicable



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (IV) Analysis of investments

#### 1. General analysis of external equity investments

☐ Applicable    ☒ Not Applicable

##### (1). Material equity investments

☐ Applicable    ☒ Not Applicable

##### (2). Material non-equity investments

☐ Applicable    ☒ Not Applicable

##### (3). Financial assets measured at fair value

☐ Applicable    ☒ Not Applicable

##### (4). Securities investment

☐ Applicable    ☒ Not Applicable

##### (5). Explanation on securities investment

☐ Applicable    ☒ Not Applicable

##### (6). Private fund investment

☐ Applicable    ☒ Not Applicable

##### (7). Derivatives investment

☐ Applicable    ☒ Not Applicable

### (V) Material disposal of assets and equity interest

☐ Applicable    ☒ Not Applicable

### (VI) Analysis of major subsidiaries and associates

☒ Applicable    ☐ Not Applicable

Major subsidiaries and associates with a 10% or higher impact on the Company's net profit

☒ Applicable    ☐ Not Applicable

Unit: Yuan    Currency: RMB  
(Unless otherwise indicated)

Company name	Type of company	Principal business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Beijing Tianhai Industry Co., Ltd.	Subsidiary	Production and sale of gas cylinders, accumulator shells, pressure vessels and auxiliary equipment, etc.	748,759,761.19	2,345,671,073.43	647,548,826.19	629,830,538.08	-16,076,458.26	-21,354,731.29
Jingcheng Holding (Hong Kong) Company Limited	Subsidiary	Import and export trade, investment holding and consultancy services, etc.	HK\$1,000	24,260,787.18	5,297,568.66	49,818,075.63	2,023,456.68	2,023,456.68
Qingdao BYTQ United Digital Intelligence Co., Ltd.	Subsidiary	Robots and automation equipment etc.	21,418,633	458,261,248.03	340,333,350.29	61,773,909.61	6,785,116.70	6,771,425.65

Acquisition and disposal of subsidiaries during the Reporting Period

☐ Applicable    ☒ Not Applicable

Other descriptions

☐ Applicable    ☒ Not Applicable



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

☐ Applicable ☒ Not Applicable

## V. OTHER DISCLOSURES

### (I) Potential risks

☒ Applicable ☐ Not Applicable

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

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

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

#### 2. Macroeconomic cycle fluctuation risk

The industrial automation industry is a strategic industry that provides technical equipment for various industries in the national economy, and has always been valued by the government and strongly supported by national regulations and policies, with a huge and diversified market demand. The current national policies actively support the intelligent manufacturing industry and it is predicted that in the short term, policies of encouraging the research and development and application of industrial robots and promoting the innovative development of industries such as industrial robots will remain unchanged. Against the backdrop of such policies, traditional industrial technology transformation, factory automation and enterprise informatisation development will be under continuous advancement, and the market demand for industrial automation will also witness steady growth.

However, there are uncertainties in the macroeconomic outlook. If China's economic development is constrained by any macroeconomic downturn, industries with a large share in the downstream of the industrial automation sector may often experience significant impacts from the economic cycle. Specifically, these industries may reduce their investments in new fixed assets due to unfavorable economic conditions. Given the close linkage between the industrial automation sector and its downstream industries, any reduction in downstream investment will directly lead to decreased demand for industrial automation products and services, thereby adversely affecting the Company's operations.

To effectively cope with risks associated with cyclical fluctuations in macroeconomy, the Company will implement a series of targeted measures. On one hand, it will closely monitor changes in the macroeconomic environment, timely keep abreast of macroeconomic data and policy developments, while paying close attention to trends in upstream and downstream industries, by which the Company can anticipate market shifts in advance and provide a basis for strategic decision-making. On the other hand, the Company will actively expand the application scope of its products to reduce its reliance on any single industry for risk diversification. Additionally, it will continue to increase its investments in core technology R&D to enhance its technological innovation capabilities, develop new product markets, and strengthen its market competitiveness through product upgrades and market expansion. These efforts aim to minimize the risk factors brought by the periodic fluctuations in macroeconomy and changes in industrial policies and minimize their impacts on the Company's operations.

#### 3. Risks from developing new businesses and markets

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



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (II) Other disclosures

✓ Applicable    ☐ Not Applicable

#### 1. Analysis of financial position

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 kept its loan scale under strict control so that it could satisfy the capital needs for its operating activities while minimizing its financing cost and preventing financial risks by fully utilizing financial instruments, with a view to achieving sustainable growth and maximizing shareholder value.

##### *Liquidity and capital structure*

	End of the period	Beginning of the period
(1) Debt-to-asset ratio	53.27%	54.25%
(2) Quick ratio	121.79%	119.29%
(3) Current ratio	159.51%	152.85%
(4) Gearing ratio <sup>(Note)</sup>	114.02%	118.57%

Note: The gearing ratio is computed based on the Company's total liabilities divided by the Company's shareholders' equity.

#### 2. Bank loans

The Company prudently implemented its annual capital budget plan in accordance with changes in the market environment and the requirements of customers to strictly control its bank loan scale. The Company fully utilized financial instruments to reduce its financing cost and prevent financial risks to improve the profit of the Company and shareholders while satisfying the capital needs for the operating activities of the Company. At the end of the Reporting Period, the Company's short-term loans increased by RMB11,575,000 or 8.48%, as compared with the beginning of the period, and its long-term loans increased by RMB11,157,500 or 8.37% as compared with the beginning of the period.

#### 3. Foreign exchange risk management

The Company is mainly exposed to foreign exchange risk relating to US dollars and euro. The main operation of the Group is settled by RMB, except for Tianhai Industry, BTIC America Corporation and Jingcheng Holding (Hong Kong) Co., Ltd., subsidiaries of the Company, which use US dollars and euro for procurement and sale. Accordingly, it may be exposed to foreign exchange risk arising from changes in exchange rates between US dollars, euro and RMB. The Company actively adopted measures to reduce foreign exchange risk.

#### 4. Principal sources of funds and their use

##### *(1) Cash flows from operating activities*

Cash inflows from operating activities of the Company during the Reporting Period were mainly derived from the income from product sales. Cash outflows were mainly used in expenses related to production and operating activities. During the Reporting Period, cash inflows from operating activities amounted to RMB545,975,600, while cash outflows amounted to RMB635,928,200. Net cash flows during the Reporting Period from operating activities amounted to RMB-89,952,600.

##### *(2) Cash flows from investing activities*

During the Reporting Period, cash inflows from investing activities of the Company amounted to RMB5,298,200, which mainly came from net cash received from the disposal of fixed assets, intangible assets and other long-term assets during the current period, while cash outflows from investing activities amounted to RMB48,419,600, which were mainly used in expenses for the purchase and construction of fixed assets and investments. Net cash flows from investing activities during the Reporting Period amounted to RMB-43,121,400.

##### *(3) Cash flows from financing activities*

Cash inflows from financing activities during the Reporting Period amounted to RMB191,900,000, which were mainly derived from bank borrowings. Cash outflows from financing activities during the Reporting Period amounted to RMB179,970,700, which were mainly due to the repayment of principals of loans, payment of interest and payment of rent for the leasing business. Net cash flows from financing activities during the Reporting Period amounted to RMB11,929,300.

During the Reporting Period, net cash flows from operating activities increased by approximately RMB53,394,900 year-on-year, which was mainly due to a year-on-year increase in the receipt of taxes and surcharges refunds during the current period. Net cash flows from investing activities decreased by approximately RMB14,957,100 year-on-year, which was mainly due to a year-on-year decrease in net cash received from the disposal of fixed assets, intangible assets and other long-term assets and a year-on-year increase in cash paid for investments during the current period. Net cash flows from financing activities decreased by approximately RMB49,418,200 year-on-year, which was mainly due to a year-on-year increase in cash paid for the repayment of loans.





## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### 5. Capital structure

During the Reporting Period, the Company's capital structure consisted of shareholders' equity and liabilities. Shareholders' equity amounted to RMB1,404,749,400, of which minority shareholders' interest amounted to RMB332,932,600, and total liabilities amounted to RMB1,601,626,800. Total assets amounted to RMB3,006,376,300. As at the end of the period, the Company's debt-to-asset ratio was 53.27%.

#### Capital structure by liquidity

Total current liabilities	RMB881,418,100	Accounting for 29.32% of assets
Total shareholders' equity	RMB1,404,749,400	Accounting for 46.73% of assets
Of which: Minority shareholders' interest	RMB332,932,600	Accounting for 11.07% of assets

### 6. Contingent liabilities

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

### 7. Details of the Group's charge on assets

Unit: Yuan Currency: RMB

Item	Book balance	Book value	End of the period Type of restriction	Condition of restriction
Fixed assets and intangible assets	160,521,389.15	88,407,135.04	Pledged property buildings	Security for borrowings and bank acceptance
Monetary funds	87,094,321.34	87,094,321.34	Margin	Deposits for bank acceptance bills
	7,000,000.00	7,000,000.00	Funds jointly monitored	Funds jointly monitored
	1,233,183.89	1,233,183.89	Funds frozen due to litigation	Funds frozen due to litigation
	4,059,973.87	4,059,973.87	Margin	Letter of credit guarantee deposit
Total	259,908,868.25	187,794,614.14	—	—

Item	Book balance	Book value	Beginning of the period Type of restriction	Condition of restriction
Fixed assets and intangible assets	160,638,154.58	96,058,176.93	Pledged property buildings	Security for borrowings and bank acceptance
Financing receivables	2,800,000.00	2,800,000.00	Pledged notes receivables	Pledge
Monetary funds	69,544,018.02	69,544,018.02	Margin	Deposits for bank acceptance bills
	1,639,488.83	1,639,488.83	Margin	Letter of credit guarantee deposit
	1,232,613.74	1,232,613.74	Funds frozen due to litigation	Funds frozen due to litigation
Total	235,854,275.17	171,274,297.52	—	—

### 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 1,363.

#### (2) Remunerations

Remunerations for employees during the Reporting Period were RMB95,530,700.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (3) *Remuneration policies*

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

### (4) *Training plan*

According to the "2025 Annual Training Plan", a total of 1,509 training hours were completed with 384 training attendances, and the number of training hours per employee reached 9.61 hours. According to the annual training plan, the Company has organized and completed various training programs, including "Management Enhancement Training for Middle-level and Senior Management", "Training Course for Newly Appointed Middle-level Executives from Directly Affiliated Enterprises", "Training for Technicians on Design Efficiency Enhancement and Standardized Management based on the Model Library", "Training on Finite Element Analysis Software", "Skills Improvement Training for Sales Staff", "IATF16949 Standard and Internal Auditor Training", "Skills Improvement Training for Skilled Positions", and "Training on Programming and Debugging for Siemens System Maintenance", etc.

## 9. Corporate governance

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

## 10. Others

- (1) The Company's applicable enterprise income tax rate for the Reporting Period was 25%.
- (2) The unaudited 2025 interim report of the Company has been reviewed by the audit committee of the Board.
- (3) The Company has been in compliance with the code provisions set out in Part 2 of Appendix C1 "Corporate Governance Code" of the Rules Governing the Listing of Securities on the Stock Exchange during the Reporting Period.
- (4) During the Reporting Period, in respect of the transactions of securities by its Directors and supervisors, the Company has adopted a set of code of conduct on terms no less exacting than the required standards of the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange. After making specific enquiries with all Directors and supervisors, the Company confirmed that, each of the Directors and supervisors has complied with the required standards on securities transactions by directors as set out in the Model Code for the six months ended 30 June 2025.
- (5) During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's stocks.
- (6) There was no change in the scope of the consolidated statements as compared to the financial report for the previous year.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (III) The Company's 2025 Action Plan for "Improving Quality, Increasing Efficiency and Enhancing Returns"

To thoroughly implement the requirements of the "State Council's Opinions on Further Improving the Quality of Listed Companies", actively respond to the "Initiative on Launching a Special Campaign for 'Improving Quality, Increasing Efficiency and Enhancing Returns' for Shanghai-listed Companies" of the SSE, safeguard the legitimate rights and interests of investors and assume its responsibilities for high-quality development and enhancing its own investment value, the Company has formulated the 2025 Action Plan for "Improving Quality, Increasing Efficiency and Enhancing Returns" with a view to "consolidating quality improvement achievements, deepening efficiency enhancement measures and strengthening returns on investment" and in accordance with the Company's strategy for development and actual operations.

#### (I) Deepening strategic planning to unleash "new momentum" for transformation and upgrading

Firstly, the Company aims to complete its strategic planning for the "15th Five-Year Plan" in a satisfactory manner. In the gas storage and transportation segment, the Company will focus on its vision of building a global leading manufacturing and service enterprise for gas storage and transportation equipment and clearly define its positioning in the industry, its resource allocation and its reform pathways. In the intelligent manufacturing segment, the Company will strategically position itself as a leading provider of comprehensive intelligent manufacturing solutions, deepen its intelligent and green development and enhance its core technological capabilities.

Secondly, the Company aims to achieve steady growth in its market share. It will further optimize the functional planning and industry planning of its production sites to improve the utilization efficiency of resources and stabilize its operational scale. It will also accelerate the intelligent upgrading of relevant production lines to enhance the efficiency of key processes and further reduce costs, save energy, reduce emissions and improve efficiency, thereby comprehensively enhancing its intelligent manufacturing capabilities, product differentiation, market share and profitability.

Thirdly, the Company aims to strengthen its competitiveness. In the gas storage and transportation segment, it will enhance its planning across the entire hydrogen energy industry chain to provide comprehensive solutions covering "production, storage, transportation, refueling, use and testing". It will also actively expand product applications to boost product sales performance and advance the intelligent transformation of all production processes to build a digital benchmark factory. In the intelligent manufacturing segment, it will further differentiate between high-end and low-end markets, refine product categories, optimize the industry structure, reduce costs and increase efficiency and unleash the demand for upgrading to intelligent, digital and flexible manufacturing.

Fourthly, the Company aims to consolidate its existing foundation. It will deepen its core user base and bolster its advantageous businesses. It will also focus on its flagship products, mature markets or advantageous channels, enhance product stickiness and tap into the potential of repeat purchases. In addition, it will develop high value-added products, cultivate new applications, innovate marketing models and address any shortcoming in service to build core competitiveness and influence.

#### (II) Adhering to innovation-driven development and cultivate "new drivers" for development

Firstly, the Company aims to step up its efforts in technological research and development (R&D). In the gas storage and transportation segment, through research projects, the Company will focus on breaking through bottlenecks in key core technologies to achieve independent control of key processes. In the intelligent manufacturing segment, the Company will seek technological R&D breakthroughs to cater to the new demand in industry automation projects and carry out integration of information-based industrial software systems and the R&D of suspended conveyor systems, with a view to developing better foresight for downstream demand, responding rapidly and maintaining continuous development capabilities.

Secondly, the Company aims to enhance technological empowerment to bolster the competitiveness of traditional offerings and achieve the core objectives of "improving quality, reducing costs, increasing efficiency, saving energy, reducing emissions and reducing consumption". In the product design stage, the Company will reduce BOM costs by introducing modular and lightweight design concepts and simplifying redundant structures through structural simulation technology. In the gas storage and transportation segment, the Company will continue to drive its product R&D and make full use of its first-mover advantage with the Type IV Cylinders. In the intelligent manufacturing segment, with the information-based business as the core driver and customized intelligent manufacturing equipment as the foundation, the Company will continue to make technological breakthroughs in the fields of automation and intelligentization. It will also strengthen its customized services and rapid response capabilities and promote large-scale and flexible production and synergy across the industry chain.

Thirdly, the Company aims to promote collaborative efforts among industry, academia and research institutions, increase the demand for original technologies among enterprises, augment their supply at the source, optimize resource allocation and enhance the transfer and application of original technologies. It also aims to foster a creative corporate culture while refining its incentive mechanisms to kindle creativity. It will continually optimize its system for technological innovation and enhance its R&D capabilities.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (III) Enhancing management empowerment and optimizing “new efficiency” for governance

Firstly, the Company will adhere to a talent-driven corporate development strategy, accelerate the development of a tiered system and optimize related frameworks. It will continue to improve its modern governance system and further promote organizational flattening by reducing management levels, clarifying management boundaries and minimizing overlapping responsibilities, which will enhance decision-making efficiency and response speed. It will actively promote a merit-based promotion and demotion framework for cadres. With this framework as well as term-based appointment and contractual performance evaluations, the Company will implement performance-based adjustments and removal of underperformers, ensuring that capable individuals are promoted, average performers step aside and underperformers are replaced. It will also strengthen cadre team building by developing a three-tier structure consisting of “the core level, the backbone level and the potential level”, clearly establish a competency model and cement the foundation of talent reserves to resolutely implement the talent-driven corporate development strategy and the “Five Major Projects” talent development plan.

Secondly, the Company will focus on improving operational quality and efficiency, deeply implement cost reduction and lean improvement and will not refrain from taking tough measures. It will strictly control expenses and focus on reducing non-essential expenditures. It will also explore new supply chain management models and increase its volume-based procurement to further reduce procurement costs. It will strengthen the integration of business and finance, improve its financial analysis system and achieve precise operational scheduling to ensure an annual increase in gross profit margin. It will also improve its management of accounts receivable and inventory to ensure that their growth rate is lower than that of revenue. In addition, it will deepen its 6S management to create an efficient production environment.

Thirdly, the Company will focus on risk prevention and control and strive to implement strict regulations and refined management. In strict compliance with the “Company Law”, “Securities Law”, “Code of Corporate Governance for Listed Companies” and the “Measures for the Administration of Independent Directors of Listed Companies” and other relevant laws, regulations and normative documents as well as the Company’s Articles of Association, and in view of the Company’s actual circumstances, the Company will establish and improve various internal control frameworks, strengthen the supervision and management of its risk prevention and compliant operations and actively leverage the role of internal control compliance evaluations and internal audits in standardizing corporate governance, improving internal control and identifying and preventing risks, with a view to continuously enhancing the level of its corporate governance.

Fourthly, the Company aims to strengthen its marketing communication and enhance its management of investor relations. The Company attaches great importance to information disclosure, strictly complies with the latest provisions and requirements of the listing rules of the stock exchanges where the Company’s shares are listed, seriously fulfills its information disclosure obligations and continuously improves the quality of its information disclosure by taking into consideration the needs of investors. The Company actively engages in various forms of communication and interaction with shareholders and investors through channels such as general meetings, investor hotlines and “SSE E-interactive” to enhance its interaction with investors. It also invites researchers investigating the securities of the industry to visit the Company for on-site research to deepen and broaden its interaction with analysts. In addition, it holds online results briefings on multimedia platforms such as the SSE Roadshow Center with the attendance of the Company’s key management personnel and independent Directors to listen to investors’ opinions and suggestions and engage in in-depth exchanges with investors.

In the future, the Company will continue to actively implement the Action Plan for “Improving Quality, Increasing Efficiency and Enhancing Returns”, focusing on the development of its core business, enhancing its operations and management and improving its core competitiveness and profitability. Additionally, by maintaining regular, multi-channel and high-frequency interactions with investors, the Company will eliminate information barriers and provide investors with accurate and reliable data for making investment decisions, thereby enabling investors to genuinely feel the benefits of the Company’s development and ensuring the effective implementation of the Action Plan for “Improving Quality, Increasing Efficiency and Enhancing Returns”.



## SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

### I. CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

✓ Applicable    ☐ Not Applicable

Name	Position	Change
Wu Yanzhang	Non-executive Director	Resignation
Cheng Lei	Non-executive Director	Resignation
Wang Kai	Non-executive Director	Election
Zhao Xihua	Non-executive Director	Election

#### Description of change of directors, supervisors and senior management of the Company

✓ Applicable    ☐ Not Applicable

- On 30 December 2024, the Board of the Company received resignation reports from Mr. Wu Yanzhang and Mr. Cheng Lei, each a non-executive Director. Mr. Wu Yanzhang applied for resignation as a non-executive Director of the eleventh session of the Board and a member of the strategy committee of the Board as he had reached retirement age and completed the retirement formalities. Mr. Wu Yanzhang would not take up any positions in the Company after his resignation became effective. Mr. Cheng Lei applied for resignation as a non-executive Director of the eleventh session of the Board due to work arrangements. Mr. Cheng Lei would not take up any positions in the Company after his resignation became effective.

In order to safeguard the regulatory compliance of the Board of the Company, according to the “Company Law”, the “Administrative Measures for Independent Directors of Listed Companies” and the relevant provisions of the “Articles of Association”, the Company convened the tenth extraordinary meeting of the eleventh session of the Board on 30 December 2024, at which the “Resolution in relation to the Change of Non-Executive Directors of the Eleventh Session of the Board of Directors” was considered and approved. The resignation of Mr. Wu Yanzhang and that of Mr. Cheng Lei were accepted by the Board, both effective from 30 December 2024. Upon nomination by the eleventh session of the nomination committee of the Board of the Company, the Board agreed to nominate Mr. Wang Kai to replace Mr. Wu Yanzhang and Mr. Zhao Xihua to replace Mr. Cheng Lei as candidates for non-executive Directors of the eleventh session of the Board and submit the resolution for approval at a general meeting. The proposed term of office would commence from the date of approval at the general meeting until the conclusion of the 2025 annual general meeting.

The Company convened the first extraordinary general meeting of 2025 on 28 April 2025, at which the “Resolution in relation to the Change of Non-Executive Directors of the Eleventh Session of the Board” was considered and approved. Mr. Wang Kai and Mr. Zhao Xihua were duly elected as non-executive Directors of the eleventh session of the Board.

- The Company convened the eighth meeting of the eleventh session of the Board on 29 April 2025, at which the “Resolution in relation to the changes to the members of the strategy committee, remuneration and monitoring committee, and nomination committee of the eleventh session of the Board” was considered and approved.

As nominated by the chairman of the Board and reviewed by the nomination committee of the Board, the attending Directors unanimously agreed to elect Mr. Wang Kai as a member of the strategy committee of the eleventh session of the Board, with a term commencing from 29 April 2025 until the conclusion of the 2025 annual general meeting.

On 29 April 2025, the Board of the Company received a written resignation application from Ms. Chen Junping, an independent non-executive Director and member of the remuneration and monitoring committee of the Board. Due to work reasons, Ms. Chen Junping applied to resign from her position as a member of the remuneration and monitoring committee of the eleventh session of the Board, effective from 29 April 2025, but will continue to serve as an independent non-executive Director of the eleventh session of the Board.

On 29 April 2025, the Board of the Company received a written resignation application from Mr. Luan Dalong, an independent non-executive Director and member of the nomination committee of the Board. Due to work reasons, Mr. Luan Dalong applied to resign from his position as a member of the nomination committee of the eleventh session of the Board, effective from 29 April 2025, but will continue to serve as an independent non-executive Director of the eleventh session of the Board.

As nominated by the chairman of the Board and reviewed by the nomination committee of the Board, the attending Directors unanimously agreed to elect Ms. Chen Junping as a member of the nomination committee of the eleventh session of the Board and Mr. Luan Dalong as a member of the remuneration and monitoring committee of the eleventh session of the Board, with a term commencing from 29 April 2025 until the conclusion of the 2025 annual general meeting.



## SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

### II. PROPOSAL ON THE PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE

#### Profit distribution plan or plan to capitalise capital reserve into share capital proposed for this interim period

Whether to distribute profit or capitalise capital reserve	No
Number of shares to be distributed for every ten shares (share)	
Amount to be distributed for every ten shares (RMB) (tax inclusive)	
Number of shares to be capitalised into share capital for every ten shares (share)	
Relevant explanation on profit distribution plan or plan to capitalise capital reserve into share capital	Nil

### III. SHARE INCENTIVE SCHEME, EMPLOYEE SHARE SCHEME OR OTHER INCENTIVE MEASURES FOR EMPLOYEES OF THE COMPANY AND THEIR IMPACTS

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

☒ Applicable ☐ Not Applicable

Summary of matter	Index for enquiry
The Company has received the Certificate of Change in Registration of Securities issued by China Securities Depository and Clearing Corporation Limited on 28 December 2023. According to the Certificate of Change in Registration of Securities, the Company has completed the registration of Initial Grant of Restricted Shares under the 2023 Restricted Share Incentive Scheme.	Website of Shanghai Stock Exchange <a href="http://www.sse.com.cn">www.sse.com.cn</a> ; HKExnews website of the Hong Kong Stock Exchange <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>

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

Incentive conditions

☐ Applicable ☒ Not Applicable

Other descriptions

☒ Applicable ☐ Not Applicable

#### (I) Explanation on the Repurchase and Cancellation of Part of the Restricted A Shares Granted but subject to Lock-up:

1. The Company considered and approved the “Resolution in relation to the Repurchase and Cancellation of Part of the Restricted A Shares Granted but subject to Lock-up” at the eleventh extraordinary meeting of the eleventh session of the Board and the sixteenth meeting of the eleventh session of the Supervisory Committee convened on 27 February 2025, and agreed that the Company shall repurchase and cancel a total of 180,000 restricted A shares granted and have not been unlocked in accordance with the “2023 Restricted Share Incentive Scheme of Beijing Jingcheng Machinery Electric Company Limited”. (For details, please refer to the announcement dated 30 July 2025 of the Company)

Important notices are as follows:

- Among the Participants in the Initial Grant under the 2023 Restricted Share Incentive Scheme of the Company, 5 of them are no longer eligible to be the Participants due to resignation, internal retirement, transfer of job, etc. The Company intends to repurchase and cancel all or part of the Restricted Shares granted to them.
  - The number of Restricted Shares for repurchase and cancellation: 180,000 shares (all being part of the Initial Grant).
  - The repurchase price of the Restricted Shares: Among the five Participants in this proposed repurchase, four of them who resign on their own accord or retire internally hold a total of 130,000 Restricted Shares subject to lock-up, with the repurchase price of RMB7.33/share, while one of them who is no longer eligible to be the Participant due to transfer of job holds a total of 50,000 Restricted Shares subject to lock-up, with the repurchase price at the sum of RMB7.33/share plus the interest earned on time deposits calculated in accordance with the latest benchmark deposit rate issued by the People’s Bank of China.
2. On 28 April 2025, the Company convened the first Extraordinary General Meeting of 2025, the first A Shares Class Meeting of 2025, and the first H Shares Class Meeting of 2025, at each of which the “Resolution in relation to the Repurchase and Cancellation of Part of the Restricted A Shares Granted but subject to Lock-up” was considered and approved.



## SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

- (II) Explanation on the Achievement of the Performance Appraisal Targets of the Company for the First Unlocking Period of the 2023 Restricted Share Incentive Scheme (the “**Incentive Scheme**”) (for details please refer to the “Announcement on the Achievement of the Performance Appraisal Targets of the Company for the First Unlocking Period of the 2023 Restricted Share Incentive Scheme” (《2023 年限制性股票激勵計劃第一個解除限售期公司業績考核目標達成的公告》) of the Company dated 23 June 2025):

1. Achievement of the Performance Appraisal Targets of the Company for the First Unlocking Period

- Achievement of the Performance Appraisal Targets

Pursuant to the “Audit Report on the Achievement of the Performance Appraisal Targets of Beijing Jingcheng Machinery Electric Company Limited” issued by Anheng (Beijing) Certified Public Accountants Co., Ltd.\* (安衡(北京)會計師事務所有限責任公司), “Audit Report on Beijing Jingcheng Machinery Electric Company Limited” issued by WUYIGE Certified Public Accountants LLP, the “2024 Annual Report of Beijing Jingcheng Machinery Electric Company Limited” and the “Resolution in relation to the Achievement of the Performance Appraisal Targets of the Company for the First Unlocking Period of the 2023 Restricted Share Incentive Scheme”, the performance appraisal targets of the Company for the first unlocking period of the Incentive Scheme were achieved. The details are as follows:

Unlocking Period	Performance Appraisal Targets	Achievement
First Unlocking Period	(1) In 2024, the Company's cash return rate of net assets shall not be less than 7.97%, and based on the Company's cash return rate of net assets in 2021, the growth rate of cash return rate on net assets in 2024 shall not be lower than the average level of the industry.	(1) In 2024, the Company's cash return rate of net assets was 9.88%, and based on the Company's cash return rate of net assets in 2021, the growth rate of cash return rate on net assets in 2024 was 271.42%, which was not lower than the average level of the industry (i.e. -37.72%).
	(2) The year-on-year growth rate of operating revenue in 2024 shall not be less than 16%, and shall not be lower than the average level of the industry.	(2) The year-on-year growth rate of operating revenue in 2024 was 17.32%, which was not lower than the average level of the industry (i.e. 4.29%).
	(3) Based on the revenue from transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation projects in 2024 shall not be less than 400%.	(3) Based on the revenue from transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation projects in 2024 was 408.5%.
	(4) In 2024, the proportion of R&D investment in operating revenue shall not be less than 3.05%.	(4) In 2024, the proportion of R&D investment in operating revenue was 4.19%.

Notes:

1. Cash return rate of net assets = EBITDA/average net assets, where EBITDA represents earnings before interest, taxes, depreciation and amortization. The data is derived from the EBITDA back-calculated values presented by Wind, and average net assets are calculated as the arithmetic average of the opening and closing equity of shareholders;
  2. Revenue from transformation and innovation projects: revenue from hydrogen energy products and intelligent manufacturing products;
  3. Peer companies refer to all listed companies under the industry classification of “CSRC Manufacturing – CSRC Special Equipment Manufacturing” by the China Securities Regulatory Commission.
- Other explanations

The first unlocking period for the restricted shares granted under the Incentive Scheme shall be from the first transaction date after 24 months since the first grant date, to the last transaction date within 36 months since the first grant date. Upon meeting the unlocking conditions during the first unlocking period, restricted shares granted under the Incentive Scheme may be applied for unlocking in an amount equal to 34% of the total amount granted. The first grant date is 14 November 2023. The unlocking conditions for the Incentive Scheme, in addition to the achievement of the above company-level performance targets, include the absence of any legal restrictions on unlocking for the Company and the participants, as well as the achievement of individual performance targets by the participants. The Company will subsequently review the fulfillment of other unlocking conditions and, in accordance with relevant regulations, handle the unlocking procedures and make announcements accordingly.



## SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

2. On 23 June 2025, the Company convened the thirteenth extraordinary meeting of the eleventh session of the Board, at which the “Resolution in relation to the Achievement of the Performance Appraisal Targets of the Company for the First Unlocking Period of the 2023 Restricted Share Incentive Scheme” was considered and approved. On the same date, the Company convened the twentieth meeting of the eleventh session of the supervisory committee, at which the same resolution was considered and approved.

Employee share scheme

☐ Applicable ☒ Not applicable

Other incentive measures

☐ Applicable ☒ Not applicable

### IV. ENVIRONMENTAL INFORMATION OF THE COMPANY AND ITS MAJOR SUBSIDIARIES INCLUDED IN THE LIST OF ENTERPRISES SUBJECT TO LEGAL ENVIRONMENTAL DISCLOSURE

☒ Applicable ☐ Not applicable

Number of enterprises included in the list of enterprises subject to legal environmental disclosure 1

No.	Name of Enterprise	Index for enquiry for Legal Environmental Information Disclosure Report
1	Tianjin Tianhai High Pressure Container Co., Ltd.* (天津天海高压容器有限责任公司)	Enterprise Environmental Information Disclosure System (Tianjin) (Relevant enquiry website: <a href="https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym">https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym</a> )

Other Remarks

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not applicable

The year 2025 marks the final year for the full achievement of the goals set out in the “14th Five-Year Plan”, a pivotal year for laying a solid foundation for the successful commencement of the “15th Five-Year Plan”, and a reinforcement year for the transformation and development of the capital’s support and cooperation initiatives. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company earnestly implements the spirit of the 20th National Congress of the Communist Party of China, the Second and Third Plenary Sessions of the 20th CPC Central Committee, as well as the important speeches and instructions of General Secretary Xi Jinping on support and cooperation work. The Company fully implements the spirit of the Central Rural Work Conference and the Central Economic Work Conference, and the Sixth Plenary Session of the 13th Municipal Party Committee, thereby steadfastly advancing comprehensive rural revitalization. Through multiple initiatives, the Company provides assistance for support and cooperation regions in continuously enhancing endogenous development capacity, consolidates and expands the achievements of poverty alleviation, effectively aligns them with rural revitalization, improves people’s livelihood and well-being, promotes ethnic unity, and contributes to and provides assistance for the high-quality development of support and cooperation regions.

As a municipal state-owned enterprise, the Company proactively assumes its social responsibilities, earnestly implements the directives in documents on consumption-based alleviation issued by the Municipal State-owned Assets Supervision and Administration Commission, the Municipal Federation of Trade Unions, the Municipal Support and Cooperation Office, and Jingcheng Machinery Electric, and actively participates in brand initiatives promoted by the Municipal Party Committee, the Municipal Government, and the Municipal State-owned Assets Supervision and Administration Commission, including “Jingcai Western Products\* (京彩西品)”, “Jing-selected Quality Goods, One County One Product\* (京选好物·一县一品)”, “Mongolian Flavour Arrives\* (蒙味袭来)”, and “Jingcai Mongolian Products\* (京彩蒙品)”. The Company has organized dedicated campaigns to promote agricultural and sideline products featuring targeted assistance regions including Inner Mongolia, Tibet, and economically underdeveloped collective villages within Beijing. In the first half of the year, the Company procured a total of RMB863,658 worth of alleviation products, of which the canteen purchased RMB566,058 worth of poverty alleviation products, including RMB173,169 of alleviation products and RMB392,889 of non-alleviation products, accounting for 31% of the total poverty alleviation procurement. The labour union purchased RMB297,600 worth of consolation goods, all of which were poverty alleviation products, representing a 100% procurement ratio. These efforts have positive effects in consolidating and expanding the achievements of poverty alleviation and promoting rural revitalization.





## SECTION 5 IMPORTANT MATTERS

### I. FULFILLMENT OF UNDERTAKINGS

#### (I) Undertakings made by the beneficial controller, shareholders, connected persons, buyers and the relevant parties of the Company during or up to the Reporting Period

√ Applicable    □ Not Applicable

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	During undertaking	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe plans in next steps
Undertaking relating to the material asset reorganisation	Settlement of connected transactions	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Jingcheng Holding undertakes: As for the connected transactions for us and the companies under our control with the Listed Company and the companies under its control that cannot be avoided or have reasonable grounds, these connected transactions will be conducted in the principles of openness, fairness and justice for market transactions at fair and reasonable prices by us and the companies under our control, and the decision-making procedures for and information disclosure obligations in respect of connected transactions will be performed in accordance the requirements of laws, regulations and regulatory documents. We warrant that we and the companies under our control will not obtain any improper benefits or subject the Listed Company or any of the companies under its control to any improper obligations by way of any connected transactions with the Listed Company or any of the companies under its control. We will indemnify the Listed Company and any of the companies under its control against any losses incurred by them as a result of any transaction with them in violation of the undertakings above.	Long term	Yes	Long term	Yes		
	Solving the issues concerning competition in the same industry	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Jingcheng Holding undertakes: In relation to the businesses or business opportunities similar to those of the Listed Company including that we and other companies under our control anticipate or substantially in place to conduct, and assets and businesses of such businesses or business opportunities that may constitute potential competition. The Company will not conduct and will make efforts to cause the other companies under the control of the Company not to conduct businesses which are the same as or similar to those of the Listed Company in order to avoid direct or indirect competition with the operation of business of the Listed Company. In addition, if unfair impact may be made to the Listed Company in the areas of market share, business opportunities and resource allocation of the Company and the other companies under the control of the Company, the Company will voluntarily give up and will make efforts to cause the other companies under the control of the Company to give up business competition with the Listed Company. The company undertakes that starting from the date of issue of this Letter of Undertaking, it will compensate the Listed Company for any losses suffered or expenses incurred by the Listed Company as a result of the violation of any provisions of this undertaking by the Company. This Letter of Undertaking continues to be effective during the period in which the Listed Company legally and validly subsists and the Company is the Controlling Shareholder (or beneficial controller) of the Listed Company.	Long term	Yes	Long term	Yes		



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Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	During of undertaking	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe the plans in next steps
	Solving the issues of competition in the same industry	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	<p>The Supplemental Undertaking of Jingcheng Holding on the Shanghai Sunwise Equity Investment Project</p> <p>1. During the eight years from the completion of this acquisition, Jingcheng Holding will initiate the injection of its equity interests in Shanghai Sunwise or its assets or businesses subject to horizontal competition into the Company at fair value by means of asset restructuring, equity transfer or other legal means in the principles of benefiting the development of the Company and safeguarding the interests of the Shareholders, in particular the interests of the minority Shareholders, and in compliance with the prevailing applicable laws, regulations and regulatory rules, in accordance with the operating conditions and sustainable profitability of Shanghai Sunwise, the strategic layout of the hydrogen energy industry of the Beijing SASAC and the Company's own development needs upon approval by the competent authorities. If the relevant equity interests, assets or businesses have not been injected into the Company by the expiry of the aforesaid period, Jingcheng Holding undertakes to negotiate with the Company for an extension of the entrustment period, or to transfer the relevant equity interests or its assets or businesses subject to horizontal competition to an unrelated third party, or to eliminate horizontal competition through integration of businesses or assets.</p> <p>2. During the period when the Company is entrusted with management of the equity interests in Shanghai Sunwise, in the event that there are changes in the market, policies or other factors and the Company considers that Shanghai Sunwise is no longer suitable for the business development needs of the Company, or it is expected that Shanghai Sunwise will not be able to meet the conditions for injection into the Company in the future, after negotiation between Jingcheng Industrial Investment and the Company, the Company may, after performing the necessary decision-making procedures, terminate the entrusted management of the equity interests in Shanghai Sunwise. Upon termination of the entrusted management, Jingcheng Holding undertakes to transfer the equity interests in Shanghai Sunwise to an unrelated third party or take other measures as permitted by the prevailing laws, regulations and regulatory rules to solve the horizontal competition. The transaction does not contravene the relevant provisions of the original Undertaking Letter Regarding Avoidance of Horizontal Competition of Jingcheng Holding and does not involve any change in undertakings set out in the Guidelines for the Regulation of Listed Companies No. 4 – Undertakings Made by Listed Companies and Relevant Parties and are in compliance with the requirements of the laws and regulations.</p>	Long term	Yes	From the completion date of this acquisition to the expiry date of eight years	Yes		
Others		Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Jingcheng Holding undertakes: After the completion of this Material Asset Reorganisation, it will warrant the independence of the personnel, assets, finances, organizations, businesses of the Listed Company. Jingcheng Holding makes concrete undertaking in the areas of personnel independence, asset independence, financial independence, organizational independence, business independence. That undertaking continues to be valid, cannot be altered and is irrevocable during the period in which Jingcheng Holding is the Controlling Shareholder (or beneficial controller) of the Listed Company. If Jingcheng Holding is in violation of the above undertaking and causes economic losses to the Listed Company, Jingcheng Holding will compensate the Listed Company.	Long term	Yes	Long term	Yes		
Others		Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Jingcheng Holding undertakes: 1. Within 30 days from the receipt of a notice on this matter of Material Asset Reorganisation of Beiren Holdings by the creditors of Beiren Holdings, within 45 days from the date of the first announcement on this matter of Material Asset Reorganisation of Beiren Holdings in case of no receipt of the notice, if they demand Beiren Holdings to make early repayment of liabilities or provide security, and Beiren Holdings has not repaid the liabilities or provided the security, the Company undertakes that it will bear the responsibilities of making early repayment of liabilities or providing security. 2. If Beiren Holdings cannot reach the creditors, and for those creditors who have not expressed clear opinion after the receipt of the notice or the expiry of the notice period, if they have expressed clearly disagreement opinion before the completion of this Material Asset Reorganisation, and Beiren Holdings has not repaid the liabilities nor provided security upon their demand, the Company undertakes that it will bear the responsibilities of making early repayment of liabilities or providing security. 3. For those creditors that Beiren Holdings really cannot reach, and those creditors who have not yet expressed clear opinion after the receipt of the notice or the expiry of the notice period, if after the completion of this Material Asset Reorganisation, the recipient of the Outgoing Assets cannot repay its liabilities, the Company is in charge of the repayment. After the Company has been liable for guarantee responsibility and repayment responsibility, it has the right to seek repayment from the recipient of the Outgoing Assets.	Long term	Yes	Long term	Yes	As of the date of disclosure, Jingcheng Holding has urged Beiren Group to repay the liabilities and has undertaken that if Beiren Group cannot repay liabilities in time, Jingcheng Holding will be responsible for the repayment and provide guarantee. The Company has not suffered from any loss arising from claims. Jingcheng Holding has not performed any act in violation of the undertaking.	



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Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	During of undertaking	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe the plans in next steps
	Resolving defects in land titles and other property rights	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Jingcheng Holding undertakes: If, in the future, the production workshops of Tiankai Industry in Mulin Town is needed to be relocated due to real estate problems in defects of the lease, the Company will fully compensate in cash the Listed Company after the completion of this transaction for all the losses of Tiankai Industry caused by the relocating process.	Long term	Yes	Long term	Yes		
	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Jingcheng Holding undertakes: The Company is fully aware of the existence of the above problems of the Outgoing Assets, and undertakes that when this reorganization is implemented and the relevant shareholders of some of the above subsidiaries of Beiren Holdings exercise the pre-emptive right, then the Company will agree to accept the equivalent cash assets converted from the long term equity investment in the above Outgoing Assets, and will not demand to terminate or alter the Material Asset Reorganization Agreement previously signed by all parties due to the changes in the form of the Outgoing Assets, or demand Beiren Holdings to compensate for any losses or bear any legal liabilities.	Long term	Yes	Long term	Yes		Other
	Resolving defects in land titles and other property rights	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Jingcheng Holding undertakes: The Company is fully aware of the existing defects of the Outgoing Assets, and the Company will bear any losses or legal liabilities caused by the defects of the Outgoing Assets, and will not demand Beiren Holdings to bear any losses or legal liabilities due to the defects of the Outgoing Assets, and will not unilaterally refuse to sign or request cessation, termination or change of the "Framework Agreement in relation to the Material Asset Reorganization of Beiren Printing Machinery Holdings Limited with Beijing Jingcheng Machinery Electric Holding Co., Ltd.", the "Material Asset Reorganization Agreement of Beiren Printing Machinery Holdings Limited with Beijing Jingcheng Machinery Electric Holding Co., Ltd. and Beiren Group Corporation" and relevant agreements due to the defects of the Outgoing Assets. If the consent for liabilities transfer of the creditors in respect of the relevant liabilities involved in the Outgoing Assets (including the liabilities newly arose from the benchmark date to the delivery date) was not obtained, Beiren Group Corporation shall bear all relevant obligations, responsibilities and expenses if such creditors declare rights to Beiren Holdings; Beiren Group Corporation shall make full compensation to Beiren Holdings if Beiren Holdings bear any liabilities or incurred any losses due to such liabilities recourse. The Company undertakes: the Company will be jointly liable for the compensation obligations of Beiren Group Corporation.	Long term	Yes	Long term	Yes	As of the date of disclosure, Jingcheng Holding has urged Beiren Group to repay the liabilities and has undertaken that if Beiren Group cannot repay liabilities in time, Jingcheng Holding will be responsible for the repayment and provide guarantee. The Company has not suffered from any loss arising from claims. Jingcheng Holding has not performed any act in violation of the undertaking.	To resolve the title defect of the property
	Resolving defects in land titles and other property rights	Beiren Group	Beiren Group undertakes: The Company is fully aware of the existence of the above problems of the Outgoing Assets, and undertakes that when this reorganization is implemented and the relevant shareholders of some of the above subsidiaries of Beiren Holdings exercise the pre-emptive right, then the Company will agree to accept the equivalent cash assets converted from the long term equity investment in the above Outgoing Assets, and will not demand to terminate or alter the Material Asset Reorganization Agreement previously signed by all parties due to the changes in the form of the Outgoing Assets, or demand Beiren Holdings to compensate for any losses or bear any legal liabilities.	Long term	Yes	Long term	Yes		
	Resolving defects in land titles and other property rights	Beiren Group	Beiren Group undertakes: The Company is fully aware of the existing defects of the Outgoing Assets, and the Company will bear any losses or legal liabilities caused by the defects of the Outgoing Assets, and will not demand Beiren Holdings to bear any losses or legal liabilities due to the defects of the Outgoing Assets. If the consent for liabilities transfer of the creditors in respect of the relevant liabilities involved in the Outgoing Assets (including the liabilities newly arose from the benchmark date to the delivery date) was not obtained, Company shall bear all relevant obligations, responsibilities and expenses if such creditors declare rights to Beiren Holdings; the Company shall make full compensation to Beiren Holdings if Beiren Holdings bear any liabilities or incurred any losses due to such liabilities recourse.	Long term	Yes	Long term	Yes		



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	Lock-up	Counterparties of Reorganisation (Li Hong, Zhao Qing, Wang Xiaohu, Qian Yuyan)	<p>Undertaking in relation to share lock-up</p> <p>The Counterparties of Reorganisation (Li Hong, Zhao Qing, Wang Xiaohu, Qian Yuyan) undertake:</p> <p>I shall not transfer shares of the Listed Company acquired under the Transactions within 12 months from the Issuance Completion Date for the Reorganisation. After the expiration of the aforementioned lock-up period, for the shares of the Listed Company acquired under the Asset Acquisition by way of Share Issuance and Cash Payment, it shall be unlocked in phases according to the following arrangement:</p> <p>1st phase: After 12 months from the Issuance Completion Date of the Reorganisation and upon performance of my corresponding compensation obligations (if any) for the year of 2021 under the Performance Compensation Agreement and its supplemental agreement (collectively the "Performance Compensation Agreements"), the remaining portion of 40% of the newly acquired shares received less the number of shares (if any) compensated for the year shall be unlocked;</p> <p>2nd phase: If I have fully performed the compensation obligations (if any) for the year of 2022 under the Performance Compensation Agreements, the remaining portion of 20% of the newly acquired shares received less the number of shares (if any) compensated for the year shall be unlocked;</p> <p>3rd phase: If I have fully performed the compensation obligations (if any) for the year of 2023 under the Performance Compensation Agreements, the remaining portion of 20% of the newly acquired shares received less the number of shares (if any) compensated for the year shall be unlocked;</p> <p>4th phase: If I have fully performed the compensation obligations (if any) corresponding to the entire performance commitment period under the Performance Compensation Agreements (i.e. the five financial years of 2020, 2021, 2022, 2023 and 2024), the remaining shares in the newly acquired shares received that have not been unlocked shall be unlocked.</p> <p>I warrant that I will not create any pledge or other encumbrance of rights in respect of the Consideration Shares acquired by me through this Transaction after the expiry of the 12-month lock-up period and until such shares are unlocked in accordance with the aforementioned lock-up period agreement.</p>	From the date of acquisition of shares in the listed company until the expiry of the lock-up period	Yes	From the date of acquisition of shares in the listed company until the expiry of the lock-up period	Yes		
			2. During the above-mentioned share lock-up periods, the additional shares acquired due to the issue of bonus shares and conversion of capital reserve into share capital of the Listed Company shall also be subject to the regulation of the above-mentioned lock-up periods. In case the lock-up periods as required by regulatory opinions or relevant provisions of the securities regulatory authority are longer than the above-mentioned lock-up periods or there are other requirements, corresponding adjustments should be made according to such regulatory opinions or relevant provisions.						
			3. I undertake that the shares of the Listed Company acquired in the Transactions shall strictly conform to the restriction of the lock-up periods and be issued in priority to satisfy the performance compensation obligations. I undertake not to avoid the compensation obligations by any means including share pledges.						



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			4. Before completion of performance compensation obligations, if I need to pledge the shares acquired in the Transactions (including additional shares held after completion of the issue due to conversion of capital reserve of the Listed Company into share capital, distribution of dividend, etc.), I undertake to inform the pledgee in writing that the shares to be pledged are subject to potential performance undertaking compensation obligations under the Performance Compensation Agreements and express agreement will be provided in the pledge agreement with the pledgee for the use of relevant shares for performance compensation, etc. and shall inform the Listed Company in writing regarding the relevant pledge later than the date of signing of the pledge agreement.						
			5. In the event that the Transactions are filed for investigation by the judicial authorities or the Chinese Securities Regulatory Commission due to the false information, misleading statement or material omission contained in the information provided or disclosed, I shall not transfer the shares of the Listed Company acquired in the Transactions before the investigation results are determined, and shall, within two trading days of receiving the notice of filing, submit the written application for suspension of the transfer and the stock account to the Board of Directors of JINGCHENG MAC, the Board of Directors shall apply to the stock exchanges and the depository and clearing companies for lock-up on my behalf. If the lockup application is not submitted within two trading days, the Board of Directors is authorized to submit my identity information and account information to the stock exchanges and the depository and clearing companies to apply for lock-up after verification. If the Board of Directors fails to submit my identity information and account information to the stock exchanges and the depository and clearing companies, the stock exchanges and the depository and clearing companies are authorized to directly lock-up the relevant shares. If the investigation concludes that there are violations of laws and regulations, I undertake to lock-up the shares and use them for the compensation arrangements for relevant investors on a voluntary basis.						
			6. If the above undertakings are violated, I shall bear all legal liabilities. I shall fully compensate the Listed Company with my own funds for any damage caused to the Listed Company or for any administrative penalty or regulatory measures suffered by the Listed Company.						



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	Lock-up	Counterparty of Reorganisation (Qingdao Eternal)	<p>Undertaking in relation to share lock-up</p> <p>The Counterparty of Reorganisation (Qingdao Eternal) undertakes: 1. The company shall not transfer shares of the Listed Company acquired under the Transactions within 12 months from the Issuance Completion Date for the Reorganisation. After the expiration of the aforementioned lockup period, for the shares of the Listed Company acquired under the Asset Acquisition by way of Share Issuance and Cash Payment, it shall be unlocked in phases according to the following arrangement: 1st phase: After 12 months from the Issuance Completion Date of the Reorganisation and upon performance of the company corresponding compensation obligations (if any) for the year of 2021 under the Performance Compensation Agreement and its supplemental agreement (collectively the "Performance Compensation Agreements"), the remaining portion of 40% of the newly acquired shares received less the number of shares (if any) compensated for the year shall be unlocked; 2nd phase: If the company has fully performed the compensation obligations (if any) for the year of 2022 under the Performance Compensation Agreements, the remaining portion of 20% of the newly acquired shares received less the number of shares (if any) compensated for the year shall be unlocked; 3rd phase: If the company has fully performed the compensation obligations (if any) for the year of 2023 under the Performance Compensation Agreements, the remaining portion of 20% of the newly acquired shares received less the number of shares (if any) compensated for the year shall be unlocked;</p> <p>4th phase: If the company has fully performed the compensation obligations (if any) corresponding to the entire performance commitment period under the Performance Compensation Agreements (i.e. the five financial years of 2020, 2021, 2022, 2023 and 2024), the remaining shares in the newly acquired shares received that have not been unlocked shall be unlocked. The company warrants that it will not create any pledge or other encumbrance of rights in respect of the Consideration Shares acquired by it through this Transaction after the expiry of the 12-month lock-up period and until such shares are unlocked in accordance with the aforementioned lock-up period agreement. 2. During the above-mentioned share lock-up periods, the additional shares acquired due to the issue of bonus shares and conversion of capital reserve into share capital of the Listed Company shall also be subject to the regulation of the above-mentioned lock-up periods. In case the lock-up periods as required by regulatory opinions or relevant provisions of the securities regulatory authority are longer than the above-mentioned lock-up periods or there are other requirements, corresponding adjustments should be made according to such regulatory opinions or relevant provisions of the securities regulatory authority. 3. The company undertakes that the shares of the Listed Company acquired in the Transactions shall strictly conform to the restriction of the lock-up periods and be used in priority to satisfy the performance compensation obligations. The company undertakes not to avoid the compensation obligations by any means including share pledges. 4. Before completion of performance compensation obligations, if the company needs to pledge the shares acquired in the Transactions (including additional shares held after completion of the issue due to conversion of capital reserve of the Listed Company into share capital, distribution of dividend, etc.), the company undertakes to inform the pledgees in writing that the shares to be pledged are subject to potential performance compensation obligations under the Performance Compensation Agreements and express agreement will be provided in the pledge agreement with the pledgees for the use of relevant shares for performance compensation, etc. and shall inform the Listed Company in writing regarding the relevant pledge later than the date of signing of the pledge agreement. 5. In the event that the Transactions are filed for investigation by the judicial authorities or the Chinese Securities Regulatory Commission due to the false information, misleading statement or material omission contained in the information provided or disclosed, the company shall not transfer the shares of the Listed Company acquired in the Transactions before the investigation results are determined, and shall, within two trading days of receiving the notice of filing, submit the written application for suspension of the transfer and the stock account to the Board of Directors of JINGCHENG MAC, the Board of Directors shall apply to the stock exchanges and the depository and clearing companies for lockup on the company's behalf. If the lock-up application is not submitted within two trading days, the Board of Directors is authorized to submit the company's identity information and account information to the stock exchanges and the depository and clearing companies to apply for lock-up after verification. If the Board of Directors fails to submit the company's identity information and account information to the stock exchanges and the depository and clearing companies, the stock exchanges and the depository and clearing companies are authorized to directly lockup the relevant shares. If the investigation concludes that there are violations of laws and regulations, the company undertakes to lock-up the shares and use them for the compensation arrangements for relevant investors on a voluntary basis. 6. If the above undertakings are violated, I shall bear all legal liabilities. I shall fully compensate the Listed Company with my own funds for any damage caused to the Listed Company or for any administrative penalty or regulatory measures suffered by the Listed Company.</p>	From the date of acquisition of shares in the listed company until the expiry of the lock-up period	Yes	From the date of acquisition of shares in the listed company until the expiry of the lock-up period	Yes		



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	Lock-up	Counterparties of Reorganisation (Yang Ping, Xiao Zhonghai, Xia Tao, Wong Huadong, Xiu Jun, Fu Dun and Chen Zhengyan)	Undertaking in relation to share lock-up  The Counterparties of Reorganisation (Yang Ping, Xiao Zhonghai, Xia Tao, Wong Huadong, Xiu Jun, Fu Dun and Chen Zhengyan) undertake: 1. The shares of the Listed Company acquired by me in the Transactions shall not be transferred within 12 months from the Issuance Completion date of the Reorganisation. 2. During the above-mentioned share lock-up period, the additional Listed Company's shares acquired due to the issue of bonus shares and conversion of capital reserve into share capital of the Listed Company shall also be subject to the regulation of the above-mentioned lock-up period. In case the lockup period as required by regulatory opinions or relevant provisions of the securities regulatory authority is longer than the above-mentioned lock-up period or there are other requirements, corresponding adjustments should be made according to such regulatory opinions or relevant provisions of the securities regulatory authority. 3. If the above undertakings are violated, I shall bear all legal liabilities. I shall fully compensate the Listed Company with my own funds for any damage caused to the Listed Company or for any administrative penalty or regulatory measures suffered by the Listed Company.	From the date of acquisition of shares in the listed company until the expiry of the lock-up period	Yes	From the date of acquisition of shares in the listed company until the expiry of the lock-up period	Yes		
	Others	Counterparties of Reorganisation (Li Hong, Zhao Qing, Wang Xiaohu, Qian Yuyan)	Undertaking in relation to the Pledge of the Consideration Shares  The Counterparties of Reorganisation (Li Hong, Zhao Qing, Wang Xiaohu, Qian Yuyan) undertake: 1. As at the date of this letter of undertaking, I do not have any plans and arrangements to pledge externally (including setting up other third party rights) the shares of the Listed Company acquired in the Transaction. 2. The additional shares of the Listed Company acquired by me through the Transaction will be subject to a lock-up period and phased unlocking arrangements in accordance with the "Agreement on Issuance of Shares and Payment of Cash for Assets" and its supplemental agreement. 3. For the Consideration Shares acquired by me through the Transaction, I will not create any pledge or other encumbrances on the Consideration Shares held by me that are still subject to the lock-up period or yet to be unlocked during the 12-month lock-up period and after the expiry of the aforesaid lockup period until they are unlocked in accordance with the phased unlocking agreement.	From the date of acquisition of shares in the listed company until the expiry of the lock-up period	Yes	From the date of acquisition of shares in the listed company until the expiry of the lock-up period	Yes		
	Others	Counterparty of Reorganisation (Qingdao Eternal)	Undertaking in relation to the Pledge of the Consideration Shares  The Counterparty of Reorganisation (Qingdao Eternal) undertakes: 1. As at the date of this letter of undertaking, the company does not have any plans and arrangements to pledge externally (including setting up other third party rights) the shares of the Listed Company acquired in the Transaction. 2. The additional shares of the Listed Company acquired by the company through the Transaction will be subject to a lock-up period and phased unlocking arrangements in accordance with the "Agreement on Issuance of Shares and Payment of Cash for Assets" and its supplemental agreement. 3. For the Consideration Shares acquired by the company through the Transaction, the company will not create any pledge or other encumbrances on the Consideration Shares held by the company that are still subject to the lock-up period or yet to be unlocked during the 12-month lock-up period and after the expiry of the aforesaid lock-up period until they are unlocked in accordance with the phased unlocking agreement.	From the date of acquisition of shares in the listed company until the expiry of the lock-up period	Yes	From the date of acquisition of shares in the listed company until the expiry of the lock-up period	Yes		
	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Undertaking for maintaining the independence of the Listed Company  Jingcheng Holding undertakes: Before the Transactions, JINGCHENG MAC is independent of the company. After the completion of the Transactions, the company will continue to maintain the independence of JINGCHENG MAC, follow the five-division and five-independence (五分开、五独立) principles in business, assets, personnel, finance, and organization and comply with the relevant regulations of the Chinese Securities Regulatory Commission. The company will not cause JINGCHENG MAC to provide unlawful guarantees, will not use the capital of JINGCHENG MAC, and will not form peer competition with JINGCHENG MAC. Once the letter of undertaking is signed, it constitutes an irrevocable legal obligation of the company. If damage is caused to the rights and interests of JINGCHENG MAC and its small and medium shareholders as a result of the company's breach of such undertakings, the company will bear the compensation liabilities by law accordingly.	Long term	Yes	Long term	Yes		



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	Others	Counterparties of Reorganisation (17 natural persons including Li Hong)	Undertaking for not to seek control of Listed Company  The Counterparties of Reorganisation (17 natural persons including Li Hong) undertake: 1. Since I became a shareholder of BYTQ, I, as a shareholder of BYTQ, have exercised my voting rights independently and have not acted in concert with other shareholders of BYTQ in respect of their shareholdings in BYTQ, nor have I entered into any concerted action agreement or performed any other acts that may bind shareholders to exercise their rights as shareholders together and effectively control or jointly control BYTQ. 2. I undertake to recognise and respect the status of the controlling shareholder of the Listed Company. I will not seek to increase my shareholding in the Listed Company directly or indirectly, or seek control of the Listed Company individually or jointly with my shareholding in the Listed Company, nor will I influence or seek control of the Listed Company by proxy, solicitation of votes, agreement, cooperation, affiliation, concerted relationship or in any other manner; nor do I have any plan to recommend or nominate directors and senior management to the Listed Company, nor do I have any specific plan to adjust the composition of the board of directors and senior management of the Listed company after the completion of the Reorganisation.	Long term	Yes	Long term	Yes		
	Others	Counterparty of Reorganisation (Qingdao Eternal)	Undertaking for not to seek control of Listed Company  The Counterparty of Reorganisation (Qingdao Eternal) undertakes: 1. Since the company became a shareholder of BYTQ, the company, as a shareholder of BYTQ, have exercised my voting rights independently and have not acted in concert with other shareholders of BYTQ in respect of their shareholdings in BYTQ, nor have the company entered into any concerted action agreement or performed any other acts that may bind shareholders to exercise their rights as shareholders together and effectively control or jointly control BYTQ. 2. The company undertakes to recognise and respect the status of the controlling shareholder of the Listed Company. The company will not seek to increase my shareholding in the Listed Company directly or indirectly, or seek control of the Listed Company individually or jointly with my shareholding in the Listed Company, nor will the company influence or seek control of the Listed Company by proxy, solicitation of votes, agreement, cooperation, affiliation, concerted relationship or in any other manner; nor does the company have any plan to recommend or nominate directors and senior management to the Listed Company, nor does the company have any specific plan to adjust the composition of the board of directors and senior management of the Listed Company after the completion of the Reorganisation.	Long term	Yes	Long term	Yes		
	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Undertaking for replenishing the diluted immediate return  Jingcheng Holding undertakes: In any event, the company will not act ultra vires to intervene in the operation and management activities of JINGCHENG MAC, and will not infringe on the interests of JINGCHENG MAC. The company will effectively perform the obligations as the Controlling Shareholder, perform its duties faithfully and diligently, and safeguard the legal rights and interests of JINGCHENG MAC and its shareholders as whole. From the date of issue of the undertaking letter to the completion of the Transactions of JINGCHENG MAC, if the China Securities Regulatory Commission makes other new regulatory requirements on replenishment return measures and its undertakings, and the above-mentioned undertakings cannot meet the requirements of the CSRC, the company undertakes that it will then issue a supplementary undertaking in accordance with the latest regulations of the CSRC. If the company violates or fails to fulfill the above undertakings, the company will: 1. publicly apologize to the shareholders of JINGCHENG MAC and the public investors for not fulfilling the above-mentioned undertakings at the general meeting of JINGCHENG MAC and on the newspapers designated by the China Securities Regulatory Commission; 2. within 5 working days from the date of confirming the breach of the abovementioned undertakings, terminate to receive dividends as a shareholder of JINGCHENG MAC, and JINGCHENG MAC shares held by the company shall not be transferred until the company fulfills effectively its undertaking or its breach of undertaking is eliminated; 3. if the Company fails to perform the above undertakings for reasons other than force majeure, and fails to provide appropriate and reasonable explanations, the gains obtained by the company therefrom will belong to JINGCHENG MAC, and JINGCHENG MAC has the right to require the Company to remit the proceeds generated from the breach of undertaking to the designated account of JINGCHENG MAC within 10 working days from the receiving date of such gains.	Long term	Yes	Long term	Yes		





## SECTION 5 IMPORTANT MATTERS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe the plans in next steps
	Others	Directors and senior management of the Listed Company	<p>Undertaking for replenishing the diluted immediate return</p> <p>Directors and senior management of the Listed Company undertake: 1. Not to transfer benefits to other entities or individuals at nil consideration or under unfair terms, and not to damage the interests of JINGCHENG MAC in other ways; 2. To restrain the duty consumption behavior; 3. Undertake not to utilize the assets of JINGCHENG MAC to engage in investment and consumption activities which are unrelated to the performance of duties; 4. That the remuneration system formulated by the Board of Directors or the remuneration committee will be linked to the implementation of the replenishment return measures of JINGCHENG MAC; 5. That if JINGCHENG MAC implements equity incentives, the exercise conditions for equity incentives of JINGCHENG MAC to be announced will be linked to the implementation of the replenishment return measures of JINGCHENG MAC. If I violate or fail to fulfill the above undertakings, I: 1. will publicly apologize to the shareholders of JINGCHENG MAC and the public investors for not fulfilling the above-mentioned undertakings at the general meeting of JINGCHENG MAC and on the newspapers designated by the China Securities Regulatory Commission; 2. within 5 working days from the date of confirming the breach of the abovementioned undertakings, terminate to receive remuneration, allowance (if any) and bonus (if any) as a shareholder of JINGCHENG MAC, and shares of JINGCHENG MAC (if any) held by me shall not be transferred until I fulfill effectively my undertaking or my breach of undertaking is eliminated; 3. if I fail to perform the above undertakings for reasons other than force majeure, and fail to provide appropriate and reasonable explanations, the gains obtained by me therefrom will belong to JINGCHENG MAC, and JINGCHENG MAC has the right to require me to remit the proceeds generated from the breach of undertaking to the designated account of JINGCHENG MAC within 10 working days from the receiving date of such gains.</p>	Long term	Yes	Long term	Yes		
	Solving the issues concerning competition in the same industry	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	<p>Undertaking regarding avoidance of peer competition Jingcheng Holding undertakes:</p> <p>1. Unless the company no longer directly or indirectly holds the shares of JINGCHENG MAC, the company and the enterprises effectively controlled or influenced significantly by the company shall not engage in, participate in, or assist others to engage in any business activities that are directly or indirectly in competition with the businesses of JINGCHENG MAC and its subsidiaries by any means (including but not limited to independently operating or jointly operating and cooperating with other parties within or outside China), nor directly or indirectly invest in economic entities which are in direct or indirect competition with the businesses that JINGCHENG MAC and its subsidiaries are engaged in. 2. If the company breaches the agreement in item 1 above, which causes losses to JINGCHENG MAC and its subsidiaries, the company will be liable for compensation based on the actual losses to be suffered by JINGCHENG MAC and its subsidiaries at that time.</p>	Long term	Yes	Long term	Yes		
	Solving the issues concerning competition in the same industry	Counterparties of Reorganisation (Huang Xiaofeng, Li Hong, Qian Yuyan, Tao Feng, Wang Xiaohu, Zhao Qing)	<p>Undertaking regarding avoidance of peer competition</p> <p>Counterparties of Reorganisation (Huang Xiaofeng, Li Hong, Qian Yuyan, Tao Feng, Wang Xiaohu, Zhao Qing) undertake: 1. I and the other enterprises effectively controlled or influenced significantly by me (currently do) not own and operate any business directly or indirectly competing with the businesses engaged by the Listed Company and BYTO in terms of business. 2. During the period I directly or indirectly hold the shares of JINGCHENG MAC, the enterprises effectively controlled or influenced significantly by me and I shall not engage in, participate in, or assist others to engage in any business activities that are directly or indirectly in competition with the businesses of JINGCHENG MAC and its subsidiaries by any means (including but not limited to independently operating or jointly operating and cooperating with other parties within or outside China), nor directly or indirectly invest in economic entities which are in direct or indirect competition with the businesses that JINGCHENG MAC and its subsidiaries are engaged in. 1 and the enterprises effectively controlled or influenced significantly by me have the same or similar business opportunities as those in BYTO, and those business opportunities may directly or indirectly cause business competition between the enterprises effectively controlled or influenced significantly by me and I and BYTO. I shall notify BYTO immediately after noticing those business opportunities and strive to procure the offering of those business opportunities to BYTO in priority on terms no less favorable than those offered to me and the enterprises effectively controlled or influenced significantly by me. 3. If I breach the agreement in item 1 and item 2 above, I shall return the shares of JINGCHENG MAC received from the Transactions to JINGCHENG MAC at nil consideration. JINGCHENG MAC will cancel those shares returned by me in accordance with its internal decision-making procedures (for shares which have been transferred, the proceeds from the transfer shall be returned); if I breach the agreement in item 1 and item 2 above, which causes losses to JINGCHENG MAC and its subsidiaries, I will also be liable for compensation based on the actual losses to be suffered by JINGCHENG MAC and its subsidiaries at that time. Upon signing of this letter of undertaking, my irrevocable legal obligation is formed. This letter of undertaking is valid for a period from the date of signing this letter of undertaking to the date on which I am no longer a direct or indirect shareholder of JINGCHENG MAC.</p>	Long term	Yes	Long term	Yes		



## SECTION 5 IMPORTANT MATTERS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe the plans in next steps
	Solving the issues concerning competition in the same industry	Counterparty of Reorganisation (Qingdao Eternal)	Undertaking regarding avoidance of peer competition  Counterparty of Reorganisation (Qingdao Eternal) undertakes: 1. The company and the other enterprises effectively controlled or influenced significantly by the company currently does) not own and operate any business directly or indirectly competing with the businesses engaged by the Listed Company and BYTQ in terms of business. 2. During the period the company directly or indirectly holds the shares of JINGCHENG MAC, the enterprises effectively controlled or influenced significantly by the company and the company shall not engage in, participate in, or assist others to engage in any business activities that are directly or indirectly in competition with the businesses of JINGCHENG MAC and its subsidiaries by any means (including but not limited to independently operating or jointly operating and cooperating with other parties within or outside China), nor directly or indirectly invest in economic entities which are in direct or indirect competition with the businesses that JINGCHENG MAC and its subsidiaries are engaged in. The company and the enterprises effectively controlled or influenced significantly by the company have the same or similar business opportunities as those in BYTQ, and those business opportunities may directly or indirectly cause business competition between the enterprises effectively controlled or influenced significantly by the company and the company and BYTQ, the company shall notify BYTQ immediately after noticing those business opportunities and strive to procure the offering of those business opportunities to BYTQ in priority on terms no less favorable than those offered to the company and the enterprises effectively controlled or influenced significantly by the company. 3. If the company breaches the agreement in item 1 and item 2 above, the company shall return the shares of JINGCHENG MAC received from the Transactions to JINGCHENG MAC at nil consideration. JINGCHENG MAC will cancel those shares returned by the company in accordance with its internal decision-making procedures (for shares which have been transferred, the proceeds from the transfer shall be returned); if the company breaches the agreement in item 1 and item 2 above, which causes losses to JINGCHENG MAC and its subsidiaries, the company will also be liable for compensation based on the actual losses to be suffered by JINGCHENG MAC and its subsidiaries at that time. Upon signing of this letter of undertaking, the company's irrevocable legal obligation is formed. This letter of undertaking is valid for a period from the date of signing this letter of undertaking to the date on which the company is no longer a direct or indirect shareholder of JINGCHENG MAC.	Long term	Yes	Long term	Yes		
	Settlement of connected transactions	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Undertaking regarding reduction and regulation of related party transactions Jingcheng Holding undertakes: 1. After the completion of the Transactions, the company and other companies and other related parties effectively controlled or significantly influenced by the company, excluding JINGCHENG MAC and its controlled subsidiaries (including BYTQ which is to be turned into a subsidiary controlled by JINGCHENG MAC) will try to avoid to have related party transactions with JINGCHENG MAC and its controlled subsidiaries. For related party transactions that are necessary and unavoidable, they will be conducted in accordance with the principles of fairness, justice, and price equality. The consideration shall be determined at a price generally accepted as reasonable by the market, and shall perform transaction approval procedures and information disclosure obligations in accordance with relevant laws, regulations, rules, and regulatory documents to effectively protect the interests of JINGCHENG MAC and its small and medium shareholders. 2 The company guarantees that it will strictly follow the relevant laws and regulations, the rules and regulatory documents issued by the China Securities Regulatory Commission, the relevant rules issued by the Shanghai Stock Exchange, and the "Articles of Association of Beijing Jingcheng Machinery Electric Company Limited" to exercise its rights as a shareholder and fulfill its obligations as a shareholder. The company will not seek improper benefits through its position as Controlling Shareholder, and will not damage the legal rights and interests of JINGCHENG MAC and its small and medium shareholders. If the company breaches the above-mentioned undertakings to enter into transaction with JINGCHENG MAC and its controlled subsidiaries, and incurs losses to JINGCHENG MAC and its small and medium shareholders, the company will bear the compensation liabilities in accordance with laws accordingly.	Long term	Yes	Long term	Yes		
	Settlement of connected transactions	Directors, supervisors and senior management of the Listed Company	Undertaking regarding reduction and regulation of related party transactions Directors, supervisors and senior management of the Listed Company undertake: During the period when I act as a director/supervisor/senior management staff of JINGCHENG MAC, I will not illegally appropriate funds and any other assets of JINGCHENG MAC by any reason and way, and will try my best to avoid having related party transactions between me and enterprises directly or indirectly controlled by me (if any) and JINGCHENG MAC. For unavoidable related party transactions, I will strictly abide by laws and regulations and the provisions on related party transactions in the "Articles of Association" of JINGCHENG MAC, and through the corporate governance and legal decision-making procedures such as the approval at the Board of Directors/general meeting, I will reasonably procure the enterprises directly or indirectly controlled by me (if any) to strictly abide by the "Company Law of the People's Republic of China", the "Articles of Association of Beijing Jingcheng Machinery Electric Company Limited" and other relevant requirements, and follow the general market transactional rules to conduct related party transactions with JINGCHENG MAC in accordance with laws.	Long term	Yes	Long term	Yes		



## SECTION 5 IMPORTANT MATTERS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe the plans in next steps
	Settlement of connected transactions	Counterparties of Reorganisation (Huang Xiaofeng, Li Hong)	Undertaking regarding reduction and regulation of related party transactions  Counterparties of Reorganisation (Huang Xiaofeng, Li Hong) undertake: After the completion of the Transactions, other companies and other related parties effectively controlled or significantly influenced by me and I will try to avoid to have related party transactions with JINGCHENG MAC and its controlled subsidiaries (including BYTQ which is to be turned into a subsidiary controlled by JINGCHENG MAC). For related party transactions that are necessary and unavoidable, they will be conducted in accordance with the principles of fairness, justice, and price equality. The consideration shall be determined at a price generally accepted as reasonable by the market, and shall perform transaction approval procedures and information disclosure obligations in accordance with relevant laws, regulations, rules and regulatory documents to effectively protect the interests of JINGCHENG MAC and its small and medium shareholders. If I breach the above-mentioned undertakings to enter into transaction with JINGCHENG MAC and its controlled subsidiaries, and incurs losses to JINGCHENG MAC and its shareholders and the subsidiaries of JINGCHENG MAC, I will bear the compensation liabilities in accordance with laws accordingly.	Long term	Yes	Long term	Yes		
	Settlement of connected transactions	Huang Xiaofeng, Li Hong, Xu Bingjie, Yang Lunsheng, Ying Ruizai	Undertaking regarding reduction and regulation of related party transactions  Huang Xiaofeng, Li Hong, Xu Bingjie, Yang Lunsheng, Ying Ruizai undertake: Unless otherwise agreed in writing by the Listed Company, Huang Xiaofeng, Xu Bingjie, Yang Lunsheng and Ying Ruizai shall continue to work for the Target Company or the Listed Company and perform their due diligence obligations during the performance undertaking period (i.e. the five accounting years of 2020, 2021, 2022, 2023 and 2024, the same below) and for a period of two years from the expiry date of the performance undertaking period as stipulated in the "Share Issue and Cash Payment for Assets Purchase Agreement", "Performance Compensation Agreement" and the supplemental agreements thereto. If I leave my employment with the Target Company on my own initiative without the written consent of the Listed Company before the expiry of the term of office, or if I am dismissed by the Target Company or the Listed Company in accordance with the law due to misconduct or malpractice or other intentional acts prejudicial to the interests of the Target Company or the Listed Company, the Listed Company shall be entitled to hold Party B and Party C liable for the following: (I) Term of employment requirements of Huang Xiaofeng and related undertakings 1. If Huang Xiaofeng leaves his employment on his own initiative before the expiry of the performance undertaking period, or if his employment is terminated by the Target Company or the Listed Company in accordance with the law due to misconduct or malpractice or other acts prejudicial to the interests of the Target Company or the Listed Company, then Huang Xiaofeng and Li Hong shall compensate the Listed Company for 100% of the consideration received through the transaction. 2. If Huang Xiaofeng's employment is terminated by the Target Company or the Listed Company in accordance with the law due to dereliction of duty or malpractice or other acts detrimental to the interests of the Target Company or the Listed Company, resulting in his term of office being less than one year from the date of expiry of the performance pledge period, Huang Xiaofeng and Li Hong shall compensate the Listed Company at 40% of the consideration received through the transaction. 3. If Huang Xiaofeng or Li Hong has been dismissed by the Target Company or the Listed Company in accordance with the law due to dereliction of duty or malpractice or other acts detrimental to the interests of the Target Company or the Listed Company, resulting in his term of office being more than 1 year but less than 2 years after the expiry date of the performance undertaking, Huang Xiaofeng and Li Hong shall compensate the Listed Company at 20% of the consideration received through the transaction. (II) Term of employment requirements of Xu Bingjie, Yang Lunsheng and Ying Ruizai and related undertakings 1. If Xu Bingjie, Yang Lunsheng or Ying Ruizai leave the Company on their own initiative before the expiry of the Performance Pledge Period, or if they are dismissed by the Target Company or the Listed Company in accordance with the law due to misconduct or malpractice or other intentional acts detrimental to the interests of the Target Company or the Listed Company, they shall compensate the Listed Company for 100% of the consideration received through the Transaction. 2. If Xu Bingjie, Yang Lunsheng or Ying Ruizai resign on their own initiative or are dismissed by the Target Company or the Listed Company in accordance with the law due to misconduct or malpractice or other acts detrimental to the interests of the Target Company or the Listed Company, resulting in their term of office being less than one year from the date of expiry of the performance undertaking period, they shall personally compensate the Listed Company at 40% of the consideration received through the Transaction. 3. If Xu Bingjie, Yang Lunsheng and Ying Ruizai leave their positions on their own initiative, or are dismissed by the Target Company or the Listed Company in accordance with the law due to misconduct or malpractice or other acts that are detrimental to the interests of the Target Company or the Listed Company, and as a result, their term of office has expired for over one year but less than two years from the date of expiry of the Performance Pledge Period, they shall compensate the Listed Company for 20% of the consideration received through the Transaction. If Huang Xiaofeng, Xu Bingjie, Yang Lunsheng and Ying Ruizai have caused serious losses to the Target Company or the Listed Company as a result of malpractice or other acts intentionally prejudicial to the interests of the Target Company or the Listed Company, they shall, in addition to fulfilling the above compensation obligations, be liable for full compensation for the losses caused.	2 years from the date of issue of the Undertaking to the date of expiry of the Performance Pledge Period	Yes	2 years from the date of issue of the Undertaking to the date of expiry of the Performance Pledge Period	Yes		



## SECTION 5 IMPORTANT MATTERS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	During of undertaking	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe the plans in next steps
	Others	Counterparties of Reorganisation (17 natural persons including Li Hong, Huang Xiaofeng, Tao Feng)	<p>Undertaking in respect of the Second Cash Consideration offset for Listed Company</p> <p>Counterparties of Reorganisation (17 natural persons including Li Hong, Huang Xiaofeng, Tao Feng undertake: Firstly, I will perform the corresponding obligations and liabilities in strict accordance with the terms of the Transaction Agreement and if I am required to undertake cash compensation/compensation obligations to the Listed Company, I will perform such cash compensation/compensation obligations to the Listed Company in strict accordance with the terms of the Transaction Agreement and the deadline required by the Listed Company. Secondly, the Second Cash Consideration of RMB20 million of the Listed Company will be applied to offset the additional performance compensation in priority. In the event that the Guarantors of Performance (i.e. Li Hong, Zhao Qing, Qingdao Eternal Economic Information Consulting Co., Ltd., Wang Xiaohui and Qian Yuyan, the same below) are required to pay additional performance compensation to the Listed Company during the Performance Pledge Period, the second instalment of the cash consideration of RMB20 million of the Listed Company will be applied in full to offset the additional performance compensation. Upon expiry of the Performance Pledge Period, if the Guarantors of Performance are not required to pay the Additional Performance Compensation to the Listed Company, the Listed Company shall be entitled to directly deduct the other outstanding compensation/compensation amounts (if any) due from the Counterparty when paying the Second Cash Consideration to the Guarantors of Performance, and the Counterparty and Huang Xiaofeng and Tao Feng shall continue to perform their compensation/compensation obligations as agreed.</p>	From the date of the Undertaking until the expiry of the Performance Pledge Period and the fulfillment of the compensation obligations	Yes	From the date of the Undertaking until the expiry of the Performance Pledge Period and the fulfillment of the compensation obligations	Yes		
	Others	Counterparty of Reorganisation (Qingdao Eternal)	<p>Undertaking in respect of the Second Cash Consideration offset for Listed Company</p> <p>Counterparty of Reorganisation (Qingdao Eternal) undertakes: Firstly, we will perform the corresponding obligations and liabilities in strict accordance with the terms of the Transaction Agreement and if the company is required to undertake cash compensation/compensation obligations to the Listed Company, we will perform such cash compensation/compensation obligations to the Listed Company in strict accordance with the terms of the Transaction Agreement and the deadline required by the Listed Company. Secondly, the Second Cash Consideration of RMB20 million of the Listed Company will be applied to offset the additional performance compensation in priority. In the event that the Guarantors of Performance (i.e. Li Hong, Zhao Qing, Qingdao Eternal Economic Information Consulting Co., Ltd., Wang Xiaohui and Qian Yuyan, the same below) are required to pay additional performance compensation to the Listed Company during the Performance Pledge Period, the second instalment of the cash consideration of RMB20 million of the Listed Company will be applied in full to offset the additional performance compensation. Upon expiry of the Performance Pledge Period, if the Guarantors of Performance are not required to pay the Additional Performance Compensation to the Listed Company, the Listed Company shall be entitled to directly deduct the other outstanding compensation/compensation amounts (if any) due from the Counterparty when paying the Second Cash Consideration to the Guarantors of Performance, and the Counterparty and Huang Xiaofeng and Tao Feng shall continue to perform their compensation/compensation obligations as agreed.</p>	From the date of the Undertaking until the expiry of the Performance Pledge Period and the fulfillment of the compensation obligations	Yes	From the date of the Undertaking until the expiry of the Performance Pledge Period and the fulfillment of the compensation obligations	Yes		



## SECTION 5 IMPORTANT MATTERS

### II. NON-OPERATING FUNDS OCCUPIED BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

☐ Applicable ☒ Not Applicable

### III. ILLEGAL GUARANTEE

☐ Applicable ☒ Not Applicable

### IV. AUDIT OF INTERIM REPORT

☒ Applicable ☐ Not Applicable

#### (I) Appointment and Dismissal of Accounting Firms

Explanation on appointment and dismissal of accounting firms

☒ Applicable ☐ Not Applicable

1. On 28 March 2025, the Company convened the seventh meeting of the eleventh session of the Board, at which the “Matters in relation to the Re-appointment of WUYIGE Certified Public Accountants LLP as the Auditor of the Company for the year of 2025, and shall be submitted to the 2024 annual general meeting for the authorisation of the Board to enter into a letter of appointment and determine its remuneration” were considered and approved.
2. On 20 June 2025, the Company convened the 2024 annual general meeting, at which the resolution in relation to “the re-appointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for 2025 and to propose at the general meeting to authorise the board of directors to sign an appointment agreement with it and determine its remuneration” was considered and approved. In 2025, the Company re-appointed WUYIGE Certified Public Accountants LLP as the auditor of Beijing Jingcheng Machinery Electric Company Limited for its financial statements audit and internal control audit for 2025.

Explanation on change of the accounting firms during the audit period

☐ Applicable ☒ Not Applicable

#### (II) Explanation of the Company on “Modified Auditors’ Report” issued by the auditors

☐ Applicable ☒ Not Applicable

### V. CHANGES AND TREATMENT OF MATTERS RELATED TO MODIFIED OPINIONS IN THE ANNUAL REPORT OF PREVIOUS YEAR

☐ Applicable ☒ Not Applicable

### VI. MATTERS RELATING TO BANKRUPTCY AND REORGANISATION

☐ Applicable ☒ Not Applicable

### VII. MATERIAL LITIGATIONS AND ARBITRATIONS

☐ The Company has material litigations and arbitrations during the Reporting Period ☒ The Company has no material litigations and arbitrations during the Reporting Period

### VIII. SITUATIONS OF POTENTIAL VIOLATIONS OF LAWS AND REGULATIONS BY, AND PUNISHMENT AND RECTIFICATION AGAINST THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND BENEFICIAL CONTROLLERS

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable

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



## SECTION 5 IMPORTANT MATTERS

### X. MATERIAL CONNECTED TRANSACTIONS

#### (i) Connected transactions related to daily operation

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

☒ Applicable ☐ Not Applicable

##### Summary of matter

##### Index for enquiry

1. Tianjin Tianhai, a controlled subsidiary of the Company, proposed to purchase production line automation equipment from Peitian Robots for the automatic production of gas cylinder production lines, at a total amount of RMB1,040,000.
2. Minghui Tianhai, a subsidiary of the Company, signed the "Energy Management Contract for Roof Distributed Photovoltaic Power Station"\* (《屋顶分布式光伏电站能源管理合同》) with Beijing Jingcheng Golden Solar Energy Technology Co., Ltd.\* (北京京城金太陽能源科技有限公司) ("Jingcheng Golden Sun"), a related party, on 10 October 2021. Jingcheng Golden Sun shall use the photovoltaic power station which is constructed on the roof in the building located in the factory area of Minghui Tianhai and its auxiliary projects (the "Photovoltaic Power Station") for free, and shall supply the electricity generated by the Photovoltaic Power Station to the factory area of Minghui Tianhai. The Photovoltaic Power Station adopts a self-generated and self-used model, with surplus electricity to grid. The electricity price charged by Jingcheng Golden Sun to Minghui Tianhai is 65% of electricity prices of the local official grid during the rush period, peak period and off-peak period when Minghui Tianhai makes the purchase, and the electricity bill shall be settled monthly based on the records of the electricity meters. From 1 January 2024 to 31 January 2025, the total electricity fees amounted to RMB343,010.03.
3. On 30 December 2024, upon the resolution at the office meeting of the manager of the Company, it was agreed that the Company shall sign a property leasing contract with Jingcheng Machinery Electric, its related party and controlling shareholder, for leasing a house located in the Yichuang Park Area for office use, with a lease term of 1 year (from 1 January 2025 to 31 December 2025), at a rent of RMB1,079,317.16; it was agreed that the Company shall sign a property services agreement with the Property Services Branch of Beijing Jingcheng Yihe Urban Renewal Co., Ltd.\* (北京京城易合城市更新有限公司物業服務分公司), a related party, with a contract period of 1 year (from 1 January 2025 to 31 December 2025), with the property service fee, heating fee and cooling fee totalling RMB359,252.

Website of Shanghai Stock Exchange  
[www.sse.com.cn](http://www.sse.com.cn);

HKExnews website of the Hong Kong  
Stock Exchange  
[www.hkexnews.hk](http://www.hkexnews.hk)

Each of the three transactions mentioned above constituted a connection transaction. However, pursuant to Rule 14A.76(1)(c) of the Rules Governing the Listing of Securities on the Stock Exchange, each transaction was fully exempt from the reporting, announcement, circular and independent shareholders' approval requirements.

On 27 February 2025, the Company convened the eleventh extraordinary meeting of the eleventh session of the Board and the sixteenth meeting of the eleventh session of the Supervisory Committee, at each of which the "Resolution in relation to the Entering Into of the Relevant Contracts Between Holding Subsidiaries and Related Parties and Daily Related Party Transactions" was considered and approved. The resolution was considered and approved by the first meeting of the special meetings of independent directors of the Company for 2025, at which the independent nonexecutive Directors of the Company expressed their prior approval opinions and independent opinions.

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable



## SECTION 5 IMPORTANT MATTERS

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

1. **Matters disclosed in provisional announcements without progress or change in the follow-up implementation**  
☐ Applicable    ☒ Not Applicable
2. **Matters disclosed in provisional announcements with progress or change in the follow-up implementation**  
☐ Applicable    ☒ Not Applicable
3. **Matters which were not disclosed in provisional announcements**  
☐ Applicable    ☒ Not Applicable
4. **Results which are related to results agreements and shall be disclosed for the Reporting Period**  
☐ Applicable    ☒ Not Applicable

**(III) Material connected transactions relating to common external investments**

1. **Matters disclosed in provisional announcements without progress or change in the follow-up implementation**  
☐ Applicable    ☒ Not Applicable
2. **Matters disclosed in provisional announcements with progress or change in the follow-up implementation**  
☐ Applicable    ☒ Not Applicable
3. **Matters which were not disclosed in provisional announcements**  
☐ Applicable    ☒ Not Applicable

**(IV) Connected creditors' rights and debt transactions**

1. **Matters disclosed in provisional announcements without progress or change in the follow-up implementation**  
☐ Applicable    ☒ Not Applicable
2. **Matters disclosed in provisional announcements with progress or change in the follow-up implementation**  
☐ Applicable    ☒ Not Applicable



## SECTION 5 IMPORTANT MATTERS

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

☒ Applicable   ☐ Not Applicable

Unit: Yuan   Currency: RMB

Related party	Connected relationship	Provision of funds to related parties			Provision of funds by related parties to the Company		
		Beginning balance	Amount occurred	Ending balance	Beginning balance	Amount occurred	Ending balance
Jiangsu Tianhai Special Equipment Co., Ltd.*	Joint venture	81,318.02	3,843,796.72	3,925,114.74	13,852,938.49	5,317,202.46	19,170,140.95
Beijing Jingcheng Machinery Electric Holding Co., Ltd.*	Controlling shareholder		88,825.79	88,825.79	910,571.79	-34.60	910,537.19
Beijing Lantianda Vehicle Clean Fuel Technology Co., Ltd.*	Others	3,766,758.82	-394,171.63	3,372,587.19	10,492,652.22		10,492,652.22
Tianjin Seamless Investment Co. Ltd.*	Others		305,385.71	305,385.71	1,838,009.54	-388,009.54	1,450,000.00
Beijing Jingcheng Zhitong Robot Technology Co., Ltd.*	Subsidiary of shareholders				1,792,500.00		1,792,500.00
Li Hong	Others				10,860,433.38	-10,860,433.38	
Beijing Beiren Printing Equipment Co., Ltd.*	Subsidiary of shareholders				325,966.22	-325,966.22	
Beijing Jingcheng Golden Sun Energy Technology Co., Ltd.*	Subsidiary of shareholders				49,008.50	42,592.05	91,600.55
Zhejiang Jingcheng Renewable Resources Co., Ltd.*	Subsidiary of shareholders	182,400.00	-182,400.00				
Beijing Peitian Technology Co., Ltd.*	Subsidiary of shareholders		624,000.00	624,000.00	598,996.80	-199,665.60	399,331.20
Sunwise Hydrogen Energy Technology (Beijing) Co., Ltd.*	Subsidiary of shareholders	15,870,400.00		15,870,400.00	4,645,265.46	279,603.54	4,924,869.00
Shanghai Sunwise Energy Systems Co., Ltd.*	Subsidiary of shareholders	15,018,716.55	-2,768,136.00	12,250,580.55	4,602,500.00	884,955.75	5,487,455.75
Guangzhou Sunwise Hydrogen Energy Technology Co., Ltd.*	Subsidiary of shareholders	614,880.00	-614,880.00				
Babcock & Wilcox Beijing Company Ltd.*	Subsidiary of shareholders		134,653.00	134,653.00	172,282.30	-172,282.30	
Beijing Jingcheng Huitong Environmental Protection Co., Ltd.*	Subsidiary of shareholders				14,707.96		14,707.96
Beijing Beiyi Machine Tool Co., Ltd.*	Subsidiary of shareholders				1,400,000.00		1,400,000.00
Beijing Jingcheng Yihe Urban Renewal * Co., Ltd.*	Subsidiary of shareholders		124,754.72	124,754.72	658,477.85	-246,843.28	411,634.57
Beijing Kerui Nike Science Trading Co., Ltd.*	Others				106,362.00		106,362.00
OKUMA-BYJC (Beijing) Machine Tool Co. Ltd.*	Subsidiary of shareholders		252.00	252.00			
Hubei Jingyuan Xihai Automobile Industry Co., Ltd.*	Joint venture	49,382,279.92	881,324.00	50,263,603.92	14,536,300.00		14,536,300.00
Shaanxi Haichuang Shengshi Hydrogen Energy Technology Co., Ltd.*	Joint venture	3,580,225.00	2,837,375.00	6,417,600.00	980,000.00		980,000.00
Total		88,496,978.31	4,880,779.31	93,377,757.62	67,836,972.51	-5,668,881.12	62,168,091.39

Reasons for occurrence of related creditor's right and debt transactions

Under normal operation

Effects of related creditors' rights and debts on the Company

None

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

☐ Applicable   ☒ Not Applicable

#### (VI) Other major connected transactions

☐ Applicable   ☒ Not Applicable





## SECTION 5 IMPORTANT MATTERS

### (VII) Others

☒ Applicable ☐ Not Applicable

Continuing connected transactions:

#### 1. Continuing connected transaction in relation to the property leasing of Jingcheng Haitong

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

#### 2. Continuing connected transaction with Shanghai Sunwise

Beijing Tianhai and Shanghai Sunwise entered into a product sale and purchase framework agreement on 6 December 2024, pursuant to which Beijing Tianhai and its subsidiaries and Shanghai Sunwise and its subsidiaries will purchase or sell hydrogen energy products (including gas cylinders, system integration products, valves and other components, station equipment and other products) from or to each other from time to time for a term of three years from 1 January 2025 to 31 December 2027. In accordance with the Rules Governing the Listing of Securities on the Stock Exchange, as Jingcheng Machinery Electric indirectly holds 39.77% equity interest in Shanghai Sunwise, Shanghai Sunwise is an associate of Jingcheng Machinery Electric and a connected person of the Company. Accordingly, the transaction above constituted a continuing connected transaction of the Company and was approved by the independent shareholders of the Company on 28 April 2025.

## XI. MATERIAL CONTRACTS AND THEIR EXECUTION

### (I) Trust, contracting and leasing matters

☒ Applicable ☐ Not Applicable

#### (1) Trust

☐ Applicable ☒ Not Applicable

#### (2) Contracting

☐ Applicable ☒ Not Applicable

#### (3) Leasing

☒ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Name of lessor	Name of lessee	Details of lease of assets	Amount involved in lease of assets	Starting date of lease	Ending date of lease	Lease revenue	Determining basis for lease revenue	Impact of lease revenue on the Company	Is it a connected transaction	Connected relationship
Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.	Shenzhen Tenglong Holdings Co., Ltd.	The leased area is 45,043.62 sq.m.	29,952,528.31	1 January 2025	30 June 2025	29,952,528.31	Leasing Agreement	Major operating revenue	No	Others
Beijing Jingcheng Machinery Electric Assets Management Co., Ltd.	Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.	The leased area is 45,143.62 sq.m.	13,264,269.78	1 January 2025	30 June 2025	-13,264,269.78	Leasing Agreement	Major operating cost	Yes	A fellow subsidiary within the Group controlled by the Company's controlling shareholder
Qingdao Zhengli Technology Co., Ltd. (青島正利科技 有限公司)	Qingdao BYIQ United Digital Intelligence Co., Ltd.	A leased area of 9,881.15 sq.m.	691,680.67	1 January 2025	30 April 2025	-691,680.67	Leasing Agreement	Other operating cost	No	Others
Explanation on leases										
Nil										



## SECTION 5 IMPORTANT MATTERS

### (II) Material guarantee and outstanding material guarantee during the Reporting Period

☐ Applicable ☒ Not Applicable

### (III) Other material contracts

☐ Applicable ☒ Not Applicable

## XII. DESCRIPTION OF THE PROGRESS OF USE OF RAISED FUNDS

☒ Applicable ☐ Not applicable

### (I) Overview of use of the proceeds raised

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Source of funds raised	Time of receipt of proceeds	Total proceeds	Net proceeds raised after the deduction of issuance expenses (1)	Total committed investment of funds raised in the prospectus or offering documents (2)	Total amount of over-raised funds (3)=(1)-(2)	Accumulated total amount of funds raised invested as of the end of the Reporting Period (4)	Including: Accumulated total amount of funds over-raised invested as of the end of the Reporting Period (5)	Progress of Investment of funds raised as of the end of the Reporting period (%) (6)=(4)/(1)	Progress of Investment of funds over-raised as of the end of the Reporting period (%) (7)=(5)/(3)	Invested amount during the year (8)	Proportion of investment during the year (%) (9)=(8)/(1)	Total amount of proceeds raised for the changed purpose
Others	1 July 2020	214,830,000.00	207,305,400.64	207,305,400.64	0.00	195,416,111.77	0.00	94.26	0.00	79,500.00	0.04	0.00
Others	4 August 2022	159,966,094.76	153,305,717.40	153,305,717.40	0.00	153,515,021.76	0.00	100.14	0.00	23,930,977.33	14.96	0.00
Total	/	373,796,094.76	360,611,118.04	360,611,118.04	0.00	348,931,133.53	0.00	/	/	23,010,477.33	/	0.00

Other descriptions

☒ Applicable ☐ Not applicable

During the Reporting Period, the Company had no over-raised funds.



## SECTION 5 IMPORTANT MATTERS

### (II) Details of fund raising and investment projects

√ Applicable    □ Not applicable

#### 1. Details on use of proceeds

√ Applicable    □ Not applicable

Unit: Yuan    Currency: RMB

Source of funds raised	Name of project	Nature of project	Whether it is a committed investment project in the prospectus or offering documents	Whether a change of investment decision is involved	Total planned investment amounts of fund raising projects (1)	Amount invested during the year	Accumulated total amount of funds raised invested as of the end of the Reporting Period (2)	Progress of accumulated investment as of the end of the Reporting Period (%) (3)=(2)/(1)	Date of project reaching scheduled availability	Whether the project has been closed	Whether the progress of investment is in line with planned schedule	Specific reasons for the progress of investment not achieved as planned	Benefits realised during the year	Benefits or R&D results achieved by this project	Whether the feasibility of the project has significant changes and, if so, please provide detail	Balance amount
Others	Construction project of intelligent digital control production line for Type IV Cylinders	Production and construction	Yes	No	52,000,000.00	0.00	52,000,000.00	100.00	30 November 2021	Yes	Yes	N/A	53,702,063.73	186,264,973.22	No	0.00
Others	Repayment of debts owed to controlling shareholder and financial institutions	Liquidity replenishment and loan repayment	Yes	No	128,020,400.64	0.00	128,020,400.64	100.00	N/A	Yes	Yes	N/A	N/A	N/A	No	0.00
Others	Research and development project of hydrogen energy products	R&D	Yes	No	27,285,000.00	79,500.00	15,395,711.13	56.43	N/A	Yes	Yes	N/A	N/A	N/A	No	12,158,188.54
Others	Payment of cash consideration for the transaction	Others	Yes	No	87,433,884.40	20,000,000.00	87,433,884.40	100.00	N/A	Yes	Yes	N/A	9,350,199.43	150,216,229.67	No	0.00
Others	Replenishment of the liquidity of the listed company, payment of taxes and intermediary agency fees	Others	Yes	No	35,871,833.00	2,530,977.33	36,081,137.36	100.58	N/A	Yes	Yes	N/A	N/A	N/A	No	0.00
Others	Liquidity replenishment through capital injection into the target company	Others	Yes	No	30,000,000.00	0.00	30,000,000.00	100.00	N/A	Yes	Yes	N/A	N/A	N/A	No	0.00
Total	/	/	/	/	360,611,118.04	23,010,477.33	348,951,133.53	/	/	/	/	/	63,052,263.16	/	/	12,158,188.54



## SECTION 5 IMPORTANT MATTERS

### 2. Details on use of over-raised funds

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Use	Nature	Total amount of over-raised funds to be invested (1)	Accumulated total amount of over-raised funds invested as of the end of the Reporting Period (2)	Progress of accumulated investment as of the end of the Reporting Period (%) (3)=(2)/(1)	Note
/	Others	0	0	/	During the Reporting Period, the Company had no over-raised funds.
Total	/			/	/

### (III) Change or termination of fund raising and investment during the Reporting Period

☐ Applicable ☒ Not applicable

### (IV) Other circumstances regarding use of raised funds during the Reporting Period

#### 1. Prior investment and replacement of fund-raising and investment projects

☒ Applicable ☐ Not Applicable

On 29 July 2020, the Company held the third extraordinary meeting of the tenth session of the Board and considered and approved the "Resolution in relation to the Replacement of the Self-raised Funds Pre-invested in Investment Projects with Raised Funds from the Non-public Issuance of Shares", and decided to use the proceeds from the non-public issuance of shares of RMB26,821,768.00 to replace the pre-invested self-raised funds of the construction project of intelligent digital control production line for Type IV Cylinders.

#### 2. Temporary replenishment of working capital with the unused raised funds

☐ Applicable ☒ Not Applicable

#### 3. Cash management of unused raised funds and investment in related products

☐ Applicable ☒ Not Applicable

Other descriptions

#### 4. Other

☒ Applicable ☐ Not Applicable

As at 30 June 2025, the deposit of raised funds was as follows:

#### 1. Fund raising from non-public issuance of shares

Unit: Yuan Currency: RMB

Fund raising and investment project	Implementing entity	Deposit bank	Information on corresponding account			Account number
			Opening balance	Account opening date	Account balance as at 30 June 2025	
Construction project of intelligent digital control production line for Type IV Cylinders	Beijing Tianhai Industry Co., Ltd., a subsidiary	Huaxia Bank, Beijing Guanghua Road Branch	52,000,000.00	July 2020	0.00	10262000000869946
Research and development project of hydrogen energy products	Beijing Tianhai Industry Co., Ltd., a subsidiary	Huaxia Bank, Beijing Guanghua Road Branch	27,285,000.00	July 2020	12,158,188.54	10262000000869924
Repayment of debts owed to Jingcheng Machinery Electric and financial institutions	Beijing Tianhai Industry Co., Ltd., a subsidiary	Huaxia Bank, Beijing Guanghua Road Branch	128,020,400.64	July 2020	0.00	10262000000869935
Total			207,305,400.64		12,158,188.54	



## SECTION 5    IMPORTANT MATTERS

2.    *Asset acquisition by way of share issuance and cash payment and raising of supporting funds*

Unit: Yuan    Currency: RMB

Fund raising and investment project	Implementing entity	Deposit bank	Opening balance	Information on corresponding account			Account number
				Account opening date	Account balance as at	30 June 2025	
Payment of cash consideration, taxes and intermediary agency fees for the acquisition of the target asset, liquidity replenishment etc	The Company	Huaxia Bank, Beijing Guanghua Road Branch	153,305,717.40	August 2022	0.00		10262000000953077

(V)    **Conclusive opinions of intermediary agency on the special verification and authentication of the storage and use of proceeds**

☐ Applicable    ☒ Not Applicable

Description of abnormalities found in verification

☐ Applicable    ☒ Not applicable

(VI)    **Follow-up rectification measures for unauthorised changes to the use of raised funds and illegal occupation of raised funds**

☐ Applicable    ☒ Not applicable

**XIII. DESCRIPTION FOR OTHER MATERIAL MATTERS**

☐ Applicable    ☒ Not Applicable



## SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL

#### (I) Statement of changes in shares

##### 1. Statement of changes in shares

Unit: share

	Before change		Issuance of new shares	Increase and decrease (+, -) in change Conversion			Subtotal	After change	
	Amount	Proportion (%)		Bonus issue	from reserve	Other		Amount	Proportion (%)
I. Shares subject to selling restrictions	12,434,552	2.27				-7,034,552	-7,034,552	5,400,000	0.99
1. State-owned shares									
2. State-owned legal person share									
3. Other domestic shares	12,434,552	2.27				-7,034,552	-7,034,552	5,400,000	0.99
Including: Domestic non-state owned legal person shares	937,392	0.17				-937,392	-937,392	0	0
Domestic natural person shares	11,497,160	2.10				-6,097,160	-6,097,160	5,400,000	0.99
4. Foreign shares									
Including: Overseas legal person shares									
Overseas natural person shares									
II. Circulating shares not subject to selling restrictions	535,231,436	97.73				+7,034,552	+7,034,552	542,265,988	99.01
1. Renminbi ordinary shares	435,231,436	79.47				+7,034,552	+7,034,552	442,265,988	80.75
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	100,000,000	18.26						100,000,000	18.26
4. Others									
III. Total shares	547,665,988	100.00				0	0	547,665,988	100.00

##### 2. Explanation on the changes in shares

☒ Applicable ☐ Not Applicable

In the project of the asset acquisition by way of share issuance and cash payment and raising of supporting funds by the Company, 46,481,314 A shares with selling restrictions were newly added to the restricted shares at the phase of the asset acquisition by way of share issuance and cash payment, of which 39,446,762 shares were released from lock-up, listed and traded on 28 June 2023 and 25 June 2024 respectively, with 7,034,552 of the restricted shares remaining.

Pursuant to the relevant agreements entered into between the Company and the targets of issuance, all remaining restricted shares (being 7,034,552 shares) were released from lock-up, listed and traded on 24 June 2025. For details, please refer to the "Announcement on the Listing of and Trading in Certain Restricted Shares for the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds" (《發行股份及支付現金購買資產並募集配套資金之部分限售股上市流通的公告》) disclosed by the Company on the "Shanghai Securities News", the website of the Shanghai Stock Exchange (www.sse.com.cn) and the HKEXnews website of The Stock Exchange of Hong Kong Limited (overseas regulatory announcement) (www.hkexnews.hk) dated 17 June 2025.

##### 3. Effect of changes in shares occurred after the Reporting Period up to the date of disclosure of this interim report on financial indicators such as earnings per share and net assets per share (if any)

☐ Applicable ☒ Not Applicable



## SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

### 4. Other disclosures deemed necessary by the Company or required by securities regulatory authorities

☒ Applicable   ☐ Not Applicable

Pursuant to the authorisation by the First EGM of 2023, the First A Share Class Meeting of 2023 and the First H Share Class Meeting of 2023 of the Company, the Company convened the fifth extraordinary meeting of the eleventh session of the Board and the seventh meeting of the eleventh session of the Supervisory Committee on 14 November 2023, at which the "Resolution on the Adjustment of Matters Relating to the 2023 Restricted Share Incentive Scheme" and "Resolution on the First Grant of Restricted Shares to Participants under the 2023 Restricted Share Incentive Scheme" were considered and approved. The independent non-executive Directors of the Company have expressed their independent opinions on the relevant matters, the Supervisory Committee has reviewed the list of Participants for the granting and expressed its verification opinion, and the lawyers have expressed their legal opinions. According to the "Certificate of Change in Registration of Securities" issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the Company has completed the registration of the first grant of restricted shares under the 2023 Restricted Share Incentive Scheme (the "**Incentive Scheme**") on 28 December 2023, and 5,400,000 new restricted A shares were granted. For details, please refer to the "Announcement in relation to the Results of Initial Grant of Restricted Shares under the 2023 Restricted Share Incentive Scheme" disclosed by the Company on 29 December 2023. Pursuant to the relevant agreements, these newly added restricted shares have not been unlocked as at the end of the Reporting Period.

### (II) Changes in shares subject to selling restrictions

☒ Applicable   ☐ Not Applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares unlocked during the Reporting Period	Increase in number of restricted shares during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for restricted sale	Unlocking date
Li Hong	3,819,913	3,819,913	0	0	Sale restriction on merger, acquisition and reorganisation	24 June 2025
Zhao Qing	1,308,157	1,308,157	0	0	Sale restriction on merger, acquisition and reorganisation	24 June 2025
Qingdao Eternal Economic Information Consulting Co., Ltd.*	937,392	937,392	0	0	Sale restriction on merger, acquisition and reorganisation	24 June 2025
Wang Xiaohui	807,881	807,881	0	0	Sale restriction on merger, acquisition and reorganisation	24 June 2025
Qian Yuyan	161,209	161,209	0	0	Sale restriction on merger, acquisition and reorganisation	24 June 2025
<b>Total</b>	<b>7,034,552</b>	<b>7,034,552</b>	<b>0</b>	<b>0</b>	<b>/</b>	<b>/</b>

## II. INFORMATION ABOUT SHAREHOLDERS

### (I) Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period  
Total number of shareholders of preference shares with restored voting right as at the end of the Reporting Period

44,837  
0



## SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

### (II) Shareholding of top ten shareholders, top ten shareholders of circulating shares (or holders of shares not subject to selling restrictions) as at the end of the Reporting Period

Unit: share

Name of shareholder (full name)	Shareholding of top ten Shareholders (excluding shares lent through refinancing)				Pledged, tagged or frozen		Shareholder(s) nature
	Increase/decrease during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to selling restrictions	Share status	Number	
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	0	245,735,052	44.87	0	Nil		State-owned legal person
HKSCC NOMINEES LIMITED	10,000	99,621,027	18.19	0	Unknown		Unknown
Li Hong	-1,285,000	3,819,913	0.70	0	Nil		Domestic natural person
Zhao Qing	34,827	3,277,384	0.60	0	Nil		Domestic natural person
Qingdao Eternal Economic Information Consulting Co., Ltd.*	-832,000	2,804,760	0.51	0	Nil		Domestic non-state owned legal person
Hong Kong Securities Clearing Company Limited	1,079,836	1,871,051	0.34	0	Unknown		Unknown
He Yong	8,412	1,859,116	0.34	0	Nil		Domestic natural person
Wang Qiaoyun	1,477,500	1,477,500	0.27	0	Nil		Domestic natural person
Shouning Investment Management (Shanghai) Co., Ltd. – Shouning Zhijian No. 1 Private Equity Investment Fund*	1,191,100	1,191,100	0.22	0	Unknown		Unknown
Anhui Bocheng Medical Investment Co., Ltd.*	-569,000	928,800	0.17	0	Unknown		Unknown

#### Shareholding of top ten Shareholders not subject to selling restrictions (excluding shares lent through refinancing)

Name of shareholder	Number of circulating shares held not subject to selling restrictions	Type and number of shares	
		Type	Number
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	245,735,052	RMB ordinary shares	245,735,052
HKSCC NOMINEES LIMITED	99,621,027	Overseas listed foreign shares	99,621,027
Li Hong	3,819,913	RMB ordinary shares	3,819,913
Zhao Qing	3,277,384	RMB ordinary shares	3,277,384
Qingdao Eternal Economic Information Consulting Co., Ltd.*	2,804,760	RMB ordinary shares	2,804,760
Hong Kong Securities Clearing Company Limited	1,871,051	RMB ordinary shares	1,871,051
He Yong	1,859,116	RMB ordinary shares	1,859,116
Wang Qiaoyun	1,477,500	RMB ordinary shares	1,477,500
Shouning Investment Management (Shanghai) Co., Ltd. – Shouning Zhijian No. 1 Private Equity Investment Fund*	1,191,100	RMB ordinary shares	1,191,100
Anhui Bocheng Medical Investment Co., Ltd.*	928,800	RMB ordinary shares	928,800
Description of special accounts for repurchase among the top ten Shareholders	N/A		
Description of the proxy voting right, entrusted voting right and waiver of voting right of the aforesaid Shareholders	N/A		
Description of the connected relationship of or the acting in concert among the aforesaid Shareholders	The Company was not aware of any connected relationship among the aforesaid Shareholders, nor was 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" (《上市公司股東持股變動信息披露辦法》)".		
Description of preferred Shareholders whose voting rights have resumed and their shareholdings	N/A		





## SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

**Shares lent through refinancing business involved in by the shareholders holding 5% or above shares, the top 10 shareholders and the top 10 shareholders holding tradable shares without selling restrictions**

☐ Applicable    ☒ Not Applicable

**Changes in the top 10 shareholders and the top 10 shareholders holding tradable shares without selling restrictions due to the shares lent and returned through refinancing as compared with the corresponding period last year**

☐ Applicable    ☒ Not Applicable

Notes:

- (1) Jingcheng Machinery Electric is the substantial shareholder of the Company, no share of which are being pledged or frozen.
- (2) HKSCC NOMINEES LIMITED held shares on behalf of many of its clients and the Company has not been notified by HKSCC Nominees Limited that there was any holder of H Shares who individually held 5% or more of the total share capital of the Company.
- (3) As at 30 June 2025, Mr. Zhang Jiheng, a Director, was granted 150,000 restricted A Shares, and Ms. Feng Yongmei, Mr. Shi Fengwen, Mr. Li Xianzhe, senior management officers of the Company, and Mr. Luan Jie, the secretary to the Board, were each granted 100,000 restricted A Shares, respectively. Save as disclosed above, as at 30 June 2025, so far as was known to the Directors, the Directors, the supervisors and chief executive of the Company or their respective associates did not have any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange, to be notified to the Company and the Stock Exchange.
- (4) Save as disclosed above, as at 30 June 2025, the Directors were not notified 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 to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.
- (5) There is no provision for pre-emptive rights under the laws of the PRC and the articles of association of the Company.
- (6) As of 30 June 2025, the Company did not issue any convertible securities, share options, warrants or any other similar right.



## SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

### Shareholding of the top ten holders of Shares subject to selling restrictions and conditions for selling restrictions

√ Applicable    □ Not Applicable

Unit: share

No.	Name of Shareholder subject to selling restrictions	Number of Shares held subject to selling restrictions	Conditions of listing and trading of restricted Shares		Conditions for selling restrictions
			Date of being permitted for listing and trading	Number of additional Shares available for listing and trading	
1	Zhang Jiheng	150,000	14 November 2025	51,000	The lock-up period shall be 24 months and the shares shall be unlocked in 3 phases and may be listed on the trading day following the expiry of the lock-up period The lock-up period shall be 24 months and the shares shall be unlocked in 3 phases and may be listed on the trading day following the expiry of the lock-up period The lock-up period shall be 24 months and the shares shall be unlocked in 3 phases and may be listed on the trading day following the expiry of the lock-up period The lock-up period shall be 24 months and the shares shall be unlocked in 3 phases and may be listed on the trading day following the expiry of the lock-up period The lock-up period shall be 24 months and the shares shall be unlocked in 3 phases and may be listed on the trading day following the expiry of the lock-up period
2	Shi Fengwen	100,000	14 November 2025	34,000	
3	Feng Yongmei	100,000	14 November 2025	34,000	
4	Li Xianzhe	100,000	14 November 2025	34,000	
5	Luan Jie	100,000	14 November 2025	34,000	
Description of the connected relationship of or the acting in concert among the aforesaid Shareholders		Nil			
Note		Except for the persons above, all other Shareholders holding restricted Shares of the Company are participants in the 2023 Restricted Share Incentive Scheme of the Company.			

### (III) Strategic investors or general legal persons who have become one of the top ten shareholders as a result of the placing of new shares

□ Applicable    √ Not Applicable



## SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

### III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) **Changes in shareholding of current and resigned directors, supervisors and senior management during the Reporting Period**

☐ Applicable ☒ Not Applicable

Other information

☐ Applicable ☒ Not Applicable

(II) **Information on incentive share option granted to directors, supervisors and senior management during the Reporting Period**

☐ Applicable ☒ Not Applicable

Other information

☒ Applicable ☐ Not Applicable

Unit: share

Name	Position	Number of restricted Shares held as at the beginning of the Reporting Period	Number of new restricted Shares granted during the Reporting Period	Shares unlocked during the Reporting Period	Shares locked during the Reporting Period	Number of restricted Shares held as at the end of the Reporting Period
Zhang Jiheng	Director	150,000	0	0	150,000	150,000
Shi Fengwen	Senior management	100,000	0	0	100,000	100,000
Feng Yongmei	Senior management	100,000	0	0	100,000	100,000
Li Xianzhe	Senior management	100,000	0	0	100,000	100,000
Luan Jie	Senior management	100,000	0	0	100,000	100,000
Total	/	550,000	0	0	550,000	550,000

(III) **Other descriptions**

☐ Applicable ☒ Not Applicable

### IV. CHANGES IN CONTROLLING SHAREHOLDERS AND BENEFICIAL CONTROLLER

☐ Applicable ☒ Not Applicable

### V. INFORMATION ABOUT PREFERENCE SHARES

☐ Applicable ☒ Not Applicable



## SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

### VI. 2023 RESTRICTED SHARE INCENTIVE SCHEME – DISCLOSURE MADE IN ACCORDANCE WITH CHAPTER 17 SHARE SCHEMES OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE

Name	Position	Date of grant	Number of restricted shares held at the beginning of the period	Grant price of restricted shares (RMB Yuan)	Number of new restricted shares granted during the Reporting Period	Changes during the Reporting Period				Number of restricted shares held at the end of the period
						Shares unlocked	Shares locked	Shares cancelled	Lapsed shares	
Zhang Jihong	Executive Director and general manager	28 December 2023	150,000	7.33	0	0	150,000	0	0	150,000
Feng Yongmei	Chief accountant	28 December 2023	100,000	7.33	0	0	100,000	0	0	100,000
Shi Fengwen	Chief engineer	28 December 2023	100,000	7.33	0	0	100,000	0	0	100,000
Li Xianzhe	General counsel	28 December 2023	100,000	7.33	0	0	100,000	0	0	100,000
Luan Jie	Secretary to the Board	28 December 2023	100,000	7.33	0	0	100,000	0	0	100,000
Other core backbone personnel (110)		28 December 2023	4,850,000	7.33	0	0	4,850,000	0	0	4,850,000
<b>Total initial grant (115)</b>		/	<b>5,400,000</b>	/	<b>0</b>	<b>0</b>	<b>5,400,000</b>	<b>0</b>	<b>0</b>	<b>5,400,000</b>

Notes:

- According to the "Certificate of Change in Registration of Securities" issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the Company completed the registration of the first grant of restricted shares under the 2023 Restricted Share Incentive Scheme (the "Incentive Scheme") on 28 December 2023, with 5,400,000 new restricted A shares granted.
- The initial grant price is RMB7.33 per share. Therefore, upon satisfying the grant conditions, the participants may subscribe for the restricted shares issued by the Company to the participants at a price of RMB7.33 per share.
- During the period from 1 January 2025 to 30 June 2025, no restricted shares were cancelled and no restricted shares lapsed.
- As at 1 January 2025 and 30 June 2025, the number of restricted shares reserved for grant under the Incentive Scheme was 1,350,000 shares.
- During the period from 1 January 2025 to 30 June 2025, the number of restricted shares that may be issued under the Incentive Scheme divided by the weighted average number of A shares in issue during the period was 0.30%.

#### Lock-up period and unlocking arrangements

The lock-up period for restricted shares granted to participants under the Incentive Scheme shall be 24 months from the date of grant of the restricted shares granted to the participants. During the lock-up period, restricted shares granted to participants under the Incentive Scheme shall be subject to selling restrictions and may not be transferred or used for guarantees or the repayment of debts. Shares acquired by participants as a result of capitalization of capital reserve, payment of share dividends and sub-division of shares for restricted shares granted that have not been unlocked are simultaneously locked up in accordance with the Incentive Scheme.

The unlocking periods and the unlocking percentage for each period in relation to restricted shares granted under the initial grant of the Incentive Scheme are shown in the table below:

Unlocking arrangement	Unlocking schedule	Restricted shares to be unlocked as a percentage of the total number of restricted shares granted
First unlocking period	Commencing from the first trading day upon the expiry of 24 months from the date of the initial grant to the last trading day upon the expiry of 36 months from the date of the initial grant	34%
Second unlocking period	Commencing from the first trading day upon the expiry of 36 months from the date of the initial grant to the last trading day upon the expiry of 48 months from the date of the initial grant	33%
Third unlocking period	Commencing from the first trading day upon the expiry of 48 months from the date of the initial grant to the last trading day upon the expiry of 60 months from the date of the initial grant	33%

After the lifting of the lock-up restrictions, the Company will unlock restricted shares for participants who have satisfied the unlocking conditions, and those restricted shares held by participants who have not satisfied the unlocking conditions will be repurchased by the Company.



## SECTION 7 CORPORATE BONDS

### **I. CORPORATE BONDS (INCLUDING ENTERPRISE BONDS) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES**

☐ Applicable    ☒ Not Applicable

### **II. CONVERTIBLE CORPORATE BONDS**

☐ Applicable    ☒ Not Applicable



## SECTION 8 FINANCIAL REPORT

### CONSOLIDATED BALANCE SHEET

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

June 30, 2025

Unit: Yuan Currency: RMB

Item	Notes	Ending balance	Beginning balance
<b>Current assets:</b>			
Cash at bank and on hand	V. (1)	391,628,678.92	482,988,509.97
Financial assets held for trading			
Derivative financial assets			
Notes receivable	V. (2)	7,155,593.33	14,048,892.34
Accounts receivable	V. (3)	568,022,476.07	499,865,493.32
Receivables financing	V. (4)	13,934,852.68	17,738,416.42
Advances to suppliers	V. (5)	35,277,600.61	44,784,447.17
Other receivables	V. (6)	9,497,909.48	3,253,586.63
Including: interest receivable			
Dividends receivable			
Inventory	V. (7)	332,517,440.35	322,798,726.80
Including: data resources			
Contract assets	V. (8)	13,173,281.68	17,727,137.20
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	V. (9)	34,763,229.24	66,859,038.79
<b>Total current assets</b>		<b>1,405,971,062.36</b>	<b>1,470,064,248.64</b>
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investment	V. (10)	112,173,215.27	113,338,773.49
Other equity instruments investments			
Other non-current financial assets			
Investment properties			
Fixed assets	V. (11)	852,600,450.84	603,611,099.03
Construction work in process	V. (12)	43,685,953.48	280,234,944.36
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V. (13)	176,008,799.38	184,732,895.25
Intangible assets	V. (14)	168,050,588.11	173,323,950.09
Including: data resources			
Development expenditures			
Including: data resources			
Goodwill	V. (15)	168,996,039.10	168,996,039.10
Long-term deferred expenses	V. (16)	13,773,075.23	11,538,542.98
Deferred income tax assets	V. (17)	61,441,114.88	62,473,777.37
Other non-current assets	V. (18)	3,675,982.21	18,299,049.58
<b>Total non-current assets</b>		<b>1,600,405,218.50</b>	<b>1,616,549,071.25</b>
<b>Total assets</b>		<b>3,006,376,280.86</b>	<b>3,086,613,319.89</b>



## SECTION 8 FINANCIAL REPORT

### CONSOLIDATED BALANCE SHEET (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

June 30, 2025

Unit: Yuan Currency: RMB

Item	Notes	Ending balance	Beginning balance
<b>Current liabilities:</b>			
Short-term loans	V.(20)	249,500,000.00	230,000,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	V.(21)	118,627,164.14	116,344,018.02
Accounts payable	V.(22)	351,574,143.11	395,135,400.60
Deposit received			
Contract liabilities	V.(23)	55,298,852.47	65,835,225.59
Staff salaries payable	V.(24)	25,540,187.01	37,221,250.27
Taxes payable	V.(25)	5,547,882.90	17,922,431.27
Other payables	V.(26)	42,989,758.33	69,177,703.97
Including: interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	V.(27)	16,640,182.34	15,578,997.72
Other current liabilities	V.(28)	15,699,926.75	14,537,663.61
<b>Total current liabilities</b>		<b>881,418,097.05</b>	<b>961,752,691.05</b>
<b>Non-current liabilities:</b>			
Long-term loans	V.(29)	144,507,500.00	133,350,000.00
Bonds payable			
Including: preferred stock			
Perpetual bonds			
Lease liabilities	V.(30)	212,901,686.66	220,087,249.70
Long-term payables	V.(31)	253,207,700.00	253,207,700.00
Long-term staff salaries payable	V.(32)	34,224,144.01	33,131,627.97
Expected liabilities	V.(33)	9,111,689.70	7,986,099.32
Deferred income	V.(34)	17,348,098.27	13,453,008.53
Deferred income tax liabilities	V.(17)	48,907,932.38	51,487,703.77
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>720,208,751.02</b>	<b>712,703,389.29</b>
<b>Total liabilities</b>		<b>1,601,626,848.07</b>	<b>1,674,456,080.34</b>



## SECTION 8 FINANCIAL REPORT

### CONSOLIDATED BALANCE SHEET (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

June 30, 2025

Unit: Yuan Currency: RMB

Item	Notes	Ending balance	Beginning balance
<b>Shareholders' equity</b>			
Share capital	V.(35)	547,485,988.00	547,665,988.00
Other equity instruments			
Including: preferred stock			
Perpetual bonds			
Capital reserves	V.(36)	1,197,835,132.21	1,195,306,532.75
Less: treasury shares			
Other comprehensive income	V.(37)	3,891,438.93	4,172,992.51
Special reserves	V.(38)	2,570,890.35	1,222,044.23
Surplus reserves	V.(39)	45,665,647.68	45,665,647.68
Undistributed profits	V.(40)	-725,632,283.52	-709,876,579.95
<b>Total Shareholders' equity attributable to parent company</b>		<b>1,071,816,813.65</b>	1,084,156,625.22
<b>Minority shareholders' equity</b>		<b>332,932,619.14</b>	328,000,614.33
<b>Total Shareholders' equity</b>		<b>1,404,749,432.79</b>	1,412,157,239.55
<b>Total liabilities and Shareholders' equity</b>		<b>3,006,376,280.86</b>	3,086,613,319.89

Legal representative:  
Mr. Li Junjie

Person in charge of accounting:  
Ms. Feng Yongmei

Person in charge of accounting firm:  
Mr. Yang Yue





## SECTION 8 FINANCIAL REPORT

### BALANCE SHEET OF THE PARENT COMPANY

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

June 30, 2025

Unit: Yuan Currency: RMB

Item	Notes	Ending balance	Beginning balance
<b>Current assets:</b>			
Cash at bank and on hand		45,493,424.50	60,762,474.36
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	XVII.(1)	62,310,773.68	37,794,280.34
Receivables financing			
Advances to suppliers		622,929.49	
Other receivables	XVII.(2)	424,032,145.57	416,581,646.88
Including: Interest receivable		50,035,916.19	47,413,555.08
Dividends receivable			
Inventory			
Including: data resources			
Contract assets		8,059,568.32	12,005,026.15
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		3,300,323.94	
<b>Total current assets</b>		<b>543,819,165.50</b>	<b>527,143,427.73</b>
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investment	XVII.(3)	1,599,609,640.36	1,600,273,940.36
Other equity instruments investments			
Other non-current financial assets			
Investment properties			
Fixed assets		73,069.21	85,551.91
Construction work in process			
Productive biological assets			
Oil and gas assets			
Right-of-use assets			302,780.98
Intangible assets			
Including: data resources			
Development expenditures			
Including: data resources			
Goodwill			
Long-term deferred expenses			177,274.57
Deferred income tax assets		587,793.10	633,358.37
Other non-current assets			
<b>Total non-current asset</b>		<b>1,600,270,502.67</b>	<b>1,601,472,906.19</b>
<b>Total assets</b>		<b>2,144,089,668.17</b>	<b>2,128,616,333.92</b>



## SECTION 8 FINANCIAL REPORT

### BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

June 30, 2025

Unit: Yuan Currency: RMB

Item	Notes	Ending balance	Beginning balance
<b>Current liabilities:</b>			
Short-term loans			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		84,208,865.40	52,141,318.82
Deposit received			
Contract liabilities			
Staff salaries payable		5,904,488.85	6,915,363.05
Taxes payable		528,262.79	408,739.18
Other payables		8,047,666.04	23,603,043.73
Including: interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities		318,246.85	
<b>Total current liabilities</b>		<b>99,007,529.93</b>	<b>83,068,464.78</b>
<b>Non-current liabilities:</b>			
Long-term loans			
Bonds payable			
Including: preferred stock			
Perpetual bonds			
Lease liabilities			
Long-term payables		200,000,000.00	200,000,000.00
Long-term staff salaries payable			
Expected liabilities			
Deferred income			
Deferred income tax liabilities			75,695.24
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>200,000,000.00</b>	<b>200,075,695.24</b>
<b>Total liabilities</b>		<b>299,007,529.93</b>	<b>283,144,160.02</b>
<b>Shareholders' equity</b>			
Share capital		547,485,988.00	547,665,988.00
Other equity instruments			
Including: preferred stock			
Perpetual bonds			
Capital reserves		1,319,670,796.01	1,320,831,896.72
Less: treasury shares			
Other comprehensive income			
Special reserves			
Surplus reserves		38,071,282.24	38,071,282.24
Undistributed profits		-60,145,928.01	-61,096,993.06
<b>Total shareholders' equity</b>		<b>1,845,082,138.24</b>	<b>1,845,472,173.90</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,144,089,668.17</b>	<b>2,128,616,333.92</b>

Legal representative:  
Mr. Li Junjie

Person in charge of accounting:  
Ms. Feng Yongmei

Person in charge of accounting firm:  
Mr. Yang Yue



## SECTION 8 FINANCIAL REPORT

### CONSOLIDATED INCOME STATEMENT

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

January to June in 2025

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
<b>I. Operating revenue</b>	V.(41)	<b>680,343,762.00</b>	748,773,482.80
Less: operating costs	V.(41)	<b>548,694,876.01</b>	624,564,969.07
Taxes and surcharges	V.(42)	<b>4,776,500.62</b>	4,637,296.73
Selling expenses	V.(43)	<b>20,038,057.94</b>	23,469,294.64
Administrative expenses	V.(44)	<b>54,164,729.47</b>	57,293,069.41
R&D expenses	V.(45)	<b>42,208,662.39</b>	30,022,179.68
Financial expenses	V.(46)	<b>5,231,447.28</b>	4,757,755.57
Including: interest expenses		<b>11,431,716.95</b>	8,196,990.99
Interest income		<b>1,170,019.89</b>	2,265,545.33
Add: other income	V.(47)	<b>5,136,207.55</b>	5,950,362.84
Investment income (loss to be listed with "-")	V.(48)	<b>877,021.41</b>	14,916,214.82
Including: investment income from associates and joint ventures		<b>-1,167,116.34</b>	4,965,147.93
Revenue from derecognition of financial assets measured at amortized cost			
Net exposure hedging income (loss to be listed with "-")			
Incomes from fair value changes (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")	V.(49)	<b>-2,900,919.33</b>	-585,476.58
Asset impairment loss (loss to be listed with "-")	V.(50)	<b>-15,307,507.45</b>	-13,599,617.75
Income of assets disposal (loss to be listed with "-")	V.(51)	<b>1,472,831.23</b>	
<b>II. Operating profit (loss to be listed with "-")</b>		<b>-5,492,878.30</b>	10,710,401.03
Add: non-operating revenue	V.(52)	<b>1,088,038.32</b>	451,708.67
Less: non-operating expenses	V.(53)	<b>390,711.56</b>	735,051.73
<b>III. Total profit (total loss to be listed with "-")</b>		<b>-4,795,551.54</b>	10,427,057.97
Less: income tax expenses	V.(54)	<b>6,978,008.16</b>	6,801,273.26
<b>IV. Net profit (net loss to be listed with "-")</b>		<b>-11,773,559.70</b>	3,625,784.71
(I) Classified by going concern basis:			
1. Net profit from continuing operation (net losses to be listed with "-")			
2. Net profit from discontinued operation (net losses to be listed with "-")		<b>-11,773,559.70</b>	3,625,784.71
(II) Classification by ownership:			
1. Net profit attributable to shareholders of the parent company (net losses to be listed with "-")		<b>-15,755,703.57</b>	-3,374,923.71
2. losses and benefits of minority shareholders (net losses to be listed with "-")		<b>3,982,143.87</b>	7,000,708.42



## SECTION 8 FINANCIAL REPORT

### CONSOLIDATED INCOME STATEMENT (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

January to June in 2025

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
<b>V. Net after-tax amount of other comprehensive income</b>		<b>-310,835.69</b>	710,654.81
(I) Net after-tax amount of other comprehensive income attributable to shareholders of the parent company		<b>-281,553.58</b>	641,176.79
(I) Other comprehensive income that cannot be reclassified to profit or loss			
1. Changes arising from re-measurement of the defined benefit plans			
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investments			
4. Changes in fair value of the Company's credit risk			
(II) Other comprehensive income reclassified to profit or loss		<b>-281,553.58</b>	641,176.79
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		<b>1,558.12</b>	
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive incomes			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Currency translation difference in financial statements		<b>-283,111.70</b>	641,176.79
7. Others			
(II) Net after-tax amount of other comprehensive income attributable to minority shareholders		<b>-29,282.11</b>	69,478.02
<b>VI. Total comprehensive income</b>		<b>-12,084,395.39</b>	4,336,439.52
1. Total comprehensive incomes attributable to shareholders of the parent company		<b>-16,037,257.15</b>	-2,733,746.92
2. Total comprehensive income attributable to minority shareholders		<b>3,952,861.76</b>	7,070,186.45
<b>VII. Earnings per share:</b>			
(I) Primary earnings per share		<b>-0.03</b>	-0.01
(II) Diluted earnings per share		<b>-0.03</b>	-0.01

Legal representative:  
Mr. Li Junjie

Person in charge of accounting:  
Ms. Feng Yongmei

Person in charge of accounting firm:  
Mr. Yang Yue



## SECTION 8 FINANCIAL REPORT

### INCOME STATEMENT OF THE PARENT COMPANY

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

January to June in 2025

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
<b>I. Operating revenue</b>	XVII.(4)	<b>2,011,457.25</b>	2,368,722.61
Less: operating costs	XVII.(4)		
Taxes and surcharges		<b>46,611.15</b>	52,436.50
Selling expenses			
Administrative expenses		<b>5,811,861.23</b>	5,715,878.12
R&D expenses			
Financial expenses		<b>-5,567,217.58</b>	-51,312.11
Including: interest expenses			15,098.12
Interest income		<b>5,572,472.58</b>	69,030.97
Add: other incomes		<b>14,133.53</b>	25,726.06
Investment income (loss to be listed with "-")			
Including: investment income from associates and joint ventures			
Revenue from derecognition of financial assets measured at amortized cost			
Net exposure hedging income (loss to be listed with "-")			
Incomes from fair value changes (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")		<b>90,618.98</b>	-26,428.00
Asset impairment loss (loss to be listed with "-")		<b>91,642.17</b>	-412,054.50
Income of assets disposal (loss to be listed with "-")		<b>23,185.24</b>	
<b>II. Operating profit (loss to be listed with "-")</b>		<b>1,939,782.37</b>	-3,761,036.34
Add: non-operating revenue			
Less: non-operating expenses			
<b>III. Total profit (total loss to be listed with "-")</b>		<b>1,939,782.37</b>	-3,761,036.34
Less: income tax expenses		<b>988,717.32</b>	417,346.01
<b>IV. Net profit (net loss to be listed with "-")</b>		<b>951,065.05</b>	-4,178,382.35
(I) Net profit from continuing operation (net loss to be listed with "-")		<b>951,065.05</b>	-4,178,382.35
(II) Net profit from discontinued operation (net loss to be listed with "-")			
<b>V.Net after-tax amount of other comprehensive income</b>			
(I) Other comprehensive income that cannot be reclassified to profit or loss			
1. Changes arising from re-measurement of the defined benefit plans			
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investments			
4. Change in fair value of the Company's credit risk			
(II) Other comprehensive income reclassified to profit or loss			
1. Other comprehensive income to be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt instruments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt instruments			
5. Cash flow hedging reserve			
6. Currency translation difference in financial statements			
7. Others			
<b>VI. Total comprehensive income</b>		<b>951,065.05</b>	-4,178,382.35
<b>VII. Earnings per share:</b>			
(I) Primary earnings per share			
(II) Diluted earnings per share			

Legal representative:

Mr. Li Junjie

Person in charge of accounting:

Ms. Feng Yongmei

Person in charge of accounting firm:

Mr. Yang Yue



## SECTION 8 FINANCIAL REPORT

### CONSOLIDATED CASH FLOW STATEMENT

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

January to June in 2025

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods and provision of service		459,636,286.92	474,820,098.98
Refund of taxes		58,780,171.68	464,678.51
Cash received relating to other operating activities	V.(56)	27,559,182.37	7,953,513.53
<b>Subtotal of cash inflows from operating activities</b>		<b>545,975,640.97</b>	<b>483,238,291.02</b>
Cash paid for purchasing goods and receiving service		370,819,988.79	355,106,588.03
Cash paid to and for employees		125,935,019.00	120,672,372.54
Payments of various taxes		37,452,254.96	46,442,378.69
Cash paid for other operating activities	V.(56)	101,720,945.73	104,364,446.22
<b>Subtotal of cash outflows from operating activities</b>		<b>635,928,208.48</b>	<b>626,585,785.47</b>
<b>Net cash flows from operating activities</b>		<b>-89,952,567.51</b>	<b>-143,347,494.45</b>
<b>II. Cash flows from investment activities:</b>			
Cash received from withdrawal of investment		-	-
Cash received from investment income		-	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,298,162.26	16,669,004.00
Net cash received from disposal of subsidiaries and other business units		-	-
Cash received relating to other investment activities		-	-
<b>Subtotal of cash inflows from investment activities</b>		<b>5,298,162.26</b>	<b>16,669,004.00</b>
Cash paid to purchase fixed assets, intangible assets, and other long-term assets		28,419,621.82	35,233,357.12
Cash paid for investments		20,000,000.00	9,600,000.00
Net cash paid for the acquisition of subsidiaries and other business entities		-	-
Cash paid relating to other investment activities		-	-
<b>Subtotal of cash outflows from investment activities</b>		<b>48,419,621.82</b>	<b>44,833,357.12</b>
<b>Net cash flows from investment activities</b>		<b>-43,121,459.56</b>	<b>-28,164,353.12</b>



## SECTION 8 FINANCIAL REPORT

### CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

January to June in 2025

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investments		—	
Including: cash received by subsidiaries from minority shareholders' investments		—	
Cash received from borrowings		191,900,000.00	180,000,000.00
Cash received relating to other financing activities		—	
<b>Subtotal of cash inflows from financing activities</b>		<b>191,900,000.00</b>	<b>180,000,000.00</b>
Cash paid for repayment of debts		160,500,000.00	100,000,000.00
Cash paid for distribution of dividends, profits or interests		5,122,505.55	3,707,991.65
Including: dividends and profits paid by subsidiaries to minority shareholders			
Cash paid relating to other financing activities	V.(56)	14,348,210.46	14,944,529.20
<b>Subtotal of cash outflows from financing activities</b>		<b>179,970,716.01</b>	<b>118,652,520.85</b>
<b>Net cash flows from financing activities</b>		<b>11,929,283.99</b>	<b>61,347,479.15</b>
<b>IV. Effects from the change of exchange rate on cash and cash equivalents</b>		<b>2,813,553.52</b>	<b>1,637,385.13</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>-118,331,189.56</b>	<b>-108,526,983.29</b>
Add: Beginning balance of cash and cash equivalents		410,572,389.38	429,848,818.45
<b>VI. Ending balance of cash and cash equivalents</b>		<b>292,241,199.82</b>	<b>321,321,835.16</b>

Legal representative:  
Mr. Li Junjie

Person in charge of accounting:  
Ms. Feng Yongmei

Person in charge of accounting firm:  
Mr. Yang Yue



## SECTION 8 FINANCIAL REPORT

### CASH FLOW STATEMENT OF THE PARENT COMPANY

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

January to June in 2025

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods and provision of service		46,449,280.00	84,000,000.00
Refund of taxes			
Cash received relating to other operating activities		7,730,194.68	6,207,308.11
<b>Subtotal of cash inflows from operating activities</b>		<b>54,179,474.68</b>	<b>90,207,308.11</b>
Cash paid for purchasing goods and receiving service		33,727,597.20	82,534,810.00
Cash paid to and for employees		4,654,377.49	4,049,539.23
Payments of various taxes		1,031,538.07	1,035,865.37
Cash paid for other operating activities		8,708,159.61	3,070,433.32
<b>Subtotal of cash outflows from operating activities</b>		<b>48,121,672.37</b>	<b>90,690,647.92</b>
<b>Net cash flows from operating activities</b>		<b>6,057,802.31</b>	<b>-483,339.81</b>
<b>II. Cash flows from investment activities:</b>			
Cash received from withdrawal 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 units			
Cash received relating to other investment activities			
<b>Subtotal of cash inflows from investment activities</b>			
Cash paid to purchase fixed assets, intangible assets, and other long-term assets			
Cash paid for investments		20,000,000.00	
Net cash paid for the acquisition of subsidiaries and other business entities			
Cash paid relating to other investment activities			
<b>Subtotal of cash outflows from investment activities</b>		<b>20,000,000.00</b>	
<b>Net cash flows from investment activities</b>		<b>-20,000,000.00</b>	
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investments			
Cash received from borrowings			
Cash received relating to other financing activities			
<b>Subtotal of cash inflows from financing activities</b>			
Cash paid for repayment of debts			
Cash paid for distribution of dividends, profits or interests			
Cash paid relating to other financing activities		1,326,852.17	532,954.74
<b>Subtotal of cash outflows from financing activities</b>		<b>1,326,852.17</b>	<b>532,954.74</b>
<b>Net cash flows from financing activities</b>		<b>-1,326,852.17</b>	<b>-532,954.74</b>
<b>IV. Effects from the change of exchange rate on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		<b>-15,269,049.86</b>	<b>-1,016,294.55</b>
Add: Beginning balance of cash and cash equivalents		60,762,474.36	62,961,991.24
<b>VI. Ending balance of cash and cash equivalents</b>		<b>45,493,424.50</b>	<b>61,945,696.69</b>

Legal representative:  
Mr. Li Junjie

Person in charge of accounting:  
Ms. Feng Yongmei

Person in charge of accounting firm:  
Mr. Yang Yue





## SECTION 8 FINANCIAL REPORT

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

January to June in 2025

Unit: Yuan Currency: RMB

Item	Current period											
	Shareholders' equity attributable to the parent company										Total shareholders' equity	
	Share capital	Preferred stock	Perpetual bonds	Other equity instruments	Less: treasury shares	Other comprehensive income	Capital reserves	Special reserves	Surplus reserves	Undistributed profits		Subtotal
I. Ending balance of the previous year	547,655,988.00					4,172,992.51	1,222,044.23	45,665,647.88	-709,876,579.95	1,084,156,625.22	320,000,614.33	1,412,157,239.55
Add: transaction charges in accounting policies												
Impact from accounting policy changes												
Others												
II. Beginning balance of the current year	547,655,988.00					4,172,992.51	1,222,044.23	45,665,647.88	-709,876,579.95	1,084,156,625.22	320,000,614.33	1,412,157,239.55
III. Movements in the current Year (decrease to be listed with "-")	-180,000.00					-281,553.58	1,348,846.12	45,665,647.88	-15,755,702.57	-12,239,115.57	4,652,004.81	-2,407,866.76
(I) Total comprehensive income						-281,553.58				-16,027,251.15	3,563,861.76	-12,084,386.39
(II) Capital increase and reduction	-180,000.00					-281,553.58				2,348,559.46	49,125.16	2,359,532.22
1. Common shares issued by shareholders												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in shareholder's equity												
4. Others	-180,000.00					-281,553.58				2,348,559.46	49,125.16	2,359,532.22
(III) Profit distribution												
1. Appropriation of surplus reserves												
2. Distribution to shareholders												
3. Others												
(IV) Internal capital reserve with shareholder's equity												
1. Capital reserves transferred into share capital												
2. Surplus reserves transferred into share capital												
3. Surplus reserves to recover losses												
4. Changes in defined benefit plan carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserves												
1. Actual in current year												
2. Utilization in current year												
(VI) Others												
IV. Ending balance of the current year	547,465,988.00					3,891,438.93	2,570,890.35	45,665,647.88	-725,632,282.52	1,071,916,813.65	322,592,619.14	1,404,748,432.79



## January to June in 2025

Previous period

Person in charge of accounting firm:  
Mr. Yang Yue



## SECTION 8 FINANCIAL REPORT

### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

January to June in 2025

Unit: Yuan Currency: RMB

Item	Share capital	Other equity instruments			Current period					Undistributed profits	Total shareholders' equity
		Preferred stock	Perpetual bonds	Others	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves		
I. Ending balance of the previous year	547,665,988.00				1,320,891,896.72				38,071,282.24	-61,096,993.06	1,845,472,173.90
Add: Impact from changes in accounting policies											
Impact from correction of prior period errors											
Others											
II. Beginning balance of the current year	547,665,988.00				1,320,891,896.72				38,071,282.24	-61,096,993.06	1,845,472,173.90
III. Movements in the current Year (decrease to be listed with "-")	-180,000.00				-1,161,100.71					951,065.05	-390,035.66
(i) Total comprehensive incomes										951,065.05	951,065.05
(i) Capital invested and reduced by shareholders	-180,000.00				-1,161,100.71						-1,341,100.71
1. Common shares invested by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholder's equity					642,599.29						642,599.29
4. Others	-180,000.00				-1,803,700.00						-1,983,700.00
(ii) Profit distribution											
1. Appropriation of surplus reserves											
2. Distribution to shareholders											
3. Others											
(iii) Internal carry-over within shareholder's equity											
1. Capital reserves transferred into share capital											
2. Surplus reserves transferred into share capital											
3. Surplus reserves to recover losses											
4. Changes in defined benefit plan carried forward to retained earning											
5. Other comprehensive incomes carried forward to retained earning											
6. Others											
(iv) Special reserves											
1. Accrual in current year											
2. Utilization in current year											
(v) Others											
IV. Ending balance of the current year	547,485,988.00				1,319,670,796.01				38,071,282.24	-60,145,928.01	1,845,082,138.24



## SECTION 8 FINANCIAL REPORT

### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

January to June in 2025

Unit: Yuan Currency: RMB

Item	Previous period										
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Ending balance of the previous year	547,665,980.00				1,319,146,235.48				38,071,262.24	-62,167,838.54	1,842,715,667.18
Add: Impact from changes in accounting policies											
Impact from correction of prior period errors											
Others											
II. Beginning balance of the current year	547,665,980.00				1,319,146,235.48				38,071,262.24	-62,167,838.54	1,842,715,667.18
III. Movements in the current Year (decrease to be listed with "-")					842,830.62					-4,178,382.35	-3,335,551.73
(I) Total comprehensive incomes										-4,178,382.35	-4,178,382.35
(II) Capital invested and reduced by shareholders					842,830.62						842,830.62
1. Common shares invested by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholder's equity					842,830.62						842,830.62
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserves											
2. Distribution to shareholders											
3. Others											
(IV) Internal carry-over within shareholder's equity											
1. Capital reserves transferred into share capital											
2. Surplus reserves transferred into share capital											
3. Surplus reserves to recover losses											
4. Changes in defined benefit plan carried forward to retained earnings											
5. Other comprehensive incomes carried forward to retained earnings											
6. Others											
(V) Special reserves											
1. Accrual in current year											
2. Utilization in current year											
(VI) Others											
IV. Ending balance of the current year	547,665,980.00				1,319,989,066.10				38,071,262.24	-66,346,220.89	1,839,380,115.45

Legal representative:  
Mr. Li Junjie

Person in charge of accounting:  
Ms. Feng Yongmei

Person in charge of accounting firm:  
Mr. Yang Yue



## SECTION 8 FINANCIAL REPORT

### I. COMPANY PROFILE

Beijing Jingcheng Machinery Electric Company Limited (the "Company", collectively referred to as the Group if it includes subsidiaries), formerly called Beiren Printing Machinery Co., Ltd., is a limited company, and is solely founded by Beiren Group Corporation. Registered on July 13, 1993, it was converted into a limited liability company that could publicly offer the stock and be listed in mainland China and Hong Kong, according to an approval of the document T.G.S. (1993) No. 118 File issued by the State Commission for Restructuring the Economic System on July 16, 1993. Upon approval by the State Council Securities Commission and other relative departments, the Company publicly issued H-shares in Hong Kong in 1993 and A-shares in Shanghai in 1994, and was respectively listed on the Stock Exchange of Hong Kong Limited Ltd. in 1993 and Shanghai Stock Exchange in 1994.

After being approved from a resolutions by the Company's general meetings of shareholders held on May 16, 2001 and June 11, 2002, and being reexamined and approved by ZJFXZ [2002] No. 133 File issued by the China Securities Regulatory Commission, the Company successfully issued more 22,000,000 RMB common shares (A-shares) to the public stock shareholders from December 26, 2002 to January 7, 2003, and par value of each share is 1 yuan. After issuing more stock, the Company's total share capital was 422,000,000 shares, of which, there were 250,000,000 state-owned legal person shares, 72,000,000 domestic public shares and 100,000,000 overseas public shares, and par value of each share is 1 yuan.

According to JGZQZ [2006] No. 25 "Reply to Problems on Equity Division Reform of Beiren Printing Machinery Co., Ltd" issued by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing, the Company's sole non-tradable shares shareholder – Beiren Group Corporation transferred original 27,360,000 state-owned legal person shares to the Company's circulating A-share shareholders, by a method that every 10 shares are allotted with 3.8 shares, and the A-share equity right registration date for implementing the aforesaid equity division reform plan was March 29, 2006.

Beiren Group Corporation sold 21,000,000 shares of the Company's non-restricted tradable shares through the bulk commodity trading system of the Shanghai Stock Exchange on January 6, 2010 and January 7, 2010, and publicly sold 20,000 shares of the Company's non-restricted tradable shares on December 2, 2010, accounting for 4.98% of the Company's total share capital. Up to December 31, 2011, Beiren Group Corporation held 201,620,000 state-owned legal person shares which were all non-restricted tradable shares and accounted for 47.78% of total share capital; 120,380,000 non-restricted domestic public shares, accounting for 28.52% of total share capital; and 100,000,000 non-restricted overseas public shares, accounting for 23.70% of total share capital.

The Company's controlling shareholder—Beiren Group Corporation and the Company's actual controller---- Beijing Jingcheng Machinery Electric Holding Co., Ltd. ("Jingcheng Machinery Electric") signed the Agreement on Gratuitous Transfer of State-owned Stock Equity between Beijing Jingcheng Machinery Electric Holding Co., Ltd. and Beiren Group Corporation on June 16, 2012, according to this agreement, Beiren Group Corporation gratuitously transferred the Company's 201,620,000 A-shares to Jingcheng Machinery Electric. After the share transfer, the Company's total share capital remained unchanged, and Jingcheng Machinery Electric held 201,620,000 shares of the Company stock, accounting for 47.78% of total share capital, and became the Company's controlling shareholder. This gratuitous equity transfer has been approved by the State-owned Assets Supervision and Administration Commission of the State Council on September 1, 2012. The Company received the Confirmation of Transfer Register issued by China Securities Depository and Clearing Co., Ltd. Shanghai Branch on December 7, 2012, and the formalities related to share transfer were completed.

The Company signed the Agreement on Replacement of Material Assets and the Supplementary Agreement under the Agreement on Replacement of Material Assets with Jingcheng Machinery Electric and Beiren Group Corporation in November 2012. According to these agreements, the Company replaced all its assets and liabilities with assets of gas storage and transport equipment business owned by Jingcheng Machinery Electric, and the shortfall was compensated by Jingcheng Machinery Electric by cash. The proposed traded-out property was the Company's all assets and liabilities, the proposed traded-in property was 88.50% equity of Beijing Tianhai Industry Co., Ltd., 100% equity of Jingcheng Holding (Hong Kong) Co., Ltd. and 100% equity of Beijing Jingcheng Compressor Co., Ltd. with its environmental protection business wiped off, and all the three are held by Jingcheng Machinery Electric.

On September 26, 2013, the Company received the Reply on Approving the Material Asset Restructuring of Beiren Printing Machinery Co., Ltd. (ZJXX [2013] No. 1240) issued by China Securities Regulatory Commission, approving the Company to restructure material assets at this time.

On October 31, 2013, The Company signed the Agreement on Replacement and Settlement of Material Assets with Jingcheng Machinery Electric and Beiren Group Corporation, Jingcheng Machinery Electric delivered traded-in assets to the Company, and the Company delivered traded-out assets and relevant staff to Beiren Group Corporation.

On December 23, 2013, the Company changed its name from Beiren Printing Machinery Co., Ltd to Beijing Jingcheng Machinery Electric Company Limited.

Jingcheng Machinery Electric reduced 21,000,000 shares of the Company's non-restricted circulating A-share through the bulk trading system of the Shanghai Stock Exchange on May 6, 2015, May 13, 2015, and May 14, 2015, which accounted for 4.98% of the Company's total share capital. On December 31, 2015, Jingcheng Machinery Electric held 180,620,000 shares of the Company's non-restricted tradable A-share, and held 42.80% of the Company's total share capital.

Jingcheng Machinery Electric bought 2,115,052 shares of the Company's A-share through the trading system of the Shanghai Stock Exchange on August 3, 2016, accounting for 0.50% of the Company's total share capital. After the increase in share holding, Jingcheng Machinery Electric held 182,735,052 unrestricted tradable A-shares of the Company, which accounted for 43.30% of total share capital of the Company.



## SECTION 8 FINANCIAL REPORT

### I. COMPANY PROFILE (CONTINUED)

On June 30, 2020, Jingcheng Machinery Electric subscribed for 63,000,000 shares of the Company through private issuance, accounting for 12.99% of total share capital of the Company, and completed share registration on July 9, 2020. After this issuance, total share capital of the Company increased to 485,000,000 shares, of which Jingcheng Machinery Electric held 182,735,052 unrestricted tradable A-shares and 63,000,000 restricted A shares, accounting for 50.67% of the total share capital of the Company.

Upon the approval of the General Meeting of Shareholders on February 9, 2021, and the receipt of the Official Reply on Approving the Offering by Beijing Jingcheng Machinery Electric Company Limited of Shares to Li Hong, etc. for Purchasing Assets and Raising Supporting Funds (ZJXX [2022] No. 586) from the China Securities Regulatory Commission ("CSRC"), the Company completed the acquisition of 80% equity in Qingdao BYTQ United Digital Intelligence Co., Ltd. ("BYTQ") on June 17, 2022 by offering 46,481,314 restricted shares, accounting for 8.75% of the total share capital of the Company. After the offering, the Company had 531,481,314 shares.

The Company made a non-public offering of 10,784,674 A-shares to specified investors, including Nanhua Fund Management Co., Ltd., Caitong Fund Management Co., Ltd., Lord Abbett China Asset Management Co., Ltd and JPMorgan Chase Bank, National Association. After the offering, total share capital of the Company increased to 542,265,988 shares, and all those are restricted tradable shares. On August 4, 2022, the Company received aforementioned raised funds.

Aforesaid raised funds have been verified by ShineWing Certified Public Accountants LLP (Special General Partnership), and the Capital Contribution Verification Report (XYZH/2022BJAA31027) was issued on August 5, 2022.

With the approval of the General meeting of shareholders on November 13, 2023 and the Board of Directors on November 14, 2023, the Company implemented a restricted stock incentive plan, there were 123 people with viable rights and 5,880,000 restricted stocks with viable rights, price was 7.33 RMB/share, practical number of people with viable rights were 115. There were 5,400,000 restricted stock with practical viable rights, all those are restricted tradable stocks, the number of the Company's stocks after this issuance was 547,665,988. Up to December 11, 2023, the Company have received funds provided by aforesaid incentive objects.

The Company's registered address is Suite 901, Building 59, East Third Ring Middle Rd., Chaoyang District, Beijing, with Li Junjie serving as the legal representative. The business place is No. 2, Huoxiannan Third Street, Huoxian Town, Tongzhou District, Beijing.

The Group's main business is divided into gas storage and transportation segment and intelligent manufacturing segment. The main products include:

Gas storage and transportation segment: It mainly includes liquefied natural gas (LNG) cylinders for vehicles, compressed natural gas (CNG) cylinders for vehicles, seamless steel cylinders, welded adiabatic cylinders, composite cylinders fully wound by carbon fiber, ISO tank containers, low temperature storage tanks, composite cylinders fully wound by carbon fiber with aluminum liner for fuel cells, composite cylinders fully wound by carbon fiber with plastic liner, equipment for gas station, etc;

Intelligent manufacturing segment: it mainly includes products of transport and assembly systems on ground, products of suspension chain air conveying system, robot integration applications and stamping connection products, non-standard automation special machine products.

The controlling shareholder and actual controller of the company is Jingcheng Machinery Electric Co., Ltd.

### II. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

#### 1. Basis of preparation

The financial statements of the Group are compiled on the foundation of actual transactions and events, pursuant to the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and its application guidelines, interpretations and other relevant provisions (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"), "Rules No. 15 for the Compilation of Information Disclosure for Companies Offering Securities in Public – General Requirements for Financial Reporting" (revised in 2023) promulgated by China Securities Regulatory Commission ("CSRC") and related requirements, as well as the disclosure related requirements of Hong Kong Companies Ordinance and Stock Exchange of Hong Kong Listing Rules.

#### 2. Going concern

The Group has evaluated the going concern ability within 12 months since June 30, 2025 and has not found any event and condition causing serious doubt about the going concern ability. The financial statements were prepared on the basis of going concern.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 1. Statement of Compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards of Business Enterprises, truly, accurately and completely reflect the relevant information, such as financial situations, the operating results and the cash flows of the Company and the Group.

#### 2. Accounting period

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

#### 3. Operating cycle

The Group adopts 12 months to identify liquidity of assets and liabilities, since the operating cycle is too short for the Company's business.

#### 4. Standard currency for accounting

Yuan is the standard currency for accounting for the Company and its subsidiaries, except for BTIC AMERICA CORPORATION and Jingcheng Holding (Hong Kong) Co., Ltd. which use USD as their standard currency for accounting. In the preparation of the financial statements, the Group converts foreign currency to RMB in accordance with methods described in Notes III, 10.

#### 5. Determination method and selection criteria for significant standards

The Group prepares and discloses financial statements in accordance with significance principle. The matters disclosed in the notes to these financial statements that involve the determination method and selection criteria for significant standards, as well as the methods and selection criteria for determining significance principle, are as follows:

##### Disclosed events related to significance criteria judgement

Significant receivables with individual provision for bad debts

Recovery or reversal of bad debts reserves for significant receivables

Written-off of significant receivables

Prepayments older than 1 year

Significant construction work in process  
Accounts payable older than 1 year

Material changes in the carrying value of contract liabilities

Contract liabilities older than 1 year

Other payables older than 1 year

Significant non-wholly-owned subsidiaries

Significant associates

Significant commitments and contingencies  
Significant future events

##### Determination method and selection criteria for significance standards

There is objective evidence showing that credit risk of a single receivable has significantly changed, compared with other receivables in the same portfolio, and the amount is greater than 10 million yuan

The single recovery or reversal amount accounts for more than 10% of the total amount of various types of receivables, and the amount is greater than 10 million yuan

The single write-off amount accounts for more than 10% of total bad debt reserves for various types of receivables, and the amount is greater than 10 million yuan

Prepayment with a single aging older than 1 year accounts for more than 10% of the total amount of prepayments, and the amount is greater than 10 million yuan

The budget of a single project is greater than 10 million yuan

The amount of accounts payable with a single aging older than 1 year accounts for more than 10% of the total amount of accounts payable, and the amount is greater than 10 million yuan

Changed amount in book value of contract liabilities accounts for more than 10% of beginning balance of contract liabilities, and the amount is greater than 10 million yuan

Contract liabilities with a single aging older than 1 year account for more than 10% of total contract liabilities, and the amount is greater than 10 million yuan

Other payables with a single aging older than 1 year account for more than 10% of the total other payable, and the amount is greater than 10 million yuan

Non-wholly-owned Subsidiaries' income accounts for more than 10% of the Group's income, and the amount is greater than 10 million yuan

The book value of long-term equity investment in a single investee accounts for more than 5% of the group's net assets, and the amount is greater than 10 million yuan, or the investment profit or loss from long-term equity investments measured by an equity method accounts for more than 10% of the Group's consolidated net profit

A single amount is greater than 10 million yuan

A single amount is greater than 10 million yuan



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 6. Accounting treatment methods for business combination under common control and not under common control

##### (1) Business combination under common control

Enterprises participating in business combination are ultimately controlled by the same party or the same multiple parties before and after business combination, and this control is not temporary, this situation is called business combination under common control.

In a business combination under common control, on the business combination date, assets and liabilities acquired by the Group acting as a merging party shall be measured by book value in the final controlling party's consolidated financial statements. If there is a difference between book value of net assets acquired and book value of a consideration for business combination (or total par value of shares), then capital reserves shall be adjusted; if capital reserve is insufficient to offset, then retained earnings shall be adjusted.

##### (2) Business combination not under common control

If parties involved in business combination are not ultimately controlled by the same party or multiple parties before and after business combination, this situation is called business combination not under common control.

In business combination not under common control, identifiable assets, liabilities, and contingent liabilities acquired from the merged party shall be calculated by fair value, on the acquisition date by the Group as the purchaser. The difference between the business combination cost and the fair value of the identifiable net assets, which are acquired from the merged party in business combination, shall be recognized as goodwill; If cost of business combination is less than fair value of identifiable net assets got from the merged party in business combination, then fair value of each identifiable asset, liability, and contingent liability acquired in business combination, as well as the business combination cost, shall be reviewed at first. After review, if business combination cost is still less than fair value of the identifiable net assets got from the merged party in business combination, the difference shall be recorded into current non-operating revenue in the business combination period.

#### 7. Judgment criteria for control and preparation methods for consolidated financial statements

Consolidation scope of the Group's consolidated financial statements is determined on the foundation of control, including the Company and all subsidiaries controlled by the Company. The criteria for determining control by the Group are: the Group has the power over the investee, enjoys variable benefits through participation in the investee's activities, and has the ability to use its power over the investee to influence its benefits.

When compiling consolidated financial statements, if accounting policies or accounting periods used by subsidiaries and the company are inconsistent, necessary adjustments shall be made to the subsidiaries' financial statements, pursuant to the company's accounting policies or accounting periods.

Impact on the consolidated financial statements, stemming from internal transactions between the Company and its subsidiaries and among subsidiaries, shall be offset when business combination occurs. Part of owner's equity in subsidiaries that does not belong to the parent company, as well as part of current net loss or profit belonging to minority shareholders, part of other comprehensive income belonging to minority shareholders, part of total comprehensive income belonging to minority shareholders, shall be respectively recorded into "Minority Shareholders' Equity, Minority Shareholders' Loss or Profit, Other Comprehensive Income attributable to Minority Shareholders, and Total Comprehensive Income attributable to Minority Shareholders" in consolidated financial statements.

For subsidiaries acquired through business combination under common control, their operating benefits and cash flows shall be recorded in consolidated financial statements from the beginning of business combination period. When compiling comparative consolidated financial statements, adjustments are made to the relevant items of previous year's financial statements, and it shall be deemed that reporting entities formed after business combination have been existing since the time when the ultimate controlling party begins controlling.

For subsidiaries acquired through business combination not under common control, operating benefits and cash flows shall be recorded in consolidated financial statements from the date when the Group gets control. When compiling consolidated financial statements, adjustments shall be made to the financial statements of subsidiaries, on the foundation of fair value of identifiable assets, liabilities, and contingent liabilities determined on the acquisition date.

#### 8. Joint arrangement classification and accounting treatments

The joint operation arrangements of our group include joint operation and joint ventures. Joint operation refers to participants in the joint operation are entitled to dispose related assets and shall bear related liabilities. A joint venture means participants only are entitled to enjoy rights on net assets in the arrangement.

For joint operation projects, the Group, as a participant in the joint operation, recognizes the assets held separately and the liabilities assumed, as well as the assets held and the liabilities assumed on the foundation of percentage. Relevant income and expenses shall be recognized separately or on the foundation of percentage, pursuant to relevant agreements. If there is acquiring or selling of assets that does not constitute a business transaction with the joint operation, then only the portion of the profit or loss attributable to other participants in the joint operation shall be recognized.





## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 9. Cash and cash equivalents

Cash in the Group's cash flow statements refers to cash on hand and deposits that can be withdrawn for payment at any time. The cash equivalents in the cash flow statements refer to investments with a holding period of no more than 3 months, strong liquidity, easy translation to known amounts of cash, and wee risk of value changes.

#### 10. Foreign currency transactions and foreign currency translation in financial statements

##### (1) Foreign currency transactions

At the initial recognition of foreign currency transactions, the Group shall translate foreign currency into the standard currency for accounting by the spot exchange rate on the date when transaction occurs. On the balance sheet date, monetary items in foreign currency shall be translated into the standard currency for accounting by a spot exchange rate on the balance sheet date. Differences generated from currency translation shall be directly recognized in current loss or profit, except for differences of currency translation arising from foreign currency loans specifically borrowed for the purchase or production of assets that meet capitalization criteria, which are disposed according to capitalization principles; Non-monetary items in foreign currency measured at historical cost shall still be translated by a spot exchange rate on the transaction date, without changing the amount of standard currency for accounting; Non-monetary items in foreign currency measured at fair value shall be translated by a spot exchange rate on the date when fair value is determined. The difference between the amount after translation into standard currency for accounting and the amount in original standard currency for accounting shall be treated as a change in fair value (including alteration in exchange rate), and shall be recorded in current loss or profit; The capital invested by investors in foreign currency shall be translated by a spot exchange rate on the transaction date, and there shall be no difference generated from currency translation of capital, between capital invested in foreign currency and the amount of corresponding monetary items in standard currency for accounting.

##### (2) Foreign currency translation in financial statements

When preparing the consolidated financial statements, the Group translates foreign currency of foreign firms in financial statements into RMB. For balance sheets in foreign currency, assets and liabilities items are converted by a spot exchange rate on the balance sheet date; Owner's equity items, except for "undistributed profits", are converted by a spot exchange rate when business occurs; The incomes and expenses items in the income statement shall be converted by an average exchange rate in the transaction period. Difference generated from aforementioned foreign currency translation in financial statements shall be recorded into "other comprehensive income". Cash flows in foreign currency are converted by an average exchange rate in the period when cash flow occurs. The impact of exchange rate fluctuations on cash is separately presented in the cash flow statement.

#### 11. Financial Instruments

##### (1) Recognition and derecognition of financial instruments

When the Group becomes a party of a financial instrument contract, it recognizes a financial asset or financial liability.

If the following conditions are met, the recognition of financial assets (or a part of financial assets, or a group of similar financial assets) shall expire, which means they shall be written off from their accounts and balance sheets: 1) the right to receive cash flows from financial assets expires; 2) Rights to receive cash flows from financial assets have been transferred, or obligation to promptly pay the full amount of cash flows received to a third party under a 'transfer agreement' have been assumed; And practically almost all risks and rewards arising from ownership of financial assets have been transferred; or although almost all risks and rewards arising from ownership of financial assets have not been practically transferred or retained, control over the financial assets has been waived.

If responsibility for financial liabilities has been fulfilled, revoked or expired, the financial liabilities shall be derecognized. If extant financial liabilities are substituted by other financial liabilities of the same creditor with almost totally different terms, or if the terms of extant liabilities are substantially modified, such substitute or modification shall be treated as derecognition of the original liabilities and recognition of new liabilities, and the difference shall be recognized in current loss or profit.

For purchasing and selling financial assets in a conventional manner, they shall be recognized and derecognized by accounting treatment on the transaction date.

##### (2) Classification and measurement methods of financial assets

At initial recognition, on the foundation of business model by which the Group manages financial assets and contract cash flow characteristics of financial assets, financial assets fall into three categories: financial assets measured at amortized cost, financial assets measured at fair value, and whose changes in fair value are recorded in other comprehensive income, and financial assets measured at fair value, and whose changes in fair value are recorded in current loss or profit. Only when the Group changes its business model for managing financial assets, all affected financial assets shall be reclassified.

When judging the business model, the Group takes into consideration methods of evaluating and reporting financial asset performance to key management staff, risks affecting financial asset performance and their management methods, as well as the ways in which relevant business management staff receive salaries. When assessing whether to take collection of contract cash flows as a target, the Group needs to analyze and judge reasons, timing, frequency, and value of the sale of financial assets before their maturity date.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial Instruments (Continued)

##### (2) Classification and measurement methods of financial assets (Continued)

When evaluating characteristics of contract cash flow, the Group needs to judge if contract cash flow is only for the payment of principal and interest engendered by unpaid principal. When evaluating correction of time value of money, it is necessary to judge if there is a significant difference compared with benchmark cash flow. For financial assets that have characteristics of early repayment, it is necessary to judge whether fair value of assets that have characteristics of early repayment is very small.

At initial recognition, financial assets are measured by fair value, but if accounts receivable or notes receivable generated from sale of goods or provision of services do not incorporate significant financing components, or do not meditate financing components that do not exceed one year, they are initially measured at the transaction price.

For financial assets measured at fair value with changes recorded into current loss or profit, relative transaction costs shall be directly recorded into current loss or profit, while related transaction costs of other kinds of financial assets shall be recognized at their initial recognition amount.

Subsequent measurement of financial assets depends on their classification:

##### 1) *Financial assets measured at amortized cost*

Financial assets that meet following conditions are classified as financial assets measured at amortized cost: ① The business model for managing financial assets is to receive contract cash flows. ② Contractual terms of such financial assets state that cash flows generated on a specific date are merely for payment of principal and interest arising from outstanding principal. The financial assets classified by this group mainly include: cash at bank and on hand, accounts receivable, notes receivable, other receivables, etc.

##### 2) *Debt instrument investments measured at fair value, whose changes are recorded in other comprehensive income*

Financial assets that meet following conditions are classified as financial assets measured at fair value, whose changes in fair value are recorded in other comprehensive income: ① The business model for managing financial assets is to receive contract cash flows and sell such financial assets; ② The contractual terms of such financial assets state that cash flows engendered on a specific date are merely for payment of principal and interest arising from outstanding principal. This type of financial asset recognizes interest income by an effective interest rate. Other than interest income, impairment losses, and differences from currency translation recorded into current loss or profit, other fair value changes are recognized in other comprehensive income. When financial assets are derecognized, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred from other comprehensive income, and shall be recorded into current period loss or profit.

##### 3) *Equity instrument investments measured at fair value, whose changes are recorded in other comprehensive income*

The Group irrevocably chooses to designate some non-tradable equity instrument investments as financial assets, which are measured at fair value and whose changes are recorded in other comprehensive income. Once such designation is made, it cannot be rescinded. The Group only recognizes relevant dividends income (excluding dividends income explicitly recovered as part of investment costs) in current loss or profit, and subsequent changes in fair value are recorded in other comprehensive income, without the need of provision for impairment reserves. When financial assets are derecognized, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred out from other comprehensive income, and shall be recorded in retained earnings.

##### 4) *Financial assets measured at fair value, whose changes are recorded in current loss or profit*

Other than financial assets classified as measured at amortized cost, as well as financial assets classified or designated as measured at fair value and whose changes in fair value are recorded in other comprehensive income, the Group classifies other financial assets as financial assets measured at fair value, whose changes in fair value are recorded into current loss or profit. This kind of financial assets are subsequently measured at fair value, and all changes in fair value are recorded into current loss or profit, except those related to hedging accounting.

In business combination not under common control, if a contingent consideration recognized by the Group constitutes a financial asset, such financial asset shall be classified as a financial asset measured at fair value, whose changes in fair value are recognized in current loss or profit.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial Instruments (Continued)

##### (3) Classification, recognition basis and measurement method of financial liabilities

Other than financial guarantee contracts issued, loan commitments with an interest rate lower than market interest rates, and financial liabilities arising from transfer of financial assets that do not meet derecognition conditions or continue to be involved with transferred financial assets, the Group's other financial liabilities are classified into two categories at initial recognition: financial liabilities measured at fair value, whose changes are recorded in current loss or profit, and financial liabilities measured at amortized cost. For financial liabilities measured at fair value, whose changes in fair are recorded in current loss or profit, related transaction costs are directly recorded in current loss or profit, while for financial liabilities measured at amortized cost, their related transaction costs are recorded into their initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

##### 1) *Financial liabilities measured at amortized cost*

Financial liabilities measured at amortized cost are subsequently measured at amortized cost, by an effective interest rate.

##### 2) *Financial liabilities measured at fair value, whose changes are recorded in current loss or profit*

Financial liabilities measured at fair value, whose changes in fair value are recorded in current loss or profit (including derivative instruments belonging to financial liabilities), consist of financial liabilities held for trading, as well as financial liabilities designated at initial recognition as that measured at fair value, whose changes in fair value are recorded in current loss or profit. Financial liabilities held for trading (including derivative instruments belonging to financial liabilities) are subsequently measured at fair value (except those related to hedging accounting), and all changes in fair value are recorded in current loss or profit. For financial liabilities designated as those measured at fair value, whose changes are recorded in current loss or profit, subsequent measurements shall be made at fair value. Other than fair value changes caused by changes in the Group's own credit risk, which are recorded into other comprehensive income, other fair value changes shall be recorded in current loss or profit; If fair value changes caused by the Group's own credit risk changes are recorded into other comprehensive income, it may cause or expand accounting mismatches in profit or loss. The Group will record all changes in fair value (including the amount caused by its own credit risk changes) in current loss or profit.

##### (4) Impairment of financial instruments

On the foundation of expected credit losses, the Group makes depreciation treatment for financial assets measured at amortized cost, contract assets, and lease receivables, and recognizes provisions for losses.

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by default risk. A = all contract cash flows receivable due to the contract, and discounted at an effective interest rate by the Group, B = expected all cash flow received, then credit loss refers a difference between A and B, i.e. present value of all cash shortfall. When considering a measurement method for expected credit losses, the Group shall meditate following elements: ① A weighted average amount without a biased probability determined by assessing a series of possible outcomes; ② Time value of money; ③ Reasonable and evidence-based information about past events, current situations, and future economic prediction, which can be attained without unnecessary additional costs on the balance sheet date.

The Group evaluates expected credit loss of financial instruments on the foundation of individual item and item group. When evaluating based on an item group, the Group divides financial instruments into different categories on the foundation of common characteristics of credit risk. Common characteristics of credit risk used by our Group include: types of financial instruments, credit risk rating, nature of debtors, information about overdue payments, aging and nature of receivables, etc.

The Group utilizes expected credit loss model to evaluate impairment of financial instruments and contract assets, so it requires significant judgments and estimates, and it need to consider all reasonable and evidence-based information, including forward-looking information. When making these judgments and estimates, the Group infers expected changes of debtor's credit risk, based on historical repayment data combined with economic policies, macro economic indicators, industry risks, and other factors. Different estimates may exert influence on provision of impairment reserves, and provision of impairment reserves may not equal actual amount of impairment loss in the future.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial Instruments (Continued)

##### (4) Impairment of financial instruments (Continued)

###### 1) *Testing method for Impairment of accounts receivable and contract assets*

For accounts receivable, notes receivable, accounts receivable financing, contract assets, and other receivables that arise from daily business activities, such as sale of goods and provision of services, and that do not contain significant financing components, the Group uses a simplified method to measure impairment reserves, on the foundation of expected credit loss during entire existing period.

The Group regards an account receivable whose sum is bigger than 10 million yuan as a single significant account receivable. If there is objective evidence embodying that credit risk of a single significant account receivable has changed significantly, compared with other receivables in its portfolio, then the Group shall conduct a separate impairment test.

For accounts receivable with a single gigantic amount, if their credit risk alters enormously compared with other accounts receivable in the portfolio, then their credit loss shall be confirmed separately. In other situation, generally on the foundation of common credit risk characteristics portfolio, factors reflected by a method to measure estimated credit impairment shall be meditated, referring to historical experience about credit impairment, comparison table of accounts receivable aging and default loss rate shall be made, and estimated credit impairment can be calculated on the basis of this. If the credit risk characteristics of a customer are significantly different from those of other customers in the portfolio, or if there are significant changes in credit risk characteristics of the customer, such as the customer experiencing serious financial difficulties, and the expected credit loss rate of the receivables from the customer is significantly higher than the expected credit loss rate of the customer's aging or overdue period, the Group shall make a single provision for losses on the receivables from the customer.

###### ① *The portfolio category and determination basis for accounts receivable and contract assets*

The Group classifies accounts receivable and contract assets, on the foundation of information such as aging, nature of funds, credit risk exposure, and historical funds collection, according to the similarity and correlation of credit risk characteristics. For accounts receivable and contract assets, the Group regards aging as the main factor affecting their credit risk. Therefore, the Group assesses their expected credit losses based on aging portfolio.

###### ② *Portfolio category and determination basis of notes receivable*

Based on credit risk of notes receivable's acceptors as common risk characteristics, the Group classifies them into different portfolios, and affirms accounting estimation policies for expected credit losses: a. acceptors are banks with a higher credit rating for bank acceptance bills, and the Group deems that such payments have low credit risk, and does not recognize expected credit losses; b. acceptors are banks with a lower credit rating for bank acceptance bills and commercial acceptance bills, the Group shall recognize expected loss rate and make provisions for losses, pursuant to the Group's policies for accounts receivable, which is the same with classification of accounts receivable.

###### ③ *Portfolio category and determination basis of other receivables*

The Group measures impairment reserves for other receivables based on following situations: ① for other receivables whose credit risk has not significantly increased after initial recognition, the Group measures impairment reserves based on expected credit losses within next 12 months; ② for other receivables whose credit risk has significantly increased after initial recognition, the Group measures impairment reserves, on the foundation of expected credit loss of such financial instrument in all its existing period. ③ for purchased or intrinsic other receivables which have already experienced credit impairment, the Group shall measure impairment reserves, referring to estimated credit impairment in the whole existing period.

Evaluation based on portfolios. For other receivables, the Group cannot get sufficient evidence to assess whether or not credit risk has increased significantly at a reasonable cost at the individual instrument level. However, it is feasible to evaluate whether or not credit risk has enormously increased on a portfolio basis. Therefore, the Group takes following items as common risk characteristics: types of financial instruments, credit risk rating, initial recognition date, and remaining contract term, and classifies other receivables, and evaluates whether credit risk has significantly increased based on the portfolios.

#### Individual instrument level

##### Individual asset

Dividends receivable and interest receivable  
Related parties within the scope of consolidation  
The credit rating of trading parties has decreased  
Aging portfolio

##### Provision for bad debts

No credit impairment has occurred  
No credit impairment has occurred  
Credit risk has significantly increased  
Measuring default loss rate based on portfolio

Regarding the Group's standards for determining significant increases in credit risk and the definition of assets with credit impairment, please refer to Note X, 1 for disclosure.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial Instruments (Continued)

##### (5) Recognition criteria and measurement methods for financial asset transfer

For transfer transactions of financial assets, if the Group has transferred almost all risks and benefits arising from ownership of financial assets to the transferee, then financial assets shall be derecognized; if almost all risks and benefits arising from ownership of financial assets are preserved, then recognition of financial assets shall not be terminated; For financial assets whose almost all risks and benefits on its ownership are not transferred nor preserved, and control over the financial assets is waived, then financial assets shall be derecognized, and the resulting assets and liabilities shall be recognized. For financial assets whose control right is not relinquished, then relevant financial assets shall be recognized according to their continued involvement in such transferred financial assets, and corresponding liabilities shall be recognized.

If financial assets involved in the transfer meet following conditions: ① the business model of the group for managing the financial assets is to collect contract cash flow and sell financial assets; ② the contractual terms of financial assets state that the cash flows arising on a specific date are only for paying principal and interest generated from unpaid principal. If overall transfer of financial assets meet derecognition conditions, then  $A$  = book value of transferred financial assets on the derecognition date,  $B$  = a consideration received due to the transfer + derecognized amount in accumulated fair value change which is originally directly recorded into other comprehensive income, the difference between  $A$  and  $B$  shall be recorded into current loss or profit.

If a part of transferred financial assets meet derecognition condition, book value of all transferred financial assets shall be amortized according to their respective relative fair value, between portion derecognized and portion not derecognized.  $A$  = a consideration received from the transfer,  $B$  = amount derecognized in accumulated fair value change which is originally recorded into other comprehensive income,  $C$  = book value of all aforementioned financial assets amortized, then  $A + B - C$  shall be recorded into current loss and profit. Financial assets involved in the transfer also meet following conditions: ① the business model of the group for managing financial assets is aimed at both receiving contract cash flow and selling financial assets; ② the contract terms of such financial assets state that the cash flow arising on a specific date is only for paying principal and interest generated from unpaid principal.

For more process of providing financial guarantee for transferred financial assets, such assets shall be recognized at the lower amount between book value of financial assets and the amount with financial guarantee. The amount with financial guarantee refers to the highest amount demanding repayment in all considerations received.

##### (6) The distinction and treatment methods for financial liabilities and equity instruments

The Group distinguishes between financial liabilities and equity instruments based on following principles: 1) If the Group cannot unconditionally avert performing a contract obligation by delivering cash or other financial assets, then the contract obligation meets definition of a financial liability. Some financial instruments, although not explicitly incorporate terms and conditions for delivering cash or other financial assets, may indirectly engender contract obligations through other terms and conditions; 2) If a financial instrument must or can be settled by utilizing the Group's own equity instruments, it is necessary to meditate whether the Group's own equity instruments used to settle the instrument are utilized as a substitute for cash or other financial assets, or to enable the holder of such instruments to enjoy remnant equity in such assets after deducting all liabilities from assets of the issuer. If the former situation is applicable, then the instrument will be regarded as a financial liability of the issuer; If the latter situation is applicable, the instrument will be regarded as the issuer's equity instrument. In some cases, a financial instrument contract claim that the Group must or may use its own equity instruments to settle such financial instruments, and the amount of the contract right or obligation = the quantity of its own equity instruments available or to be delivered \* their fair value at the time of settlement. Regardless of whether the amount of the contract right or obligation is fixed or varies entirely or partially based on changes in variables other than the market price of the Group's own equity instruments (such as interest rates, prices of some goods, prices of some financial instruments), the contract shall be grouped as a financial liability.

While grouping financial instruments (or their components) in consolidated financial statements, the Group meditates on all terms and conditions agreed upon between members of the Group and holders of the financial instruments. If the group as a whole bears an obligation to deliver cash, other financial assets, or settle the instrument in a manner, which the instrument become a financial liability, then the instrument should be grouped as a financial liability.

##### (7) Offsetting of financial assets and financial liabilities

The financial assets and financial liabilities of the Group are presented separately in the balance sheet, and are not offset against each other. When the following conditions are met simultaneously, the net amount after offsetting shall be presented in the balance sheet: 1) The Group has the legal right to offset the confirmed amount, and such legal right is currently enforceable; 2) The Group plans to settle on a net basis, or realize the financial asset and settle the financial liability at the same time.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 12. Inventory

Inventory of our group mainly includes raw materials, goods in process, goods in stock, and shipped goods, materials processed on commission, materials in transit, etc.

Inventory is initially measured at cost. Inventory costs incorporate purchase costs, processing costs, and other costs. The perpetual inventory system is implemented for inventory, and the actual cost of inventory received or issued is determined by a weighted average method. Low-value consumables and packaging materials are amortized by the one-time write-off method.

On the balance sheet date, inventory is measured at the lower number between cost and net realizable value. If the cost of inventory is higher than its net realizable value, provision for inventory impairment reserves shall be made, and shall be recorded in current loss or profit. Net realizable value refers to the estimated selling price of inventory in daily activities, minus estimated costs to be incurred until completion, estimated sales expenses, and related taxes and fees.

Provision for impairment reserves of raw materials, goods in stock, and goods in process of the Group is recognized on a single inventory item basis. When determining their net realizable value for goods in stock, goods in process, and materials used for sale that are directly used for sale, they shall determined by minus estimated sales expenses and related taxes from the estimated selling price of inventory. The inventory of materials held for production purposes is considered by the Group as main raw materials that can produce products of different liters and standards. The remaining raw materials cannot correspond to orders one by one. When determining their net realizable value, the estimated selling price of the inventory minus estimated sales expenses and related taxes is used to affirm the amount.

#### 13. Contract assets and contract liabilities

##### (1) Contract assets

Contract assets refer to rights of the Group to receive a consideration due to transfer of goods to customers, and such rights depend on other factors except elapse of time. If the Group sells two clearly distinguishable goods to a customer and has rights to get payment for delivering one of such goods, but the receipt of payments depends on delivery of the other goods, the Group will treat such rights to receive payments as a contract asset.

The determination method and accounting treatment method for expected credit losses of contract assets are detailed in Note III.11 about impairment of financial assets.

##### (2) Contract liabilities

Contract liabilities reflect obligation of the Group to transfer goods to customers for a consideration received or receivable from them. If customers have already paid a contract consideration or the Group has obtained the unconditional right to receive a contract consideration before transferring those goods to those customers, then contract liabilities shall be recognized based on the amount received or receivable at the earlier time between actual payment made by the customer and the due time.

#### 14. Assets related to contract costs

##### (1) Method for determining the amount of assets related to contract costs

Assets of the Group related to contract costs include contract performance costs and contract acquisition costs. According to their liquidity, contract performance costs are shown separately in inventory and other non-current assets, while contract acquisition costs are shown separately in other current assets and other non-current assets.

Contract performance costs refer to costs incurred by the Group in fulfilling a contract. If they does not fall into scope of relevant accounting standards such as inventory, fixed assets, or intangible assets, and meet following conditions simultaneously, they shall be recognized as an asset and contract performance costs: such costs are directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs explicitly assumed by customers, and other costs incurred solely due to the contract; Such costs increase resources available for the Group to fulfill its contractual obligations in the future; Such costs are expected to be recovered.

Contract acquisition costs refer to incremental costs, that are expected to be recovered and are incurred by the Group to acquire a contract, and they shall be recognized as an asset. If the amortization period of such asset does not exceed one year, the Group chooses simplified treatment, and records it in the current loss or profit when it occurs. Incremental costs refer to costs that would not have occurred without obtaining a contract, such as sales commissions. Other costs incurred by the Group for acquiring a contract, other than incremental costs that are expected to be recovered (such as travel expenses that happen regardless contracts are sealed or not), shall be recorded into current loss or profit when they occurs, but excluding those explicitly assumed by customers.

##### (2) Amortization of assets related to contract costs

Assets related to contract costs of the Group are amortized on the same basis as the recognition of commodity income related to the asset, and shall be recorded into current loss or profit.

##### (3) Impairment of assets related to contract costs

If book value of assets related to contract costs of the Group is higher than the difference between the following two items, the Group will make provision of impairment reserves for the excess and recognize it as an asset impairment loss: 1) remnant consideration that the enterprise expects to get due to transfer of goods related to such assets; 2) Estimated cost to be incurred for the transfer of the relevant goods.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 15. Long-term equity investments

The long-term equity investments of the Group include investments in subsidiaries and investments in associates.

##### (1) Judgment of significant impact and joint control

The Group's equity investments that have a significant impact on the investee, namely investments in associates. Significant impact means the power of the Group to take part in decision-making in financial and operational policies of the investee, but cannot control or jointly control promulgation of these policies with other parties. When the Group directly or indirectly through its subsidiaries obtains more than 20% but less than 50% of voting rights of the invested entity, it is generally considered to have significant influence on the invested entity, unless there is obvious evidence showing that the Group cannot participate in production and operation decisions of the invested entity, nor exert control over the invested entity. If the Group holds less than 20% of the voting rights of the investee, such as representatives sent by the Group to the board of directors or similar power institutions of the investee, participation in the financial and operational policy formulation process of the investee, significant transactions with the investee, assigning management staff to the investee, or giving critical technical information to the investee (or mediating various facts and situations aforementioned), the Group believes that it can exert significant impact on the investee.

The Group, together with other joint operation partners, exert joint control over the invested entity and has rights to equity investment in net assets of the invested entity, which means investment in the joint venture. Joint control refers to the shared control over a certain arrangement pursuant relevant agreements, and related activities of the arrangement must be unanimously agreed upon by the parties sharing control rights before making decisions. The Group's judgment of joint control is on the foundation of collective control of arrangement by all participating parties or a combination of participating parties, and decisions regarding activities related to the arrangement must be unanimously agreed upon by the participating parties who collectively control the arrangement.

##### (2) Accounting treatment methods

The Group initially measures long-term equity investments acquired based on initial investment costs.

Initial investment costs for long-term equity investments acquired through business combination under common control, shall be book value of net assets of the merged party, in final controlling party's consolidated financial statements obtained on the business combination date; If book value of the net assets of the merged party on the business combination date is negative, then initial investment cost shall be affirmed as zero.

For long-term equity investments obtained through business combination not under common control, their initial investment costs are business combination costs; except for long-term equity investments generated from business combination, for long-term equity investments paid by cash, their initial investment costs shall be calculated based on a purchase price actually paid, expenses, taxes, and other necessary expenditures directly related to the acquisition of long-term equity investments; for long-term equity investments acquired by issuance of equity securities, their investment costs shall be calculated based on fair value of issued equity securities;

Our company's investments in subsidiaries are calculated by a cost method in individual financial statements. When utilizing this cost method, long-term equity investments are measured at their initial investment costs. When making additional investments, book value of long-term equity investment costs shall be increased, based on fair value of costs incurred for additional investments and related transaction expenses occurring. The cash dividends or profits announced by the invested entity shall be regarded as current investment income based on the amount to be enjoyed.

The Group utilizes an equity method to calculate its investments in joint ventures and associates. When utilizing this equity method, if initial investment costs of a long-term equity investment are bigger than fair value of identifiable net assets of the investee that should be enjoyed at the time of investment, then book value of the long-term equity investment shall not be adjusted; if initial investment costs of a long-term equity investment are less than fair value of such identifiable net assets of the investee that should be enjoyed at the time of investment, then book value of the long-term equity investment shall be adjusted according to the difference, and the difference shall be recorded into current loss and profit for the investment.

For long-term equity investments measured by an equity method for subsequent calculation, during the period of holding such investments, book value of the long-term equity investment shall be increased or reduced, due to movement in owner's equity of the investee. When determining percentage of enjoyed net profit or loss of the investee, based on the fair value of identifiable assets of the investee at the time of acquiring investments, pursuant to accounting policies and accounting periods of the Group, unrealized internal transaction gains or losses arising from non-business transactions within associates and joint ventures shall be offset, the portion attributable to the Group shall be calculated according to the proportion to be enjoyed (if internal transaction losses belong to asset impairment losses, they shall be fully recognized), and the net profit of the investee shall be recognized after adjustment. The Group recognizes net losses incurred in the investee, book value of long-term equity investments and other long-term equity that essentially constitute net investments in the investee shall be reduced until they are zero, except where the Group has an obligation to bear additional losses.

The difference between book value and actual price for purchasing long-term equity investments shall be recorded into current investment income.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 15. Long-term equity investments (Continued)

##### (2) Accounting treatment methods (Continued)

For long-term equity investments calculated by an equity method, other comprehensive income previously calculated by an equity method shall be measured on the same basis as the direct disposal of related assets or liabilities of the investee, when the equity method expires. The owner's equity recognized due to changes in the investee's other owner's equity, other than net loss or profit, other comprehensive income, and profit distribution, shall be totally transferred into current investment income when the equity method expires.

If remnant equity is still calculated by an equity method after disposal of some equity, then relevant other comprehensive income calculated by the original equity method shall be treated on the same basis as the direct disposal of relative assets or liabilities of the investee, and shall be carried forward in proportion. The owner's equity recognized due to alteration in the investee's other owner's equity, other than net loss or profit, other comprehensive income, and profit distribution, shall be carried forward in proportion to current investment income.

If loss of joint control or significant influence over the invested entity occurs, due to disposal of some equity, then remnant equity after disposal shall be calculated pursuant to the Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments (FA [2017] No. 7). The difference between fair value and book value of remnant equity on the date when losing joint control or significant influence, shall be recorded into current loss or profit.

If loss of control over the invested entity occurs, due to disposal of some long-term equity investments, and remnant equity after disposal can jointly control or exercise significant influence upon the invested entity, they shall be calculated by an equity method. The difference between book value of the disposed equity and the disposal consideration shall be recorded into investment income, and remnant equity shall be adjusted, and it shall be deemed that remnant equity has been calculated by an equity method since acquisition; If remnant equity after disposal cannot exercise joint control or significant influence over the investee, accounting treatment shall be made pursuant to the Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments (FA [2017] No. 7). The difference between book value of the disposed equity and the disposal consideration shall be recorded into investment income, and the difference between fair value and book value of remnant equity on the date when losing control shall be recorded into current loss or profit.

For transactions involving the step-by-step disposal of equity until the loss of control, which are not part of a package deal, the Group shall separately measure each transaction. For "package deals", each transaction shall be regarded as a transaction for disposal of a subsidiary and loss of control. However, before losing control, the difference between the disposal price of each transaction and the book value of the long-term equity investment corresponding to the disposed equity, shall be recorded into other comprehensive income, and then they shall be transferred into current loss or profit when losing control.

#### 16. Investment property

Investment property of the Group refers to property held for the purpose of getting rent or capital appreciation, or both of them, including leased land use rights, houses and buildings. They shall be measured by a cost model.

Investment property of the Group shall be depreciated or amortized by a straight-line method. The expected service life, net residual value rate, and annual depreciation (amortization) rate of heterogeneous investment property are as follows:

Category	Depreciation Period (Year)	Estimated Residual Value Rate (%)	Annual Depreciation Rate (%)
Land use right	50	–	2.000
Houses and Buildings	40	5	2.375





## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 17. Fixed assets

Fixed assets of the Group are tangible assets held for production of goods, provision of services, rental or business management, with a service life of more than one year and a high unit value.

Fixed assets are recognized when the economic benefits related to them are highly likely to flow into the Group and their costs can be reliably measured. Fixed assets of our group include houses and buildings, machinery and equipment, electrical and gas equipment, transportation equipment, office equipment, and others.

Except for fixed assets that have been fully depreciated and continue to be used, and land that is separately measured and recorded, the Group depreciates all fixed assets. Depreciation is made by a straight-line method. The classification depreciation period, estimated net residual value rate, and depreciation rate of fixed assets of the Group are as follows:

Category	Depreciation Period (Year)	Estimated Residual Value Rate (%)	Annual Depreciation Rate (%)
Houses and buildings	40	5	2.375
Machine equipment	10	5-10	9-9.5
Electrical and gas equipment	5-10	5-10	9-19
Transportation equipment	5	5-10	18-19
Office equipment and other	3-5	5-10	18-30

At the end of each year, the Group will check the estimated service life, estimated net residual value, and depreciation method of fixed assets. If there are any changes, they are disposed as accounting estimate changes.

#### 18. Construction work in process

Costs of construction work in process is affirmed based on actual expenditures for engineering, including necessary expenditures for engineering incurred during the construction period, borrowing costs that should be capitalized before the project reaches the predetermined usable state, and other related expenses.

From the date when construction work in process reaches predetermined usable state, fixed assets shall be carried forward based on the estimated value according to the project budget, costs, or actual costs of engineering. Depreciation shall be made from the next month, and the difference of original value of fixed assets shall be adjusted after the completion settlement procedures are completed.

When construction work in process reaches the predetermined usable state, it shall be transferred to fixed assets according to the following standards:

##### Category

##### Standards for transferring fixed assets

Houses and buildings

After been inspected and accepted by some relevant departments, from the date of reaching predetermined usable state

Machinery and equipment

After installation and debugging, meeting design requirements or standards specified in the contract, after being approved according to the process



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 19. Borrowing costs

Borrowing costs incurred by the Group, which can be directly attributable to construction of assets or production, and which meet the capitalization standards, shall be capitalized and recorded into relevant asset costs, while other borrowing costs will be recorded into current loss or profit. Assets eligible for capitalization affirmed by the Group incorporate borrowing costs of fixed assets, investment property and inventories that need more than one year of acquisition and construction or production activities to reach the predetermined usable state or salable state. Capitalization begins when asset expenditures occur, borrowing costs occur, and the acquisition and construction or production activities necessary to make such assets reach predetermined usable state or salable state start; When such assets that meet the capitalization standards for purchase, construction or production to make assets reach the predetermined usable state or salable state, capitalization shall be terminated, and the subsequent borrowing costs shall be recorded into current loss or profit. If assets that meet the capitalization standards experience abnormal interruptions during the acquisition, construction, or production process, and the interruption lasts for more than 3 consecutive months, then capitalization of borrowing costs shall stop until the acquisition, construction, or production activities of such assets resume.

During each accounting period of capitalization periods, the Group shall recognize the capitalization amount of borrowing costs by following methods: capitalization amount of loans specifically borrowed = actual interest expenses occurring in current period – interest income got from unused borrowing funds deposited in banks – investment income earned from temporary investments; If general loans are used, capitalization amount = [assets expenditures of (accumulated asset expenditures – special loans)] \* capitalization rate of general loans. Of which, capitalization rate is affirmed by weighted average interest rate.

#### 20. Intangible assets

Intangible assets of the Group include land use rights, patented technology, software, trademark rights, etc., which are measured at actual costs at the time of acquisition. Among them, intangible assets purchased are measured at actual costs based on actual payment and other related expenditures; Actual costs of intangible assets invested by investors shall be calculated based on value agreed upon in the investment contract or agreement. However, if value agreed upon in the contract or agreement is unfair, then actual costs shall be confirmed by fair value. However, for intangible assets acquired from the merged party in business combination not under common control, and which are not recognized in its financial statements, they shall be measured at fair value at initial recognition.

##### (1) Service life and its determination basis, estimation situation, amortization method or checking procedures

From the day of transfer, land use right shall be amortized evenly in the period of transferring land use right; Intangible assets such as patented technology, software, trademark rights, etc. are amortized evenly in the shortest period among following three periods: their expected service life, period of enjoying benefits specified in the contract, and effective service life specified by law. The amortization amount shall be recorded into relevant asset cost and current loss or profit based on its beneficiaries. The estimated service life and amortization method of intangible assets with limited service life shall be reviewed at the end of each year. If there are any changes, they shall be treated as accounting estimate changes.

During each accounting period, the Group checks estimated service life of intangible assets with an uncertain service life.

##### (2) Scope of R&D expenditures and related accounting treatment methods

The scope of R&D expenditures in this group incorporate salaries of R&D personnel, direct input expenses, depreciation and amortized expenses, testing fees, research and development expenses of external institutions, other expenses, etc.

Based on nature of expenditures of internal research and development projects, as well as whether there is a significant uncertainty for intangible assets to be ultimately produced by research and development activities, the Group divides them into research stage expenditures and development stage expenditures. During the research phase, expenditures incurred are recorded into current loss or profit. For expenditures incurred during the development stage, they shall be capitalized when following conditions are met simultaneously: ① The Group deems that it is technically feasible to successfully produce intangible assets, and can use or sell them; ② The Group has the intention to successfully produce intangible assets, and use or sell it; ③ Intangible assets are expected to bring economic benefits to the Group; ④ The Group has sufficient technical, financial, and other resources to support the development of the intangible asset, and has the ability to use or sell such intangible assets; ⑤ Expenditures belonging to the development stage of intangible assets can be reliably measured. Expenditures incurred during the development phase that do not meet the capitalization standards shall be recorded into current loss or profit.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 21. Impairment of long-term assets

On each balance sheet date, the Group shall check long-term equity investments, investment properties measured by a cost model, fixed assets, construction work in process, right-of-use assets, intangible assets with a limited service life, operating lease assets, and other items. When there are signs of impairment, the Group shall carry out impairment tests. Impairment tests shall be conducted at the end of each period for goodwill, intangible assets with an uncertain service life, and development expenditures of those that have not yet reached the predetermined usable state, regardless whether or not there are signs of impairment.

##### (1) Impairment of non-current assets except financial assets (excluding goodwill)

A = net amount of (fair value of assets – disposal expenditures), B = present value of expected future cash flow, while carrying out impairment tests, the Group determines the recoverable amount based on the higher number between A and B. After impairment tests, if book value of such assets is bigger than their recoverable amount, the difference shall be recognized as an impairment loss.

The Group estimates the recoverable amount based on a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of an asset shall be determined based on the group to which such asset belongs. The identification of an asset group is based on whether or not main cash inflow engendered by the asset group is independent from cash inflow of other assets or other asset groups

A = net amount of (fair value – disposal expenditures), B = selling price of similar assets in a fair transaction or an observable market price – incremental costs directly belong to such asset disposal, A shall be determined by referring to B. While assessing the present value of future cash flow, management must assess expected future cash flow of such asset or asset groups, and select an appropriate discount rate to determine present value of future cash flow.

##### (2) Impairment of goodwill

Goodwill generated in business combination shall be allotted to relevant asset groups, by a reasonable method from the date of purchase. If it is difficult to allot them to relevant asset groups, they shall be allotted to relevant asset portfolios. When conducting impairment tests on asset groups or asset portfolios that incorporate goodwill, if there are signs of impairment in asset groups or asset portfolios related to goodwill, impairment tests should be conducted first on asset groups or asset portfolios that do not incorporate goodwill. Recoverable amount should be calculated, and shall be compared with relevant book value, so as to confirm corresponding impairment loss; Further impairment tests shall be conducted on asset groups or asset portfolios that incorporate goodwill, book value and recoverable amount shall be compared, if the recoverable amount is lower than the book value, then impairment loss shall be first offset against the book value of goodwill allotted to the asset groups or asset portfolios. Then, based on the proportion of the book value of assets other than goodwill in the asset group or asset portfolios, the book value of other assets shall be offset proportionally.

Methods, parameters, and assumptions for impairment tests of goodwill are detailed in Note V, 15.

Once the impairment loss of the above-mentioned assets is recognized, it shall not be reversed in future accounting periods.

#### 22. Long-term deferred expenses

The long-term deferred expenses of the Group include expenses for turnover cylinders and house decoration, which have already been paid by the Group but shall be allotted between current and future periods over one year. These expenses are amortized evenly over the benefit period. If the long-term deferred expense item cannot benefit future accounting periods, the amortized value of the item that has not been amortized will be fully transferred to the current loss or profit.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 23. Staff salaries

Staff salaries of the Group include short-term compensation, post-employment benefits, dismissal welfare and other long-term welfare.

Short-term compensation includes employee salary, employee benefit, medical premium, etc. The Group shall recognize the short-term compensation actually incurred as liability and include it in the current profits and losses or related asset cost during the accounting period when employees provide services.

Post-employment benefits mainly include basic pension insurance, unemployment insurance, etc., which shall be classified into defined contribution plan and defined benefit plan according to risk and obligation assumed by the Company. For the services provided by the employees in the accounting period on the balance sheet date, in the defined contribution plan, contribution paid to individual shall be recognized as liabilities and included in current profit or loss or related asset cost according to the benefit object.

For the defined benefit plan, the Group adopts estimated accumulated welfare unit method, and makes unbiased and consistent actuarial assumptions, and makes assessment on demographic variables and financial variables, calculates obligations engendered by defined benefits plans, and confirms related obligations belongs to which period. Obligations generated by the defined benefits plans shall be discounted according to the discount rate, so as to confirm present value of the defined benefit plans and current service costs.

Dismissal welfare refers to compensation provided to employees for terminating the labor relationship with employees before the expiration of the labor contract between the Group and the employee, or for encouraging the employees to voluntarily accept the lay-off. For employees who have not terminated the labor contract with the Group but will no longer provide services for the Group in the future and cannot bring economic benefits to the Group, if the Group is committed to providing economic compensation with the nature of dismissal welfare, in case of "early retirement", economic compensation shall be treated as dismissal welfare before the official retirement date, and shall be treated as post-employment benefits after the official retirement date. If the Group furnishes employees with dismissal welfare, Date 1 is the date when the Group cannot unilaterally revoke dismissal welfare due to canceled employment relationship contracts or redundancy plans, Date 2 is the date when the Group recognizes costs or expenses related to restructuring of dismissal welfare, the Group shall recognize staff salaries liabilities caused by dismissal welfare on the earlier date between Date 1 and Date 2, and they shall be recorded into current loss or profit. If the dismissal welfare is not expected to be fully paid before 12 months after the end of the Reporting Period, the substantive dismissal work is completed within one year but the compensation payments exceed the dismissal plan of one-year payment, the Group will choose the appropriate discount rate, and the dismissal welfare of the current profits and losses will be measured according to the amount after discounting.

Other long-term employee welfare refers to the employee benefits except for short-term compensation, post-employment benefits and dismissal welfare, including long-term compensated absences, long-term disability welfare, long-term profit sharing plan, etc. Other long-term employee welfare provided by the Group to employees that meet the conditions of defined contribution plan, the accounting shall be treated according to the provisions in above defined contribution plan. Net liabilities or assets of other long-term employee welfare provided by the Group to employees and satisfying conditions of the defined benefit plan shall be recognized and measured according to provisions of the defined benefit plan. At the end of the Reporting Period, the Group recognizes employee payroll cost generated from other long-term employee welfare as the following components: service cost; net interest amount of net liabilities or assets of other long-term employee welfare; changes generated from the remeasurement of net liabilities or assets of other long-term employee welfare. The total net amount of the above item shall be included in the current profits and losses or related asset cost.

#### 24. Expected liabilities

When an external warranty, discount of commercial acceptance notes, pending legal proceedings or arbitration, goods quality guarantee or other contingent matters meet the following requirements simultaneously, the Group shall recognize such responsibilities as liabilities: the assumed responsibilities are current obligations; the fulfillment of such obligations will likely cause the outflow of economic benefits from the Group; the amount of such obligations can be measured reliably.

The estimated liabilities are initially measured, on the foundation of the best estimate of expenses required to fulfill relevant current obligations, taking into account factors such as risks, uncertainties, and time value of money related to contingencies. On the balance sheet date, the Group shall review current best estimate and adjust book value of estimated liabilities.

The contingent liabilities got from the merged party in business combination not under common control shall be measured at fair value upon initial recognition. A = an amount determined by estimated liabilities, B = the initial recognition amount - accumulated amortization amount determined by revenue recognition principle. After initial recognition, contingent liabilities shall be measured subsequently according to the higher number between A and B.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 25. Share-based payment

For share-based payments measured by equity for service provided by employees, they shall be measured by fair value of equity instruments granted to employees. If the rights can be used immediately after they are granted, fair value of equity instruments on the grant date shall be recorded into relevant costs or expenditures, and capital reserve shall be increased correspondingly. If the rights can be used only after service in the waiting period is completed or stipulated goals are achieved, on each balance sheet date in the waiting period, based on the best estimate of number of equity instruments with viable rights, according to fair value of equity instruments on the grant date, service obtained in the period shall be recorded into relevant costs or expenditures and capital reserve. If clause that share-based payment shall be settled by equity is modified, service obtained shall be recognized according to unchanged clause. What's more, if fair value of equity instruments are modified, or those changes can benefit employees on the date of modification, it shall be deemed that service obtained is increased.

If share-based payments settled by equity are canceled, it shall be treated as accelerated exercise of rights on the cancellation date, and the unrecognized amount will be immediately recognized. If employees or other parties meet condition of viable rights, but they do not achieve goals in the waiting period, it shall be treated that share-based payments settled by equity are canceled. However, if a new equity instrument is granted, and it is determined on the grant date that the new equity instrument is intended to replace the canceled equity instrument, the replacement of equity instrument granted shall be treated in the same manner as the modification of the terms and conditions of the original equity instrument.

For share-based payments settle by cash, they shall be measured by fair value of liabilities, which are borne by the Group and are confirmed based on share or other equity instruments. If such rights can be immediately exercised after granting, the fair value of the liability assumed shall be recorded into relevant costs or expenses on the grant date, and the liability shall be correspondingly increased; If it is necessary to complete the services during the waiting period or prescribed goals before exercising those rights, on each balance sheet date in the waiting period, based on the best estimate of viable rights situation, the services obtained in current period shall be recorded into costs or expenses, according to fair value of liabilities borne by the Group, and such liabilities shall be adjusted accordingly. On each balance sheet date and settlement date prior to settlement of relevant liabilities, fair value of liabilities shall be remeasured, and any changes shall be recorded in current loss or profit.

#### 26. Recognition principles and measurement methods for revenue

The Group recognizes revenue when fulfilling its contract obligations, namely when the customer obtains control of relevant goods or services. Acquiring control over related goods or services means being able to dominate utilization of goods or provision of services, and obtain almost all economic benefits from them.

Operating revenue of the Group mainly incorporates revenue from selling goods, housing rental fees, and location rental fees.

##### (1) Revenue from selling goods

The Group is engaged in manufacturing of gas cylinder storage and transportation products, as well as integrated products of automated manufacturing equipment systems. Gas cylinder storage and transportation products mainly consist of seamless steel cylinders, wrapped cylinders, low-temperature cylinders, low-temperature storage and transportation equipment, etc. The integrated products of automated manufacturing equipment systems mainly include ground conveying assembly system products, hanging chain air conveying system products, robot integrated applications and stamping connection products, non-standard automation special machine products, etc. The Group's sales mainly incorporate domestic sales and overseas sales. Specific principles of the Group for recognizing revenue from selling goods are as follows:

Sales contracts between the Group and customers usually only consist of fulfilling obligations for the transfer of goods. The Group usually recognizes revenue at the time of delivering products to customers pursuant to terms of the contract, taking into account following factors: current right to receive payment from those goods, the transfer of major risks and rewards arising from ownership of such goods, transfer of statutory ownership of those goods, transfer of physical assets of those goods, and the customer's acceptance of such goods.

##### 1) Domestic sales

- ① If the company is responsible for shipping goods to customers or a location appointed by customers, pursuant to the contract or an agreement, sales revenue shall be confirmed after such goods arrive at the customer or a location appointed by customers, after customers confirm receipt of such goods;
- ② When the customer picks up such goods, according to the contract or an agreement, sales revenue shall be recognized when the customer picks up such goods and signs for them.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 26. Recognition principles and measurement methods for revenue (Continued)

##### (1) Revenue from selling goods (Continued)

###### 2) Overseas sales

The Group confirms sales revenue, when goods are transported across ship's rail at a designated loading port and a bill of lading is signed, or when shipping goods to its designated location and receiving confirmation from customers, in accordance with the model for selling, pricing and transaction, which is agreed upon in the sales contract or an order signed with foreign customers.

The Group will use the expected amount of a consideration as the transaction price, the Group is entitled to receive such consideration for transfer of goods to customers, and determines it based on terms of the contract and past business practices. Some contracts of the Group state that customers can enjoy a certain discount, when they buy more than a certain quantity of goods, and this discount can directly offset a price that customers should pay when they buy goods in current period. The Group shall make the best estimate of discounts, based on expected values or the most likely amount to occur, and includes the estimated transaction price in the transaction price, but when relevant uncertainties are removed, the discounted transaction price shall not exceed the amount that is highly unlikely to result in a significant reversal of accumulated recognized income, and it shall be estimated again on each balance sheet date.

For sales with sales return clauses, when customers attain control of relevant goods, the Group shall recognize revenue based on an expected amount of a consideration, that customers are entitled to receive due to transfer of goods to customers, and the Group shall recognize an expected amount to be returned, an amount of a refund shall be recognized as an estimated liability; meanwhile, according to expected book value of the returned goods at the time of transfer, the balance after deducting expected costs of retrieving such goods (including loss of value of returned goods) shall be recognized as an asset, namely the receivable return cost. The net transfer cost of the asset cost is deducted based on the book value of the transferred goods at the time of transfer. On each balance sheet date, the Group estimates again future sales returns and measures again aforesaid assets and liabilities.

If there are significant financing components in a contract, it is assumed that customers pay by cash when they attain control right of goods, the Group will confirm transaction price by the amount of such cash. By a discount rate which is used to discount a nominal price of the contract consideration into a current selling price, difference between the confirmed transaction price and a consideration promised in the contract shall be amortized with an effective interest rate when the contract is valid.

According to contractual agreements, legal provisions, etc., the Group provides quality assurance for the goods sold, which belongs to the guarantee-type of quality assurance, so as to assure that such goods sold meet established standards to customers. The Group shall make accounting treatment for estimated liabilities in accordance with Note 3, 24.

##### (2) House rental fees and location rental fees

Leasing income of the Group is operating leasing income, refer to Note III. (29) for contents about leasing.

#### 27. Government subsidies

When additional conditions are met and government subsidies can be received, government subsidies shall be recognized. When government subsidies are monetary assets, they shall be measured by actual amount received. For subsidies which are appropriated according to a fixed quota, or there is explicit evidence at the end of a period showing that related conditions of financial support policies can be met, and that financial support funds can be obtained in an estimation, they shall be measured according to the amount receivable; when government subsidies are non-monetary funds, they shall be measured by fair value, if fair value cannot be reliably obtained, then they shall be measured by a nominal amount (1 yuan).

The government subsidies of the Group include those related to assets and those related to income. Among them, government subsidies related to assets refer to government subsidies obtained by the Group for the purpose of purchasing, constructing long-term assets or other methods; Government subsidies related to income refer to the other government subsidies, except government subsidies related to assets. If the government documents do not clearly specify recipients of subsidies, the Group will make judgments based on aforementioned differentiation principles. If it is difficult to distinguish, it will be classified as government subsidies related to income as a whole.

Government subsidies related to assets shall be recognized as deferred income, and they shall be recorded into current loss or profit step by step by a rational and systematic method in relative assets' service life. If such assets are sold, transferred, scrapped or destructed before relative assets' service life is over, then balance of relative undistributed deferred income shall be transferred into loss or profit in the period in which assets are disposed.

As for government subsidies related to income, if they are used to compensate for relevant costs, expenses or losses in future periods, they shall be recognized as deferred income and recorded in current loss or profit, during the period in which related costs, expenses or losses are recognized. Government subsidies related to daily activities shall be recorded into other income, according to nature of economic transactions. Government subsidies unrelated to daily activities shall be recorded into non-operating revenue and expenses.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 28. Deferred tax assets and deferred tax liabilities

Deferred income tax assets and deferred income tax liabilities of the Group are recognized on the foundation of the difference between tax basis and book value of assets and liabilities, as well as the difference between the tax basis and book value of items, which are not recognized as assets and liabilities (temporary differences) but can be determined to belong to this sort according to tax laws.

The Group recognized all taxable temporary differences as deferred income tax liabilities, except for the following situations: (1) temporary differences stem from initial recognition of goodwill, or initial recognition of assets or liabilities, which are engendered from transactions not in business combination, and which do not affect accounting profit nor taxable income (or deductible loss); (2) taxable temporary difference related to investments in subsidiaries, associates and joint ventures, the Group can control the time of reversing those temporary difference, and such temporary difference will very likely be not be reversed in a foreseeable future.

With a limitation of future taxable income, which is very likely to be used by the Group to deduct deductible temporary difference, deductible loss and tax deduction, other deductible temporary difference, deductible loss and tax deduction shall be recognized as deferred income tax assets, except for the following situations: temporary difference occurs from initial recognition of assets or liabilities, which stem from transaction not in business combination, and which do not affect accounting profit nor taxable income (or deductible loss); (2) deductible contemporary difference related to investments in subsidiaries, associates and joint ventures, but the following situations cannot be met simultaneously: temporary difference is very likely to be reversed, taxable income is very likely to be attained in the future to deduct deductible temporary difference.

Within a limitation that it is very likely for the Group to have enough taxable income to deduct deductible loss, all unused deductible loss shall be recognized as deferred income tax assets. The management utilizes myriad judgement to estimate time to obtain taxable income and the amount, combined with taxation strategy, the Group decides amount of deferred income assets that shall be recognized, therefore uncertainty exists.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rate, during the expected period in which such assets are recovered or such liabilities are liquidated.

#### 29. Lease

##### (1) Identification of lease

On the commencement date of the contract, the Group shall assess whether the contract is a lease or incorporates a lease. If one party to a contract transfers rights to control the use of one or more identified assets for a certain period, so as to get a consideration, then the contract shall be regarded as a lease or incorporates a lease.

If multiple separate leases are included in a contract, the Group shall split the contract, and conduct accounting treatment for each separate lease separately. If the contract includes both lease and non-lease parts, the Group shall separate lease parts and non-lease parts, and carry out accounting treatment. Accounting treatment for each leasing part shall be made in accordance with leasing standards, while accounting treatment for non-leasing parts shall be made pursuant to other applicable enterprise accounting standards.

##### (2) The Group as the lessee

###### 1) Confirmation of lease

With an exception of short-term leases and leases of low-value assets, on the commencement date of a lease period, the Group recognizes right-of-use assets and lease liabilities for leases.

Right-of-use assets means that the Group has rights, in the lease period, to use leased assets, and they shall be measured by costs at initial recognition. The costs include: ① the amount of lease liabilities at initial measurement; ② A lease payment paid on or before the commencement date of a lease period – amount of lease incentives already enjoyed; ③ Initial direct expenses incurred; ④ The estimated costs incurred for dismantling and removing leased assets, restoring the location of leased assets, or restoring such leased assets to a condition stipulated in lease clauses (excluding those incurred for the production of inventory). If the Group remeasures lease liabilities pursuant to relevant leasing standards, then book value of right-of-use assets shall be adjusted accordingly.

According to the estimated consumption method of economic profit related to right-of-use rights, the Group makes depreciation treatment for right-of-use assets by the straight-line method. If it can be reasonably confirmed that ownership of leased assets can be obtained when the lease period expires, then depreciation shall be made in residual service life of leased assets; If it cannot be reasonably confirmed that ownership of lease assets can be obtained when the lease period expires, depreciation shall be made in the shorter period between the lease period and residual service life of lease assets. Provision for depreciation shall be recorded into costs of related assets or current loss or profit, based on purpose of right-of-use assets.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 29. Lease (Continued)

##### (2) The Group as the lessee (Continued)

###### 1) Confirmation of lease (Continued)

The Group initially measures lease liabilities on the foundation of present value of lease payments, that are not paid up to the commencement date of a lease period. The lease payment consists of: ① fixed payment and essentially fixed payment, minus the amount related to lease incentives; ② Variable lease payments dependent on indexes or ratios; ③ The Group reasonably determines a viable price for the purchase option, when the Group exercises the purchase option; ④ The lease term reflects the amount to be paid when the Group exercises the option to terminate lease; ⑤ The estimated amount to be paid based on the residual value of the guarantee provided by our group.

When calculating present value of lease payments, the Group utilizes the lease implicit interest rate as the discount rate. If the Group cannot confirm the lease implicit interest rate, the Group shall adopt an incremental loan interest rate as the discount rate. The Group calculates interest expenses of lease liabilities during the lease period at a fixed periodic interest rate, and records them into current loss or profit, except for those that should be capitalized.

After the commencement date of the lease period, when the Group confirms interest of lease liabilities, the Group shall increase book value of such lease liabilities; when the Group pays lease price, book value of lease liabilities shall be reduced. When there is a change in actual fixed payments, a change in the expected payable amount of the guaranteed residual value, a change in the indexes or ratios used to determine the lease payments, a change in the evaluation results or actual exercise of purchase option, renewal option or termination option of lease, the Group shall remeasure such lease liabilities, on the foundation of present value of such altered lease payments.

###### 2) Short-term lease and low-value asset lease

For short-term leases with a lease period less than 12 months, as well as leases of low-value brand new single asset, the Group chooses not to recognize right-of-use assets and lease liabilities. The Group shall record lease payments for short-term leases and low-value asset leases into relevant asset costs or current loss or profit, by a straight-line method or other systematic and reasonable methods, during each period of lease period.

##### (3) The Group as the lessor

As the lessor, if a lease essentially transfers almost all risks and rewards arising from ownership of leased assets, the Group shall group the lease as a financing lease, and other kinds of lease shall be classified as operating lease.

###### 1) Financing lease

On the commencement date of lease periods, the Group shall confirm receivable financing lease payments for financing lease, and shall stop recognition of financing lease assets. When the Group initially measures receivable financing lease payments, net lease investments shall be used as the number recorded into accounting books for receivable financing lease payments.

Net amount of lease investments = net amount of lease investment + present value of receivable lease payments on the commencement date of lease periods by lease implicit interest rate. Interest revenue of each stretch of lease periods shall be calculated and recognized at a fixed periodic interest rate by the Group. The Group's variable lease payments that are not recorded into net lease investments shall be recorded into current loss or profit when they actually occur.

###### 2) Operating lease

During each lease periods, the Group shall utilize a straight-line method to recognize lease payments from operating leases as rental income.

Initial direct expenses, which are related to operating leases and which occurs in the Group, shall be capitalized and regarded as costs of leased asset, and they shall be recorded into current loss or profit in lease periods on the same basis as rental income. The Group's variable lease payments related to operating lease that are not recorded into lease receipts, shall be recorded into current loss or profit when they actually occur.

If there is a change in the operating lease, the Group shall treat it as a new lease commencing from the effective date of the change, and the advance or receivable lease payments related to the lease before the change shall be regarded as receipts of new lease.





## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 30. Held for sale

If a non-current asset is sold by the Group, other than continuously used by the Group (including exchange of non-monetary assets with commercial nature, the same as bellow), or their book value is recovered by disposal groups, then it shall be classified as held for sale.

The Group classifies non-current assets or disposal groups that simultaneously meet following situations as held for sale: 1) According to the practice of selling this kind of assets or disposal groups in similar transactions, they can be sold instantly under current situation; 2) The sale is highly likely to occur, which means that a resolution about a sale plan has already been made, and a definite promise for purchase has been obtained. It is expected that the sale will be completed within one year. If relevant regulations require approval from relevant authorities or regulatory departments shall be obtained before sales, then such approval has been obtained. If book value of non-current assets or disposal groups held by the Group (excluding financial assets, deferred tax assets, investment properties measured at fair value, and assets formed by employee compensation) is higher than the net amount of (fair value – selling expenses), the carrying amount shall be reduced until to be the same with the net amount of (fair value – selling expenses), and the reduced amount shall be recognized as asset impairment loss and included in current loss or profit. Meanwhile, impairment reserves for assets held for sale shall be made.

If the Group loses control over a subsidiary due to selling its investment in such subsidiary or other reasons, regardless whether or not the Group retains some equity investments after the sale, when the investments in the subsidiary which are about to be sold meet classification standards for held for sale, the overall investments in the subsidiary shall be grouped as held for sale in individual financial statements of the parent company, and all assets and liabilities of the subsidiary shall be grouped as held for sale in the consolidated financial statements.

If non-current assets held for sale, or non-current assets in disposal groups are not to be depreciated or amortized, then interest and other expenses on liabilities held for sale in disposal groups shall continue to be recognized.

When non-current assets or disposal groups held for sale are derecognized, unrecognized gain or loss shall be recorded into current loss or profit.

#### 31. Termination of Operation

Termination of operation is for a component that is separately distinguishable of the Group, and that can meet one of the following conditions, and that component has already been disposed and classified as held for sale: (1) such component stands for an independent main business or a separate main operating location; (2) This component is part of a related plan to dispose of an independent major business or a separate major operating area; (3) This component is a subsidiary acquired specifically for resale.

In income statements, the Group has added items "Net profit from continuing operation" and "Net profit from discontinued operation" under the "Net profit" item, such two items demonstrate losses related to continuing operation and losses related to discontinued operation respectively, with a net amount after tax. The relevant gains and losses related to termination of operation should be reported as loss or profit from discontinued operation, and the reported loss or profit from terminated operation include the entire reporting period, not just the reporting period after termination of operation.

#### 32. Measurement of fair value

On each balance sheet date, the Group shall measure its equity instrument investments at fair value. Fair value means the price that market participants are entitled to receive, due to selling an asset or paying to transfer a liability in an orderly transaction that occurs on the date of measurement.

For assets and liabilities measured at fair value and shown in financial statements, they shall be determined based on the lowest level input value, which is significant to overall measurement of fair value. The first-level input value is the unadjusted quoted price of the same asset or liability, which can be attained on the measurement date in an active market; The second-level input value refers to an input value that is directly or indirectly observable of related assets or liabilities, except the first-level input value; The third-level input value refers to an input value that is not observable of related assets or liabilities.

For financial instruments traded in an active market, the Group confirms their fair value on the foundation of their prices in an active market; For financial instruments that are not traded in an active market, the Group confirms their fair value by an evaluation technique, and the evaluation model used is mainly the discounted cash flow model. Input values of valuation techniques mainly incorporate: risk-free interest rates for creditor's rights, credit premiums, and liquidity premiums; Input values of equity include evaluation multiplier and liquidity discount.

Fair value of the third-level value is determined based on the evaluation model of the Group, such as the discounted cash flow model. The Group also takes into account initial transaction prices, recent transactions of the same or similar financial instruments, or third-party transactions of comparable financial instruments. On June 30, 2025, third third-level financial assets measured at fair value were evaluated by significant input values which are not observable, such as discount rates, but their fair value was not significantly sensitive to reasonable changes in these significant input values which are not observable.

The Group adopts a market method to determine fair value of non-listed equity investments. This requires the Group to confirm comparable listed companies, select market multipliers, estimate liquidity discounts, therefore uncertainty exists.

On each balance sheet date, the Group reassesses assets and liabilities confirmed at fair value in financial statements, so as to determine whether there is a transition between fair value measurement levels.



## SECTION 8 FINANCIAL REPORT

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 33. Changes in significant accounting policies and estimates

##### (1) Significant changes in accounting policies

None.

##### (2) Significant changes in accounting estimates

None.

### IV. TAXATION ITEMS

#### 1. Main types and rates of tax

Tax types	Tax basis	Tax rate
Value-added tax	Value-added amount taxable	13%、9%、6%、5%
City maintenance and construction tax	VAT payable	7%、5%、1%
Education fees surcharge	VAT payable	3%
Local education fees surcharge	VAT payable	2%
Property tax	70%- 80% of original value of real estate, income from real estate lease	1.2% and 12%
Corporate income tax	Taxable income	25%、15%
Hong Kong profits tax	Taxable income	16.50%
Us corporate income tax	Taxable income	21%

Explanation for taxpayers with different corporate income tax rates:

Name of Taxpayer	Rate of income tax
The Company	25%
Beijing Tianhai Industry Co., Ltd.	15%
Tianjin Tianhai High Pressure Container Co., Ltd.	15%
Shanghai Tianhai Composite Cylinders Co., Ltd.	15%
Beijing Tianhai Cryogenic Equipment Co., Ltd.	25%
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	15%
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	25%
Kuancheng Tianhai Pressure Container Co., Ltd.	15%
BTIC AMERICA CORPORATION(Tianhai America Corporation)	21%
Jingcheng Holding (Hong Kong) Co., Ltd.	16.50%
Qingdao BYTQ United Digital Intelligence Co., Ltd.	15%
Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.	25%



## SECTION 8 FINANCIAL REPORT

### IV. TAXATION ITEMS (CONTINUED)

#### 2. Tax preference

On December 1, 2022, Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company ("BTIC"), obtained a high-tech enterprise certificate with the certificate number GR202211004332 jointly issued by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration. The validity period of the certificate is three years. The provision for corporate income tax for the time being is based on the 15% of its preferential tax rate in current period.

Tianjin Tianhai High Pressure Container Co., LTD., a subsidiary of the company, obtained a high-tech Enterprise Certificate GR202312003152 jointly issued by Tianjin Science and Technology Bureau, Tianjin Finance Bureau and Tianjin Taxation Bureau of the State Administration of Taxation on December 8, 2023. The certificate is valid for three years. Corporate income tax shall be calculated at the preferential tax rate of 15% for the current period.

Shanghai Tianhai Composite Cylinder Co., LTD., a subsidiary of the Company, obtained a high-tech Enterprise Certificate GR202331006818 jointly issued by Shanghai Science and Technology Commission, Shanghai Municipal Finance Bureau and Shanghai Municipal Taxation Bureau of the State Administration of Taxation on December 12, 2023. The certificate is valid for three years. Corporate income tax shall be calculated at the preferential tax rate of 15% for the current period.

Beijing Tianhai Hydrogen Energy Equipment Co., LTD., a subsidiary of the company, got a high-tech Enterprise Certificate GR202311005600 jointly issued by Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance and Beijing Municipal Taxation Bureau of the State Administration of Taxation on November 30, 2023. The certificate is valid for three years. Corporate income tax shall be calculated at the preferential tax rate of 15% for the current period.

Kuancheng Tianhai Pressure container Co., LTD., a subsidiary of the company, got a high-tech Enterprise Certificate GR202213003894 issued by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance and Hebei Provincial Tax Bureau of the State Administration of Taxation on November 22, 2022. The certificate is valid for three years. Corporate income tax shall be calculated at the preferential tax rate of 15% for the current period.

Qingdao BYTQ United Digital Intelligence Co., Ltd. a subsidiary of the company, obtained the high-tech enterprise Certificate GR202437101841 issued by Qingdao Science and Technology Bureau, Qingdao Finance Bureau and Qingdao Taxation Bureau of the State Administration of Taxation on December 4, 2024. The certificate is valid for three years. Corporate income tax shall be calculated at the preferential tax rate of 15% for the current period.

Pursuant to the Notice of the State Administration of Taxation of the Ministry of Finance on Extending the period of Loss carry-forward of High-Tech Enterprises and technology-based small and medium-size enterprise [2018] No. 76, since January 1, 2018, enterprises that have the qualification of high-tech enterprises or technology-based small and medium-size enterprise (hereinafter collectively referred to as the qualification) in that year, The uncovered losses incurred in the five years prior to the qualifying year shall be allowed to be covered in the years after the carry-forward, and the maximum carry-forward period shall be extended from five years to 10 years.



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

In financial statement data disclosed below, unless otherwise specified, “beginning balance” refers to balance on January 1, 2025, “ending balance” refers to balance on June 30, 2025, “current period” refers to from January to June in 2025, and “previous period” refers to from January to June in 2024, currency unit is RMB yuan.

#### 1. Cash at bank and on hand

##### (1) Balance of cash at bank and on hand

Item	Ending balance	Beginning balance
Cash on hand	127,482.32	121,849.68
Deposits in bank	292,113,717.50	410,450,539.70
Other monetary funds	99,387,479.10	72,416,120.59
<b>Total</b>	<b>391,628,678.92</b>	<b>482,988,509.97</b>
In which: the total amount of funds stored overseas	27,571,241.23	21,019,362.79
Total amount of funds with restrictions on use due to mortgage, pledge or freezing	99,387,479.10	72,416,120.59

##### (2) Details of restricted cash at bank and on hand

Item	Ending balance	Beginning balance
Security deposit for bank acceptance bill	87,094,321.34	69,544,018.02
Funds under common supervision	7,000,000.00	
Funds frozen by litigation	1,233,183.89	1,232,613.74
Security deposit for letter of credit	4,059,973.87	1,639,488.83
<b>Total</b>	<b>99,387,479.10</b>	<b>72,416,120.59</b>

#### 2. Notes receivable

##### (1) Classification and presentation of notes receivable

Item	Ending balance	Beginning balance
Bank acceptance bill	1,333,037.86	11,858,892.34
Commercial acceptance bill	5,822,555.47	2,190,000.00
<b>Total</b>	<b>7,155,593.33</b>	<b>14,048,892.34</b>

##### (2) Notes receivable that have been endorsed or discounted at the end of the period and have not yet matured up to the balance sheet date

Item	Derecognized amount at the end of the period	Not derecognized amount at the end of the period
Bank acceptance bill		541,605.28
Commercial acceptance bill		5,822,555.47
<b>Total</b>		<b>6,364,160.75</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3. Accounts receivable

##### (1) Accounts receivable are listed by aging

Aging	Ending book balance	Beginning book balance
Within 1 year	463,947,297.72	408,118,264.17
1-2 years	93,393,995.50	77,675,581.33
2-3 years	33,111,872.77	28,878,806.20
3-4 years	10,975,730.50	15,398,899.60
4-5 years	7,734,524.17	6,620,385.53
Over 5 years	40,857,657.52	42,159,116.03
Subtotal	650,021,078.18	578,851,052.86
Less: Bad debt reserves	81,998,602.11	78,985,559.54
<b>Total</b>	<b>568,022,476.07</b>	<b>499,865,493.32</b>

##### (2) Accounts receivable are listed by provision method for bad debt

Category	Book balance		Ending balance Bad debt reserves		Book value
	Amount	Percent (%)	Amount	Provision	
				Percent (%)	
Provision for bad debt by individual item	24,120,314.87	3.71	24,120,314.87	100.00	
Provision for bad debt by portfolio	625,900,763.31	96.29	57,878,287.24	9.25	568,022,476.07
In which: aging portfolio	625,900,763.31	96.29	57,878,287.24	9.25	568,022,476.07
<b>Total</b>	<b>650,021,078.18</b>	<b>100.00</b>	<b>81,998,602.11</b>	<b>12.61</b>	<b>568,022,476.07</b>

(Continued Table)

Category	Book balance		Beginning balance Bad debt reserves		Book value
	Amount	Percent (%)	Amount	Provision	
				percent (%)	
Provision for bad debt by individual item	24,640,314.87	4.26	24,640,314.87	100.00	
Provision for bad debt by portfolio	554,210,737.99	95.74	54,345,244.67	9.81	499,865,493.32
In which: aging portfolio	554,210,737.99	95.74	54,345,244.67	9.81	499,865,493.32
<b>Total</b>	<b>578,851,052.86</b>	<b>100.00</b>	<b>78,985,559.54</b>	<b>13.65</b>	<b>499,865,493.32</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3. Accounts receivable (Continued)

##### (2) Accounts receivable are listed by provision method for bad debt (Continued)

##### 1) Provision for bad debt by individual item for accounts receivable

Name	Ending balance		Provision percent (%)	Reasons for provision
	Book balance	Bad debt reserves		
Tianjin Mingcheng Gas Sales Co., Ltd.	5,073,644.29	5,073,644.29	100.00	The credit rating of the counterparty decreases, and the credit risk increases significantly
Chengdu Dayun Automobile Group Co., Ltd.	4,452,641.17	4,452,641.17	100.00	
Yuncheng Subsidiary Company				
Sichuan Hengruifeng International Trading Co., Ltd.	4,238,181.00	4,238,181.00	100.00	
Baotou Ruiming Chemical Technology Co., Ltd.	2,395,213.90	2,395,213.90	100.00	
Linfen Jinbaifeng New Energy Technology Co., Ltd.	1,683,220.00	1,683,220.00	100.00	
Lvliang Dongsen Gas Energy Co., Ltd.	1,530,000.00	1,530,000.00	100.00	
Xuzhou Zhongxin Electromechanical Equipment Co., Ltd.	1,301,929.77	1,301,929.77	100.00	
Zhangjiakou Xiahuayuan Jinhong Gas Co., Ltd.	814,000.00	814,000.00	100.00	
Guiyang Shengqing Trading Co., Ltd.	613,598.66	613,598.66	100.00	
Xuzhou Xintianhai Electromechanical Equipment Co., Ltd.	587,319.09	587,319.09	100.00	
Xinjiang Jinguan Automotive Supplies Co., Ltd.	514,566.99	514,566.99	100.00	
Zhangjiakou Jinhong Liquefied Natural Gas Co., Ltd.	440,000.00	440,000.00	100.00	
Zhuolu County Jinhong Gas Co., Ltd.	312,000.00	312,000.00	100.00	
Chicheng County Jinhong Gas Co., Ltd.	44,000.00	44,000.00	100.00	
Ningxia Baota Energy Chemical Co., Ltd.	20,000.00	20,000.00	100.00	
Baota Shenghua Trading Group Co., Ltd.	100,000.00	100,000.00	100.00	
<b>Total</b>	<b>24,120,314.87</b>	<b>24,120,314.87</b>	<b>-</b>	



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3. Accounts receivable (Continued)

##### (2) Accounts receivable are listed by provision method for bad debt (Continued)

##### 1) Provision for bad debt by individual item for accounts receivable (Continued)

(Continued Table)

Name	Beginning balance		Provision percent (%)	Reasons for provision
	Book balance	Bad debt reserves		
Tianjin Mingcheng Gas Sales Co., Ltd.	5,073,644.29	5,073,644.29	100.00	The credit rating of the counterparty decreases, and the credit risk increases significantly
Chengdu Dayun Automobile Group, Yuncheng Branch	4,452,641.17	4,452,641.17	100.00	
Sichuan Hengruifeng International Trading Co., Ltd.	4,238,181.00	4,238,181.00	100.00	
Baotou Ruiming Chemical Technology Co., Ltd.	2,395,213.90	2,395,213.90	100.00	
Linfen Jinbaifeng New Energy Technology Co., Ltd.	1,813,220.00	1,813,220.00	100.00	
Lvliang Dongsan Gas Energy Co., Ltd.	1,590,000.00	1,590,000.00	100.00	
Xuzhou Zhongxin Electromechanical Equipment Co., Ltd.	1,301,929.77	1,301,929.77	100.00	
Zhangjiakou Xiahuayuan Jinhong Gas Co., Ltd.	814,000.00	814,000.00	100.00	
Guiyang Shengqing Trading Co., Ltd.	613,598.66	613,598.66	100.00	
Xuzhou Xintianhai Electromechanical Equipment Co., Ltd.	587,319.09	587,319.09	100.00	
Xinjiang Jinguan Automotive Supplies Co., Ltd.	514,566.99	514,566.99	100.00	
Zhangjiakou Jinhong Liquefied Natural Gas Co., Ltd.	440,000.00	440,000.00	100.00	
Zhuolu County Jinhong Gas Co., Ltd.	312,000.00	312,000.00	100.00	
Shanghai Shenlong Bus Co., Ltd.	250,000.00	250,000.00	100.00	
Ningxia Baota Energy Chemical Co., Ltd.	100,000.00	100,000.00	100.00	
Baota Shenghua Trading Group Co., Ltd.	100,000.00	100,000.00	100.00	
Chicheng County Jinhong Gas Co., Ltd.	44,000.00	44,000.00	100.00	
<b>Total</b>	<b>24,640,314.87</b>	<b>24,640,314.87</b>	<b>-</b>	



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3. Accounts receivable (Continued)

##### (2) Accounts receivable are listed by provision method for bad debt (Continued)

##### 2) Provision for bad debt of accounts receivable by aging portfolio

Aging	Ending balance		Provision percent (%)
	Book balance	Bad debt reserves	
Within 1 year	463,947,297.72	8,948,474.07	1.93
1-2 years	93,393,995.50	12,637,267.62	13.53
2-3 years	33,111,872.77	8,984,797.83	27.13
3-4 years	10,975,730.50	4,118,774.98	37.53
4-5 years	7,599,599.17	6,316,705.09	83.12
Over 5 years	16,872,267.65	16,872,267.65	100.00
<b>Total</b>	<b>625,900,763.31</b>	<b>57,878,287.24</b>	<b>—</b>

(Continued Table)

Aging	Beginning balance		Provision percent (%)
	Book balance	Bad debt reserves	
Within 1 year	408,118,264.17	7,833,083.70	1.92
1-2 years	77,675,581.33	10,199,085.67	13.13
2-3 years	28,878,806.20	7,656,774.48	26.51
3-4 years	14,680,379.60	6,537,481.95	44.53
4-5 years	6,620,385.53	3,881,497.71	58.63
Over 5 years	18,237,321.16	18,237,321.16	100.00
<b>Total</b>	<b>554,210,737.99</b>	<b>54,345,244.67</b>	<b>—</b>

##### (3) Provision, recovery or reversal of bad debt reserves in current period for accounts receivable

Category	Beginning balance	Changed amount in current period				Ending balance
		Provision	Recovery or reversal	Written-off or offsetting	Other	
Bad debt reserves for accounts receivable	78,985,559.54	6,399,651.79	3,386,187.77		421.45	<b>81,998,602.11</b>

Note: Other means influence of change in exchange rate.

##### (4) Accounts receivable and contract assets with top five ending balance classified by debtors

Name of entities	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percent in total ending balance of accounts receivable and contract assets (%)	Ending balance of bad debt reserves
Shenzhen Tenglong Holdings Co., Ltd.	122,883,333.32		122,883,333.32	18.52	9,187,279.38
Hubei Jingyuan Xihai Automobile Industry Co., Ltd.	49,737,594.76		49,737,594.76	7.50	920,145.50
Qingdao Haier Refrigeration Electric Appliance Co., Ltd.	31,888,700.00	1,909,000.00	33,797,700.00	5.09	767,207.79
32024 S.r.l.	21,073,541.67		21,073,541.67	3.18	388,729.77
Tianjin Tianhai Hydrogen Energy Technology Co., Ltd.	20,656,350.00		20,656,350.00	3.11	382,142.48
<b>Total</b>	<b>246,239,519.75</b>	<b>1,909,000.00</b>	<b>248,148,519.75</b>	<b>37.40</b>	<b>11,645,504.92</b>





## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Receivables financing

##### (1) Classification and presentation of receivables financing

Item	Ending balance	Beginning balance
Notes receivable	13,934,852.68	17,738,416.42

##### (2) Receivables financing that have been endorsed or discounted at the end of the period and have not yet matured on the balance sheet date

Category	Derecognized amount at the end of the period	Not derecognized amount at the end of the period
Bank acceptance bill	171,817,096.32	

#### 5. Advances to suppliers

##### (1) Aging of advances to suppliers

Item	Ending balance		Beginning balance	
	Amount	Percent (%)	Amount	Percent (%)
Within 1 year	28,825,398.07	81.71	37,644,516.39	84.06
1-2 years	291,509.52	0.83	2,490,842.77	5.56
2-3 years	2,181,857.53	6.18	2,856,879.37	6.38
Over 3 years	3,978,835.49	11.28	1,792,208.64	4.00
<b>Total</b>	<b>35,277,600.61</b>	<b>100.00</b>	<b>44,784,447.17</b>	<b>100.00</b>

##### (2) Prepayments with top five ending balance classified by objects of advances to suppliers.

Name of entities	Ending balance	Aging	Percent in total ending balance of advances to suppliers (%)
Beijing Qile International Logistics Co., Ltd.	3,929,698.48	Within 4 year	11.14
Benxi Ruixinying Iron And Steel Trading Co., Ltd.	2,648,853.05	Within 1 year	7.51
Shigang Jingcheng Equipment Technique Co., Ltd.	2,475,000.00	Within 1 year	7.02
Zhongchengxiang Construction Group Co., Ltd.	2,162,181.50	Within 1 year	6.13
Hengyang Hongyuan Tube Co., Ltd.	1,465,890.04	Within 1 year	4.16
<b>Total</b>	<b>12,681,623.07</b>	–	<b>35.96</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	9,497,909.48	3,253,586.63
<b>Total</b>	<b>9,497,909.48</b>	<b>3,253,586.63</b>

#### Other receivables

##### (1) Other receivables classified by nature of funds

Nature of funds	Ending book balance	Beginning book balance
Deposit, security deposit, etc	5,108,174.21	2,832,576.42
Prepayments older than 5 years	1,495,106.51	1,537,832.50
Petty cash	786,790.90	445,614.78
Current money	4,502,459.44	944,729.20
<b>Total</b>	<b>11,892,531.06</b>	<b>5,760,752.90</b>

##### (2) Other receivables presented by aging

Aging	Ending book balance	Beginning book balance
Within 1 year	8,775,382.74	2,241,605.00
1-2 years	819,896.46	465,515.00
2-3 years	36,331.43	84,071.02
3-4 years	95,915.00	342,000.00
4-5 years	32,000.00	518,330.08
Over 5 years	2,133,005.43	2,109,231.80
Subtotal	11,892,531.06	5,760,752.90
Less: Bad debt reserves	2,394,621.58	2,507,166.27
<b>Total</b>	<b>9,497,909.48</b>	<b>3,253,586.63</b>

##### (3) Other receivables classified and presented according to provision methods for bad debt

Category	Ending balance				
	Book balance		Bad debt reserves		Book value
	Amount	Percent (%)	Amount	Provision percent (%)	
Provision for bad debt by portfolio	11,892,531.06	100.00	2,394,621.58	20.14	9,497,909.48
In which: aging portfolio	11,892,531.06	100.00	2,394,621.58	20.14	9,497,909.48
<b>Total</b>	<b>11,892,531.06</b>	<b>100.00</b>	<b>2,394,621.58</b>	<b>20.14</b>	<b>9,497,909.48</b>

(Continued Table)

Category	Beginning balance				
	Book balance		Bad debt reserves		Book value
	Amount	Percent (%)	Amount	Provision percent (%)	
Provision for bad debt by portfolio	5,760,752.90	100.00	2,507,166.27	43.52	3,253,586.63
In which: aging portfolio	5,760,752.90	100.00	2,507,166.27	43.52	3,253,586.63
<b>Total</b>	<b>5,760,752.90</b>	<b>100.00</b>	<b>2,507,166.27</b>	<b>43.52</b>	<b>3,253,586.63</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Other receivables (Continued)

##### (3) Other receivables classified and presented according to provision methods for bad debt (Continued)

##### 1) Provision for bad debt reserves of other receivables by aging portfolio

Aging	Ending balance		Provision percent (%)
	Other receivables	Bad debt reserves	
Within 1 year	8,775,382.74	145,767.88	1.66
1-2 years	819,896.46	40,233.83	4.91
2-3 years	36,331.43	4,104.52	11.30
3-4 years	95,915.00	49,798.81	51.92
4-5 years	32,000.00	21,711.11	67.85
Over 5 years	2,133,005.43	2,133,005.43	100.00
<b>Total</b>	<b>11,892,531.06</b>	<b>2,394,621.58</b>	<b>—</b>

(Continued Table)

Aging	Ending balance		Provision percent (%)
	Other receivables	Bad debt reserves	
Within 1 year	2,241,605.00	38,778.98	1.73
1-2 years	465,515.00	46,157.58	9.92
2-3 years	84,071.02	21,129.30	25.13
3-4 years	342,000.00	68,280.74	19.97
4-5 years	518,330.08	223,587.87	43.14
Over 5 years	2,109,231.80	2,109,231.80	100.00
<b>Total</b>	<b>5,760,752.90</b>	<b>2,507,166.27</b>	<b>—</b>

##### 2) Provision for bad debt reserves by the expected credit loss model for other receivables

Bad debt reserves	Stage one	Stage two	Stage three	Total
	Expected credit loss for the next 12 months	Expected credit loss for the entire existing period (no credit impairment has occurred)	Expected credit loss for the entire existing period (credit impairment has occurred)	
Balance on January 1, 2025		2,507,166.27		2,507,166.27
On January 1, 2025, book balance of other receivables in the current period		2,507,166.27		2,507,166.27
--Transferring into stage two				
--Transferring into stage three				
--Reversal to stage two				
--Reversal to stage one				
Provision in current period		215,614.73		215,614.73
Reversal in current period		328,159.42		328,159.42
Written-off in current period				
Offsetting in current period				
Other changes				
<b>Balance on June 30, 2025</b>		<b>2,394,621.58</b>		<b>2,394,621.58</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Other receivables (Continued)

##### (4) Provision, recovery or reversal of bad debt reserves for other receivables in current period

Category	Beginning balance	Changed amount in current period			Ending balance
		Provision	Recovery or reversal	Written-off or offsetting	
Bad debt reserves for other receivables	2,507,166.27	215,614.73	328,159.42		2,394,621.58

##### (5) Other receivables with top five ending balance reclassified by debtors

Name of entities	Nature of funds	Ending balance	Aging	Percent in total ending book balance of other receivables (%)	Ending balance of bad debt reserves
Qingdao Bidding Center	Security deposit	1,900,000.00	Within 1 year	15.98	22,990.00
Qingdao Haidayuan Procurement Service Co., Ltd.	Security deposit	1,572,000.00	Within 1 year	13.22	19,021.20
Hubei Jingyuan Xihai Automobile Industry Co., Ltd.	Current money	526,009.16	Within 1 year	4.42	10,572.78
Qingdao Yaxindai Engineering Installation Co., Ltd.	Current money	469,073.00	Within 1 year	3.94	5,675.78
Bao Gang United Steel Sales Co., Ltd.	Prepayments older than 5 years	400,648.84	More than 5 years	3.37	400,648.84
<b>Total</b>	—	4,867,731.00	—	40.93	458,908.60

#### 7. Inventory

##### (1) Classification of inventory

Item	Book balance	Ending balance	
		Inventory depreciation reserve	Book value
Raw material	101,994,623.91	4,657,784.68	97,336,839.23
Goods in process	109,927,012.88	15,128,250.51	94,798,762.37
Goods in stock	131,258,538.55	9,531,171.56	121,727,366.99
Shipped goods	5,219,308.52	694,273.87	4,525,034.65
Processed material by commission	1,088,796.50	15,544.63	1,073,251.87
Material in transit	12,150,524.86		12,150,524.86
Costs of performing contracts	905,660.38		905,660.38
<b>Total</b>	362,544,465.60	30,027,025.25	332,517,440.35

(Continued Table)

Item	Book balance	Beginning balance	
		Inventory depreciation reserve	Book value
Raw material	83,939,179.67	4,284,952.13	79,654,227.54
Goods in process	99,798,108.17	11,498,021.39	88,300,086.78
Goods in stock	137,577,193.77	8,947,779.58	128,629,414.19
Shipped goods	5,639,511.87	329,299.29	5,310,212.58
Processed material by commission	1,738,732.07	7,688.74	1,731,043.33
Material in transit	18,268,082.00		18,268,082.00
Costs of performing contracts	905,660.38		905,660.38
<b>Total</b>	347,866,467.93	25,067,741.13	322,798,726.80



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 7. Inventory (Continued)

##### (2) Inventory depreciation reserve

Item	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision	Other	Reversal or Written-off	Other	
Raw material	4,284,952.13	2,572,493.11		2,199,660.56		<b>4,657,784.68</b>
Goods in process	11,498,021.39	8,256,619.02		4,626,389.90		<b>15,128,250.51</b>
Goods in stock	8,947,779.58	8,454,322.88		7,861,137.04	9,793.86	<b>9,531,171.56</b>
Shipped goods	329,299.29	664,365.35		299,390.77		<b>694,273.87</b>
Processed material by commission	7,688.74	15,544.63		7,688.74		<b>15,544.63</b>
<b>Total</b>	<b>25,067,741.13</b>	<b>19,963,344.99</b>		<b>14,994,267.01</b>	<b>9,793.86</b>	<b>30,027,025.25</b>

Note: the number in "Increase in current period – Other" is caused by changes of exchange rate.

##### (3) The provision method for inventory depreciation reserves is detailed in relevant content of III.12 "Inventory".

#### 8. Contract assets

##### (1) Situation about contract assets

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Unexpired quality guarantee deposit	<b>13,479,260.90</b>	<b>305,979.22</b>	<b>13,173,281.68</b>	18,138,890.00	411,752.80	17,727,137.20
<b>Total</b>	<b>13,479,260.90</b>	<b>305,979.22</b>	<b>13,173,281.68</b>	18,138,890.00	411,752.80	17,727,137.20

##### (2) Provision for impairment loss for contract assets

Item	Beginning balance	Provision in current period	Reversal in current period	Written-off or offsetting in current period	Other change	Ending balance	Reasons
Unexpired quality guarantee deposit	411,752.80		105,773.58			<b>305,979.22</b>	
<b>Total</b>	411,752.80		105,773.58			<b>305,979.22</b>	–

#### 9. Other current assets

Item	Ending balance	Beginning balance
Overpaid VAT	<b>34,080,858.90</b>	66,646,465.44
Prepaid corporate income tax	<b>682,370.34</b>	212,573.35
<b>Total</b>	<b>34,763,229.24</b>	66,859,038.79



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 10. Long-term equity investments

##### (1) Classification of long-term equity investments

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Investment in associates	113,338,773.49		1,165,558.22	112,173,215.27
Less: Impairment reserves of long-term equity investments				
<b>Total</b>	<b>113,338,773.49</b>		<b>1,165,558.22</b>	<b>112,173,215.27</b>

##### (2) Details of long-term equity investments

Invested entities	Beginning balance (Book value)	Beginning balance of impairment provision	Added investments	Reduced investments	Increase and decrease in current period					Ending balance (Book value)	Ending balance of impairment provision
					Investment losses and profits recognized by an equity method	Adjustment for other comprehensive income	Change in other equity	Cash dividend or profit announced to be issued	Provision for impairment		
<b>Associates</b>											
Jiangsu Tianhai Special Equipment Co., Ltd.	70,525,545.50				1,341,608.15					71,867,153.65	
Beijing Boken Energy Saving Technology Co., Ltd.	23,886,091.90				-602,912.33	1,558.12				23,284,737.69	
Hubei Jingyuan Xihai Automobile Industry Co., Ltd.	16,498,280.04				-1,685,080.72					14,813,199.32	
Shanxi Haichuang Shengshi Hydrogen Energy Technology Co., Ltd.	2,428,856.05				-220,731.44					2,208,124.61	
<b>Total</b>	<b>113,338,773.49</b>				<b>-1,167,116.34</b>	<b>1,558.12</b>				<b>112,173,215.27</b>	

#### 11. Fixed assets

Item	Ending book value	Beginning book value
Fixed assets	852,542,842.31	603,553,490.50
Disposal of fixed assets	57,608.53	57,608.53
<b>Total</b>	<b>852,600,450.84</b>	<b>603,611,099.03</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 11. Fixed assets (Continued)

##### (1) Fixed assets

##### 1) Situation about fixed assets

Item	Houses and buildings	Machine equipment	Transportation equipment	Office equipment	Electrical and gas equipment	Total
I. Cost						
1. Beginning balance	499,698,251.37	780,952,953.20	15,763,195.89	10,310,708.90	15,026,585.71	1,321,751,695.07
2. Increased amount in current period	167,818.45	240,545,164.86	794,138.16	2,074,913.85	42,321,162.02	285,903,197.34
(1) Purchase		2,184.96	298,938.04	801,092.43		1,102,215.43
(2) Transfer from construction work in process	167,818.45	240,542,979.90	495,200.12	1,273,821.42	42,321,162.02	284,800,981.91
(3) Influence of foreign currency translation						
3. Decreased amount in current period		30,513,904.66		178,454.94		30,692,359.60
(1) Disposal or scrapping		30,513,904.66		176,777.97		30,690,682.63
(2) Influence of foreign currency translation				1,676.97		1,676.97
4. Ending balance	499,866,069.82	990,984,213.40	16,557,334.05	12,207,167.81	57,347,747.73	1,576,962,532.81
II. Accumulated depreciation						
1. Beginning balance	145,562,949.70	525,449,921.43	11,754,579.61	7,946,358.25	4,649,558.89	695,363,367.88
2. Increased amount in current period	5,783,166.64	25,519,640.33	382,411.58	503,511.87	1,025,492.60	33,214,223.02
(1) Provision	5,783,166.64	25,519,640.33	382,411.58	503,511.87	1,025,492.60	33,214,223.02
(2) Influence of foreign currency translation						
3. Decreased amount in current period		26,708,614.09		37,896.61		26,746,510.70
(1) Disposal or scrapping		26,708,614.09		36,384.69		26,744,998.78
(2) Influence of foreign currency translation				1,511.92		1,511.92
4. Ending balance	151,346,116.34	524,260,947.67	12,136,991.19	8,411,973.51	5,675,051.49	701,831,080.20
III. Impairment reserves						
1. Beginning balance		22,567,023.99	28,633.37	157,924.47	81,254.86	22,834,836.69
2. Increased amount in current period						
Provision in current period						
3. Decreased amount in current period		246,226.39				246,226.39
Disposal or scrapping		246,226.39				246,226.39
4. Ending balance		22,320,797.60	28,633.37	157,924.47	81,254.86	22,588,610.30
IV. Book value						
1. Ending book value	348,519,953.48	444,402,468.13	4,391,709.49	3,637,269.83	51,591,441.38	852,542,842.31
2. Beginning book value	354,135,301.67	232,936,007.78	3,979,982.91	2,206,426.18	10,295,771.96	603,553,490.50

##### 2) Temporarily idle fixed assets

Item	Cost	Accumulated depreciation	Impairment reserves	Book value	Notes
Machine equipment	63,667,345.57	47,560,060.70	7,637,999.47	8,469,285.40	—
Office equipment and electrical equipment	821,744.62	739,569.84		82,174.78	—
<b>Total</b>	<b>64,489,090.19</b>	<b>48,299,630.54</b>	<b>7,637,999.47</b>	<b>8,551,460.18</b>	<b>—</b>

##### (2) Disposal of fixed assets

Item	Ending balance	Beginning balance
Machine equipment	57,608.53	57,608.53
<b>Total</b>	<b>57,608.53</b>	<b>57,608.53</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Construction work in process

Item	Ending balance	Beginning balance
Construction work in process	43,685,953.48	280,234,944.36
Engineering materials		
<b>Total</b>	<b>43,685,953.48</b>	<b>280,234,944.36</b>

#### (1) Situation about construction work in process

Item	Ending balance		
	Book balance	Impairment reserves	Book value
Construction work in process 5			
Construction work in process 1	10,122,583.31		10,122,583.31
Construction work in process 6	25,830.00		25,830.00
Construction work in process 7	32,242,197.77		32,242,197.77
Construction work in process 8	1,295,342.40		1,295,342.40
<b>Total</b>	<b>43,685,953.48</b>		<b>43,685,953.48</b>

(Continued Table)

Item	Beginning balance		
	Book balance	Impairment reserves	Book value
Construction work in process 5	262,786,801.77		262,786,801.77
Construction work in process 7	7,631,466.65		7,631,466.65
Construction work in process 6			
Construction work in process 7	9,816,675.94		9,816,675.94
<b>Total</b>	<b>280,234,944.36</b>		<b>280,234,944.36</b>

#### (2) Movement of significant construction work in process in current period

Name of engineering	Beginning balance	Increase in current period	Decrease in current period		Ending balance
			Transferred to fixed assets	Other decrease	
Construction work in process 5	262,786,801.77	21,904,760.26	281,326,406.60	3,365,155.43	
Construction work in process 7	9,816,675.94	22,425,521.83			32,242,197.77
Construction work in process 8		1,295,342.40			1,295,342.40
<b>Total</b>	<b>272,603,477.71</b>	<b>45,625,624.49</b>	<b>281,326,406.60</b>	<b>3,365,155.43</b>	<b>33,537,540.17</b>

(Continued Table)

Name of engineering	Budget (Unit: 10000 yuan)	Percentage of accumulated input over budget (%)	Progress of engineering (%)	Accumulated amount of capitalized interest	In which: capitalized interest in current period	Interest capitalization rate in current period (%)	Source of funds
Construction work in process 5	40,920.00	91.19	100.00	3,536,677.57			Self-raised funds/funds appropriated by government
Construction work in process 7	15,000.00	21.49	21.49				Self-raised funds/funds invested by shareholders
Construction work in process 8	3,852.00	3.36	3.36				Own funds/Loans from banks/Partial fiscal subsidies
<b>Total</b>	<b>55,920.00</b>	<b>-</b>	<b>-</b>	<b>3,536,677.57</b>			





## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 13. Right-of-Use Assets

Item	Houses and buildings
I. Cost	
1. Beginning balance	257,233,157.62
2. Increased amount in current period New lease	
3. Decreased amount in current period	2,497,942.71
4. Ending balance	254,735,214.91
II. Accumulated depreciation	
1. Beginning balance	72,500,262.37
2. Increased amount in current period Provision	8,547,473.59
3. Decreased amount in current period	8,547,473.59
4. Ending balance	2,321,320.43
III. Impairment reserves	78,726,415.53
1. Beginning balance	
2. Increased amount in current period Provision	
3. Decreased amount in current period	
4. Ending balance	
IV. Book value	
1. Ending book value	176,008,799.38
2. Beginning book value	184,732,895.25

#### 14. Intangible assets

##### (1) Details of intangible assets

Item	Land use rights	Patent rights	Software	Trademark rights	Total
I. Cost					
1. Beginning balance	173,223,352.06	11,707,050.00	24,877,696.81	34,048,322.24	243,856,421.11
2. Increased amount in current period			101,365.33		101,365.33
(1) Purchase			101,365.33		101,365.33
(2) Other					
3. Decreased amount in current period Disposal or scrapping					
4. Ending balance	173,223,352.06	11,707,050.00	24,979,062.14	34,048,322.24	243,957,786.44
II. Accumulated amortization					
1. Beginning balance	37,947,495.16	11,707,050.00	12,358,851.29	8,519,074.57	70,532,471.02
2. Increased amount in current period	1,798,297.38		1,872,615.02	1,703,814.91	5,374,727.31
(1) Provision	1,798,297.38		1,872,615.02	1,703,814.91	5,374,727.31
(2) Other					
3. Decreased amount in current period Disposal or scrapping					
4. Ending balance	39,745,792.54	11,707,050.00	14,231,466.31	10,222,889.48	75,907,198.33
III. Impairment reserves					
1. Beginning balance					
2. Increased amount in current period					
3. Decreased amount in current period					
4. Ending balance					
IV. Book value					
1. Ending book value	133,477,559.52		10,747,595.83	23,825,432.76	168,050,588.11
2. Beginning book value	135,275,856.90		12,518,845.52	25,529,247.67	173,323,950.09



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 15. Goodwill

##### (1) Cost of goodwill

Name of invested entities	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Formed from business combination	Other	Disposal	Other	
Tianhai America Company	6,562,344.06					6,562,344.06
Qingdao BYTQ United Digital Intelligence Co., Ltd.	168,996,039.10					168,996,039.10
<b>Total</b>	<b>175,558,383.16</b>					<b>175,558,383.16</b>

##### (2) Impairment reserves for goodwill

Name of invested entities	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision	Other	Disposal	Other	
Tianhai America Company	6,562,344.06					6,562,344.06
Qingdao BYTQ United Digital Intelligence Co., Ltd.						
<b>Total</b>	<b>6,562,344.06</b>					<b>6,562,344.06</b>

##### (3) Relevant information about asset groups or asset portfolio consisting of goodwill

Name	Composition and basis for asset groups or asset portfolio	Operating branch and basis	If consistent with previous period
Qingdao BYTQ United Digital Intelligence Co., Ltd.	Asset groups consisting of goodwill can independently generate cash flow	Branches of automatic manufacturing equipment system integration	Yes



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 15. Goodwill (Continued)

##### (4) Concrete determination method for recoverable amounts

*The recoverable amount is determined based on present value of expected cash flow in future*

Unit: 10000 yuan

Item	Book value	Recoverable amount	Impairment amount	Year of prediction periods	Key parameters of prediction periods	Determination basis for key parameters of prediction periods	Key parameters of stable periods	Determination basis for key parameters of stable periods
Qingdao BYTQ United Digital Intelligence Co., Ltd.	24,971.98	32,900.00		5	Revenue growth rate in prediction periods is 0.00% in the first year, 3.00% in the second year, 2.00% in the third year, 2.00% in the fourth year, 0.00% in the fifth year. Gross profit margin is 32.00%; Discount rate is 12.10%.	Revenue growth rate: confirmed based on the previous annual growth rate of China's industrial robots and industrial automation, and the expected future market growth rate of China's industrial robots and industrial automation in various industries;  Gross profit margin: according to gross profit margin of various project types (i.e. final assembly line, suspension chain, robot application and stamping connection, etc.) in previous periods of the Company (2023-2024), combined with the future development direction and order type of the company, comprehensive gross profit in future periods shall be confirmed after comprehensive analysis.  Discount rate: the pre-tax interest rate that reflects current time value of money in the market and the specific risks of relevant asset groups.	Revenue growth rate 0%;  Gross profit margin 32.00%;  Discount rate 12.10%.	The perpetual no-growth model

#### 16. Long-term deferred expenses

Item	Beginning balance	Increase in current period	Amortization in current period	Other decrease in current period	Ending balance
Amortization of turnover cylinders	703,410.79		292,885.08		410,525.71
House decoration	10,552,189.71	3,365,155.43	808,468.26		13,108,876.88
Renovation of workshops and buildings	282,942.48		29,269.84		253,672.64
<b>Total</b>	<b>11,538,542.98</b>	<b>3,365,155.43</b>	<b>1,130,623.18</b>		<b>13,773,075.23</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 17. Deferred income tax assets and deferred income tax liabilities

##### (1) Deferred income tax assets which are not offset

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Operating lease	227,149,369.00	56,787,342.25	234,016,247.42	58,504,061.85
Asset impairment reserves	19,948,730.81	4,146,154.80	16,898,275.48	3,370,166.70
Expected liabilities	3,384,118.85	507,617.83	3,996,992.10	599,548.82
<b>Total</b>	<b>250,482,218.66</b>	<b>61,441,114.88</b>	<b>254,911,515.00</b>	<b>62,473,777.37</b>

##### (2) Deferred income tax liabilities which are not offset

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Operating lease	176,008,799.38	44,002,199.85	184,732,895.25	46,126,998.91
Appreciation in other asset valuation	31,834,335.47	4,775,150.32	34,867,484.33	5,230,122.65
Inventory appreciation	870,548.07	130,582.21	870,548.07	130,582.21
<b>Total</b>	<b>208,713,682.92</b>	<b>48,907,932.38</b>	<b>220,470,927.65</b>	<b>51,487,703.77</b>

##### (3) Details of unrecognized deferred income tax assets

Item	Ending balance	Beginning balance
Deductible loss	642,707,277.40	613,070,077.18
Asset impairment reserves	123,928,451.71	119,471,125.01
Expected liabilities	5,727,570.85	3,989,107.22
<b>Total</b>	<b>772,363,299.96</b>	<b>736,530,309.41</b>

##### (4) The deductible losses of unrecognized deferred income tax assets will expire in the following years

Year	Ending amount	Beginning amount	Notes
Year 2025	5,397,244.60	17,156,528.82	—
Year 2026	14,032,272.89	14,032,272.89	—
Year 2027	—	—	—
Year 2028	136,812,875.96	136,812,875.96	—
Year 2029	46,018,170.16	50,008,644.97	—
Year 2030	55,995,736.64	27,940,019.41	—
Year 2031	77,179,589.27	77,179,589.27	—
Year 2032	117,343,821.04	117,343,821.04	—
Year 2033	87,852,208.23	88,885,084.29	—
Year 2034	68,881,774.67	83,711,240.53	—
Year 2035	33,193,583.94	—	—
<b>Total</b>	<b>642,707,277.40</b>	<b>613,070,077.18</b>	<b>—</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 18. Other non-current assets

Item	Ending balance	Beginning balance
Prepayment for equipment	3,675,982.21	18,299,049.58

#### 19. Assets with restriction on ownership or use right

	Ending of the period			
Item	Book balance	Book value	Types of restriction	Situations about restriction
Fixed assets and intangible assets	160,521,389.15	88,407,135.04	Mortgaged houses and buildings	Mortgaged borrowings and bank acceptance bills
Cash at bank and on hand	87,094,321.34	87,094,321.34	Security deposit	Security deposit for bank acceptance bills
	7,000,000.00	7,000,000.00	Funds under common supervision	Funds under common supervision
	1,233,183.89	1,233,183.89	Funds frozen by litigation	Funds frozen by litigation
	4,059,973.87	4,059,973.87	Security deposit	Security deposit for letter of credit
Total	259,908,868.25	187,794,614.14	–	–

(Continued Table)

Item	Beginning of the period			
	Book balance	Book value	Types of restriction	Situation about restriction
Fixed assets and intangible assets	160,638,154.58	96,058,176.93	Mortgaged houses and buildings	Mortgaged borrowings and bank acceptance bills
Accounts receivable financing	2,800,000.00	2,800,000.00	Pledged notes receivable	Pledge
Cash at bank and on hand	69,544,018.02	69,544,018.02	Security deposit	Security deposit for bank acceptance bills
	1,639,488.83	1,639,488.83	Security deposit	Security deposit for letter of credit
	1,232,613.74	1,232,613.74	Funds frozen by litigation	Funds frozen by litigation
<b>Total</b>	235,854,275.17	171,274,297.52	–	–



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 20. Short-term loans

Category of loans	Ending balance	Beginning balance
Guaranteed loans	169,500,000.00	230,000,000.00
Mortgaged loans	10,000,000.00	
Credit loans	70,000,000.00	
<b>Total</b>	<b>249,500,000.00</b>	<b>230,000,000.00</b>

#### 21. Notes payable

Category of bills	Ending balance	Beginning balance
Bank acceptance bill	118,627,164.14	116,344,018.02

#### 22. Accounts payable

##### (1) Accounts payable

Item	Ending balance	Beginning balance
Funds for materials, etc	346,810,501.64	392,733,171.51
Engineering funds	4,763,641.47	2,402,229.09
<b>Total</b>	<b>351,574,143.11</b>	<b>395,135,400.60</b>

##### (2) Accounts payable listed by aging

Aging	Ending balance	Beginning balance
Within 1 year	262,414,005.78	303,134,255.63
1-2 years	21,626,166.70	44,902,996.10
2-3 years	24,906,369.83	8,608,284.03
Over 3 years	42,627,600.80	38,489,864.84
<b>Total</b>	<b>351,574,143.11</b>	<b>395,135,400.60</b>

#### 23. Contract liabilities

Item	Ending balance	Beginning balance
Advances on sale	55,298,852.47	65,835,225.59
In which: Over 1 year	26,213,445.32	12,008,341.60
<b>Total</b>	<b>55,298,852.47</b>	<b>65,835,225.59</b>

Important contract liabilities with an aging more than one year:

Name of debtors	Ending balance	Reason for not carrying forward
Hubei Jingyuan Xihai Automobile Industry Co., Ltd.	14,536,300.00	Not settled



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 24. Staff salaries payable

##### (1) Classification of staff salaries payable

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Short-term compensation	34,138,432.04	101,896,486.53	113,408,009.55	<b>22,626,909.02</b>
Post-employment benefits-Defined Contribution Plan	1,540,055.83	12,521,749.36	12,691,289.60	<b>1,370,515.59</b>
Dismissal welfare	23,051.59	77,136.01	77,136.01	<b>23,051.59</b>
Other welfare due within one year	1,519,710.81			<b>1,519,710.81</b>
<b>Total</b>	<b>37,221,250.27</b>	<b>114,495,371.90</b>	<b>126,176,435.16</b>	<b>25,540,187.01</b>

##### (2) Short-term compensation

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Salary, bonuses, allowances and subsidies	28,075,666.67	83,030,821.86	93,573,660.90	<b>17,532,827.63</b>
Employee welfare expenses	138,746.68	2,311,894.42	2,386,361.51	<b>64,279.59</b>
Social insurance premium	766,141.42	8,570,575.20	8,510,214.55	<b>826,502.07</b>
In which: Medical insurance premiums	705,473.53	7,940,434.68	7,880,644.09	<b>765,264.12</b>
Employment injury insurance premium	46,443.40	535,899.93	535,669.97	<b>46,673.36</b>
Maternity insurance premium	14,224.49	94,240.59	93,900.49	<b>14,564.59</b>
Housing provident fund	288,725.44	5,722,696.56	5,897,004.00	<b>114,418.00</b>
Union funds and employee education funds	4,114,711.83	2,253,898.49	3,034,168.59	<b>3,334,441.73</b>
Housing subsidy	754,440.00	6,600.00	6,600.00	<b>754,440.00</b>
<b>Total</b>	<b>34,138,432.04</b>	<b>101,896,486.53</b>	<b>113,408,009.55</b>	<b>22,626,909.02</b>

##### (3) Defined Contribution Plan

The Group participates in social insurance plans established by government agencies in accordance with regulations. According to the plan, the Group will pay fees to such plans in accordance with relevant regulations of the local government. Except for the above-mentioned deposit fees, the Group will no longer bear any further payment obligations. The corresponding expenses are recorded in the current loss or profit, or related asset costs when they occur.

The Group shall pay following fees separately to the pension insurance and unemployment insurance plans in current period:

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Basic pension insurance	1,506,112.32	12,136,582.34	12,308,316.21	<b>1,334,378.45</b>
Unemployment insurance premium	33,943.51	385,167.02	382,973.39	<b>36,137.14</b>
<b>Total</b>	<b>1,540,055.83</b>	<b>12,521,749.36</b>	<b>12,691,289.60</b>	<b>1,370,515.59</b>

The Group should pay a fund of RMB12,521,749.36 to the Defined Contribution Plan in current period (amount in previous period: RMB12,521,230.61). Up to June 30, 2025, the Group still had a payable of RMB1,370,515.59 (beginning balance: RMB1,540,055.83) which has been paid after the Reporting Period.



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 25. Taxes payable

Item	Ending balance	Beginning balance
Value-added tax	1,567,009.18	7,359,027.46
Corporate income tax	3,138,757.60	8,613,523.91
Stamp tax	234,617.89	588,776.64
Personal income tax	231,792.34	578,388.89
City maintenance and construction tax	136,666.40	345,740.73
Education fees surcharge	75,585.85	222,060.31
Local education fees surcharge	28,026.13	101,932.06
Land use tax	35,133.90	35,133.90
Property tax	16,313.59	16,313.59
Environmental protection Tax	18,776.32	24,993.53
Water resource tax	3,603.00	3,603.00
Franchise tax	32,800.70	32,937.25
Employment security funds for disabled people	28,800.00	
<b>Total</b>	<b>5,547,882.90</b>	<b>17,922,431.27</b>

#### 26. Other payables

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable		
Other payables	42,989,758.33	69,177,703.97
<b>Total</b>	<b>42,989,758.33</b>	<b>69,177,703.97</b>

#### Other payables

##### (1) Other payables listed by nature of funds

Nature of funds	Ending balance	Beginning balance
Prepaid fee, etc	25,940,053.74	30,076,252.54
Investment funds	980,000.00	20,980,000.01
Deposit and security deposit	14,198,097.04	17,324,891.53
Current money between related parties	644,297.88	512,032.40
Rental fee	1,227,309.67	284,527.49
<b>Total</b>	<b>42,989,758.33</b>	<b>69,177,703.97</b>

##### (2) Significant other payables aging over 1 year

Name of entities	Ending balance	Reasons for non-payment or not carrying forward
Shenzhen Tenglong Holdings Co., Ltd	13,152,737.04	unsettled





## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 27. Non-current liabilities due within one year

Item	Ending balance	Beginning balance	Notes
Long-term loans due within one year	2,392,500.00	1,650,000.00	
Lease liabilities due within one year	14,247,682.34	13,928,997.72	
<b>Total</b>	<b>16,640,182.34</b>	<b>15,578,997.72</b>	

#### 28. Other current liabilities

Item	Ending balance	Beginning balance
Pending chargeover output tax	5,096,085.24	3,811,007.08
Notes receivable that do not meet derecognition standards	6,364,160.75	6,273,731.70
VAT on advance revenue	4,239,680.76	4,452,924.83
<b>Total</b>	<b>15,699,926.75</b>	<b>14,537,663.61</b>

#### 29. Long-term loans

##### (1) Classification of Long-term Loans

Category of loans	Ending balance	Beginning balance
Guaranteed loans	142,607,500.00	133,350,000.00
Mortgaged loans	1,900,000.00	
<b>Total</b>	<b>144,507,500.00</b>	<b>133,350,000.00</b>

##### (2) The analysis on the maturity date of long-term loans is as follows:

Item	Ending balance	Beginning balance
Book value of the above-mentioned loans must be repaid in following periods:		
Within one year	2,392,500.00	1,650,000.00
More than one year but not more than two years after the balance sheet date	16,700,000.00	3,350,000.00
More than two years but not more than five years after the balance sheet date	119,170,000.00	111,820,000.00
More than five years after the balance sheet date	8,637,500.00	18,180,000.00
Less: Amounts due within one year under current liabilities	2,392,500.00	1,650,000.00
Amount shown under non-current liabilities	144,507,500.00	133,350,000.00

#### 30. Lease liabilities

Category of funds	Ending balance	Beginning balance
Amount of lease payment	290,719,403.98	302,656,194.26
Less: Unrecognized financing expenses	63,570,034.98	68,639,946.84
Non-current liabilities reclassified as due within one year	14,247,682.34	13,928,997.72
Net lease liabilities	212,901,686.66	220,087,249.70
Book value of the aforementioned lease liabilities must be repaid in following periods:		
Within one year	14,247,682.34	13,928,997.72
More than one year but not more than two years after the balance sheet date	14,530,866.73	14,451,131.36
More than two years but not more than five years after the balance sheet date	45,005,266.88	49,968,207.25
More than five years after the balance sheet date	153,365,533.05	155,667,911.09
Less: Lease liabilities due within one year under current liabilities	14,247,682.34	13,928,997.72
Lease liabilities shown under non-current liabilities	212,901,686.66	220,087,249.70



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 31. Long-term payables

Item	Ending balance	Beginning balance
Long-term accounts payable		
Special accounts payable	253,207,700.00	253,207,700.00
<b>Total</b>	<b>253,207,700.00</b>	<b>253,207,700.00</b>

#### Special accounts payable

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance	Reasons for forming
Research and industrialization of advanced hydrogen technology products	30,000,000.00			30,000,000.00	Note 1
Leading projects	23,207,700.00			23,207,700.00	Note 2
Industrial development projects of advanced hydrogen energy	200,000,000.00			200,000,000.00	Note 3
<b>Total</b>	<b>253,207,700.00</b>			<b>253,207,700.00</b>	<b>–</b>

Note 1: On October 27, 2021, the State owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government issued A Notice to Jingcheng Machinery Electric on the Allocation of the 2021 State-Owned Capital Operating Budget Funds(JFA [2021] No. 1886) to Jingcheng Machinery Electric, appropriating 30 million yuan for the research and industrialization of hydrogen energy advanced technology products. The company received above-mentioned funds in December 2021.

Note 2: According to the "14th Five-Year Plan" strategic plan, combined with relevant technology research and development projects of Jingcheng Machinery Electric, the Company applied for an appropriation for Leading projects with the amount of 23.2077 million yuan. The Company received the above-mentioned funds in March 2022.

Note 3: In September 2022, the State owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government issued A Notice to Jingcheng Machinery Electric on the Allocation of the 2022 State-Owned Capital Operating Budget Funds(JFA [2022] No. 2030) to Jingcheng Machinery Electric, appropriating 200 million yuan for the development of hydrogen energy advanced technology industry projects. The company received 60 million yuan in November 2022 and the remaining 140 million yuan on April 12, 2023.

#### 32. Long-term staff salaries payable

##### (1) Classification of long-term staff salaries payable

Item	Ending balance	Beginning balance
Post-employment benefits – defined benefit plan net liability	34,224,144.01	33,131,627.97
<b>Total</b>	<b>34,224,144.01</b>	<b>33,131,627.97</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 32. Long-term staff salaries payable (Continued)

##### (2) Movement of the defined benefit plan – Present value of obligations in defined benefit plan

Item	Amount occurs in current period	Amount occurs in previous period
Beginning balance	34,651,338.78	33,499,609.75
Defined benefit plan costs recorded in current loss or profit	1,206,592.39	1,939,019.15
1. Costs of current service	556,879.79	682,783.78
2. Net interest	649,712.60	1,256,235.37
Defined benefit plan costs recorded in other comprehensive income		
Actuarial gains (losses are indicated by "-")		
Other movement	-350,410.91	-787,290.12
1. Liabilities eliminated at settlement		
2. Paid benefits	-350,410.91	-787,290.12
Ending balance	35,507,520.26	34,651,338.78
Less: Benefits due within 1 year	1,283,376.25	1,519,710.81
Ending balance after deducting amount due within one year	34,224,144.01	33,131,627.97

##### (3) Movement of the defined benefit plan – Net liabilities (net assets) of the defined benefit plan

Item	Amount occurs in current period	Amount occurs in previous period
Beginning balance	34,651,338.78	33,499,609.75
Defined benefit plan costs recorded in current loss or profit	1,206,592.39	1,939,019.15
Defined benefit plan costs recorded in other comprehensive income		
Other movement	-350,410.91	-787,290.12
Ending balance	35,507,520.26	34,651,338.78

##### (4) Explanation of the content and related risks of the benefit plan, as well as its impact on the company's future cash flows, timing, and uncertainty:

Obligation generated by the defined benefit plans shall be discounted, so as to confirm present value and costs of current service of confined benefit plans. Discount rate adopted for the discounting shall be confirmed, by referring to the market benefit rate of national debt, whose period and currency are consistent with that of defined benefit plans on the balance sheet date.

##### (5) Explanation for significant actuarial assumptions and sensitivity analysis results for defined benefit plans

Pursuant to provisions of the revised "Enterprise Accounting Standards No. 9- Employee Compensation", for defined benefit plans, based on the expected accumulated benefit unit method, an estimated about relevant demographic variables and financial variables shall be made by an unbiased and consistent actuarial assumption, and obligation generated by the defined benefit plans shall be measured, and periods to which relevant obligation belongs shall be determined.

#### 33. Expected liabilities

Item	Ending balance	Beginning balance	Reason of forming
Product quality guarantee	9,111,689.70	7,986,099.32	Security deposit for quality
Total	9,111,689.70	7,986,099.32	–

Note: Product quality guarantee is estimated and generated by management based on the years of responsibility for quality guarantee in the sales contract and historical data.



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 34. Deferred income

##### (1) Classification of deferred income

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance	Reason of forming
Government subsidy	13,453,008.53	7,355,000.00	3,459,910.26	<b>17,348,098.27</b>	Note 1 to Note 6

##### (2) Government subsidy projects

Government subsidy projects	Beginning balance	Increased amount of subsidy in current period	Amount recorded into non-operating revenue in current period	Amount recorded into other revenue in current period	Amount for offsetting costs in current period	Ending balance	Related to assets/related to income
Storage and supply system development and vehicle supporting engineering technology research projects	4,000,000.00					<b>4,000,000.00</b>	Related to income
Beijing special fund for development of advanced and sophisticated industries	8,535,465.82	6,675,000.00		3,005,043.01		<b>12,205,422.81</b>	Related to assets and income
Commercial vehicle technical standard system research and key standard development projects	300,000.00					<b>300,000.00</b>	Related to income
Gas cylinder development projects	245,722.71			54,867.25		<b>190,855.46</b>	Related to income
Consistency guarantee technology projects for batch manufacturing of vehicle IV hydrogen storage cylinders	371,820.00	280,000.00				<b>651,820.00</b>	Related to income
Subsidy for high-quality development of advanced manufacturing industry from Beijing's urban sub-center		400,000.00		400,000.00			Related to income
<b>Total</b>	<b>13,453,008.53</b>	<b>7,355,000.00</b>		<b>3,459,910.26</b>		<b>17,348,098.27</b>	<b>-</b>

Note 1: The storage and supply system development and vehicle supporting engineering technology research projects are supported by the R&D funds issued by Beijing Science and Technology Commission and Zhongguancun Science and Technology Park Management Committee.

Note 2: The special fund for the development of advanced industries in Beijing comes from the special fund issued by the Beijing Municipal Bureau of Economy and Information Technology.

Note 3: Commercial vehicle technical standard system research and key standard development projects are funded by Beijing Science and Technology Commission and Zhongguancun Science and Technology Park Management Committee.

Note 4: The gas cylinder development projects stem from development and certification of hydrogen cylinders for fuel cell cars by Beijing Science and Technology Commission.

Note 5: The technical projects for consistency guarantee of batch manufacturing of vehicle IV hydrogen storage cylinders are supported by the R&D funds issued by the Ministry of Science and Technology of the People's Republic of China.

Note 6: The subsidy for the high-quality development of advanced manufacturing industries in the Beijing urban sub-center is issued by the Economic and Information Technology Bureau of Tongzhou district, Beijing.



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 35. Share capital

Below is movement of the Company's statutory, issued and fully-paid share capital. All shares of the Company are common shares whose par value is 1 RMB/share.

Unit: Thousand yuan

Item	Beginning balance	Changes in the current period				Subtotal	Ending balance
		Issuance of new shares	Bonus shares	Capital reserves transfer in	Other		
Total limited share	12,434,552.00				-7,214,552.00		5,220,000.00
Unlimited shares	–	–	–	–	–	–	–
RMB common shares	435,231,436.00				7,034,552.00		442,265,988.00
Foreign shares listed overseas	100,000,000.00						100,000,000.00
Total unlimited shares	535,231,436.00				7,034,552.00		542,265,988.00
<b>Total shares</b>	<b>547,665,988.00</b>				<b>-180,000.00</b>		<b>547,485,988.00</b>

#### 36. Capital reserves

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Share premium	1,053,669,299.69		1,139,400.00	1,052,529,899.69
Other capital reserves	141,637,233.06	3,667,999.46		145,305,232.52
<b>Total</b>	<b>1,195,306,532.75</b>	<b>3,667,999.46</b>	<b>1,139,400.00</b>	<b>1,197,835,132.21</b>

Note 1: Other capital reserves increased due to the implementation of the restricted equity incentive plan by the company, and 5.4 million shares of the company's equity shall be given to the employees of the company and its subsidiaries. The total expense to be recognized was 27,594,000.00 yuan. This expense was recognized in installments over the corresponding period, according to proportion of release of restricted shares, and capital reserves were also increased. In such period, due to resignation, internal retirement, and job transfer of the incentive recipients, the company repurchased a total of 180,000 shares from 5 incentive recipients. The capital reserves previously confirmed for these incentive recipients were adjusted accordingly. Due to the phased recognition of the equity incentive plan and the repurchase of the incentive recipients' equity, the amount of other capital reserves recognized for this period was 3,667,999.46 yuan.

#### 37. Other comprehensive income

Item	Beginning balance	Amount before income tax in current period	Amount occurs in current period			Ending balance
			Less: Amounts recorded in other comprehensive income in previous period are transferred to current loss or profit	Less: Income tax expense	Amounts attributable to the parent company after tax	
(1) Other comprehensive income that cannot be reclassified into loss or profit in the future Among them: changes arising from recalculation of net liabilities and net assets of defined benefit plans	160,000.00					160,000.00
(2) Other comprehensive income that will be reclassified into loss or profit in the future Among them: other comprehensive income that can be reclassified to loss or profit under the equity method	4,012,992.51	-310,835.69		-281,553.58	-29,282.11	3,731,438.93
Difference arising from foreign currency translation in financial statements	-1,381.21	1,558.12			1,558.12	176.91
<b>Total other comprehensive income</b>	<b>4,014,373.72</b>	<b>-312,393.81</b>		<b>-283,111.70</b>	<b>-29,282.11</b>	<b>3,731,262.02</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 38. Special reserves

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Cost of safety production	1,222,044.23	4,026,747.99	2,677,901.87	<b>2,570,890.35</b>

#### 39. Surplus reserves

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Statutory surplus reserves	41,838,334.73			<b>41,838,334.73</b>
Discretionary surplus reserves	2,906,035.91			<b>2,906,035.91</b>
Reserve funds	460,638.52			<b>460,638.52</b>
Enterprise development Funds	460,638.52			<b>460,638.52</b>
<b>Total</b>	<b>45,665,647.68</b>			<b>45,665,647.68</b>

#### 40. Undistributed profits

Item	Current period	Previous period
Undistributed profits before adjustment at the end of previous period	<b>-709,876,579.95</b>	-717,353,627.48
Total adjustment of undistributed profits at the beginning of the period		
Beginning undistributed profits after adjustment	<b>-709,876,579.95</b>	-717,353,627.48
Add: Net profit attributable to owners of the parent company in current period	<b>-15,755,703.57</b>	7,477,047.53
Less: Appropriation of statutory surplus reserves		
Appropriation of discretionary surplus reserves		
Appropriation of general risk reserves		
Common stock dividends payable		
Common stock dividends converted into share capital		
<b>Ending balance of current period</b>	<b>-725,632,283.52</b>	-709,876,579.95

#### 41. Operating revenue and operating costs

##### (1) Situation about operating revenue and operating costs

Item	Amount occurs in current period		Amount occurs in previous period	
	Revenue	Costs	Revenue	Costs
Main business	<b>665,280,496.62</b>	<b>542,252,400.66</b>	734,332,349.67	620,327,287.00
Other business	<b>15,063,265.38</b>	<b>6,442,475.35</b>	14,441,133.13	4,237,682.07
<b>Total</b>	<b>680,343,762.00</b>	<b>548,694,876.01</b>	748,773,482.80	624,564,969.07

##### (2) Disaggregated information of operating revenue and operating costs

Category of contracts	Gas storage and transportation products branch		Automatic manufacturing equipment system integration branch		Other		Total	
	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs
Classification by operating area								
Among them:								
Domestic	269,504,270.23	229,652,406.53	61,741,429.21	38,684,250.17	29,952,528.31	8,200,219.98	361,198,227.75	276,536,876.68
Overseas	304,082,268.87	265,715,523.98					304,082,268.87	265,715,523.98
<b>Total</b>	<b>573,586,539.10</b>	<b>495,367,930.51</b>	<b>61,741,429.21</b>	<b>38,684,250.17</b>	<b>29,952,528.31</b>	<b>8,200,219.98</b>	<b>665,280,496.62</b>	<b>542,252,400.66</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 41. Operating revenue and operating costs (Continued)

##### (3) Information related to the performance of obligations

The Group usually fulfills obligations within 3 months, and the Group acts as a main responsible person to sell goods. Generally, products are delivered to a location designated by customers, or are delivered in the factory, therefore control of the products is transferred, and there are usually three situations for paying: If a customer has a line of credit, the company can deliver goods whose price is lower than the line of credit. Customer without a line of credit shall pay the whole price of goods before shipment, or the company can arrange shipment after receiving a certain percentage of payment in accordance with relevant terms of the contract. At the same time of shipment or delivering goods to the destination designated by the customer, control of goods will be transferred to the customer, and the Group will obtain an unconditional right to collect payment. The Group does not assume obligations to return money to customers or similar obligation, and its product quality is assured in accordance with the statutory product quality requirements.

##### (4) Information relating to the transaction price apportioned to the remaining performance obligation

The Group evaluates the contract on the contract commencement date, and deems that commitment to transfer goods to customers is not separable from the other commitments in the contract, and that each contract as a whole should be considered as a single performance obligation.

##### (5) The total operating revenue of the top five customers of the Group in current period is 129,901,837.81 yuan, accounting for 19.09% of the total operating revenue of current period (previous period: 16.26%), the details are as follows:

Name of entities	Operating revenue	Percent in total business revenue (%)
32024 S.r.l.	46,280,316.34	6.80
Shenzhen Tenglong Holding Co., LTD	29,952,528.31	4.40
Cyl-Tec, Inc.	18,095,572.25	2.66
Kaplan Industries Inc	18,095,562.06	2.66
GY VISION HOLDINGS PTY LTD	17,477,858.85	2.57
<b>Total</b>	<b>129,901,837.81</b>	<b>19.09</b>

#### 42. Taxes and surcharges

Item	Amount occurs in current period	Amount occurs in previous period
Property tax	2,300,833.77	1,416,375.00
City maintenance and construction tax	645,766.45	563,716.42
Stamp tax	624,071.34	1,782,247.77
Education fees surcharge (including local education fees surcharge)	701,898.24	497,934.20
Land use tax	458,412.91	283,141.93
Environmental protection tax	34,112.77	34,333.91
Vehicle and vessel use tax	5,672.34	6,902.34
Other	5,732.80	52,645.16
<b>Total</b>	<b>4,776,500.62</b>	<b>4,637,296.73</b>

#### 43. Selling expenses

Item	Amount occurs in current period	Amount occurs in previous period
Staff salaries	14,765,485.49	12,805,041.31
Selling service fee	1,270,142.19	5,526,664.02
Travel expenses	1,286,112.85	1,239,681.36
Expenses for business	353,103.86	673,344.39
Exhibition fee	570,187.96	1,612,963.73
Share-based payment	477,987.14	509,403.24
Other	1,315,038.45	1,102,196.59
<b>Total</b>	<b>20,038,057.94</b>	<b>23,469,294.64</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 44. Administrative expenses

Item	Amount occurs in current period	Amount occurs in previous period
Staff salaries	33,014,297.66	27,088,338.12
Depreciation cost	2,210,302.21	6,346,032.61
Fees for hiring agencies	2,972,511.32	1,986,287.65
– Fees for audit services	284,466.18	614,988.95
– Tax service fees	115,207.79	13,861.39
– Other service charges	1,189,470.28	537,342.11
– Lawyer service fee	1,383,367.07	820,095.20
Amortization of intangible assets	3,287,609.06	2,856,617.11
Office expenses	2,139,490.24	2,300,808.64
Energy cost	734,408.68	284,859.92
Vehicle expense	725,894.69	1,290,874.03
Repair charge	141,433.84	68,468.79
Travel expense	718,594.85	854,776.53
Share-based payment	3,081,356.81	3,741,797.40
Business entertainment expense	267,397.37	448,582.67
Other	4,871,432.74	10,025,625.94
<b>Total</b>	<b>54,164,729.47</b>	<b>57,293,069.41</b>





## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 45. R&D expenses

Item	Amount occurs in current period	Amount occurs in previous period
Research and development costs	42,208,662.39	30,022,179.68

#### 46. Financial expenses

Item	Amount occurs in current period	Amount occurs in previous period
Interest expense	11,431,716.95	8,196,990.99
Less: Interest income	1,170,019.89	2,265,545.33
Income from currency translation	5,406,761.63	1,383,644.89
Add: Loss from currency translation	72,071.70	11,807.44
Other expenses	304,440.15	198,147.36
<b>Total</b>	<b>5,231,447.28</b>	<b>4,757,755.57</b>

#### 47. Other income

Sources that generate other income	Amount occurs in current period	Amount occurs in previous period
Government subsidies	3,880,334.74	716,681.72
Additional deduction of input tax	1,180,501.99	5,173,021.56
Refund of service charge for individual income tax	75,370.82	60,659.56
<b>Total</b>	<b>5,136,207.55</b>	<b>5,950,362.84</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 48. Investment income

Item	Amount occurs in current period	Amount occurs in previous period
Income from long-term equity investments calculated by the equity method	-1,167,116.34	4,965,147.93
Income from debt restructuring	2,044,137.75	9,951,066.89
<b>Total</b>	<b>877,021.41</b>	<b>14,916,214.82</b>

#### 49. Credit impairment loss

Item	Amount occurs in current period	Amount occurs in previous period
Bad debt loss of accounts receivable	-3,013,464.02	-830,106.75
Bad debt loss for other receivables	112,544.69	244,630.17
<b>Total</b>	<b>-2,900,919.33</b>	<b>-585,476.58</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 50. Asset impairment loss

Item	Amount occurs in current period	Amount occurs in previous period
Loss from inventory depreciation, and impairment loss on contract performance costs	-15,413,281.03	-13,111,707.78
Impairment loss on contract assets	105,773.58	-487,909.97
<b>Total</b>	<b>-15,307,507.45</b>	<b>-13,599,617.75</b>

#### 51. Income of assets disposal

Item	Amount occurs in current period	Amount occurs in previous period
Income of non-current assets disposal	1,472,831.23	
Among them: Income of fixed assets disposal	1,449,645.99	
Disposal of right-of-use assets	23,185.24	



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 52. Non-operating revenue

Item	Amount occurs in current period	Amount occurs in previous period	Amount to be included in non-recurring gain or loss in current period
Income from destruction and scrapping of non-current assets	23,050.84	33,117.30	23,050.84
Among them: Income from destruction and scrapping of fixed assets	23,050.84	33,117.30	23,050.84
Payable funds that can be not paid after sanction	111,835.24		111,835.24
Revenue from default compensation	373,348.72	240,442.00	373,348.72
Revenue from compensation	35,127.91		35,127.91
Other	544,675.61	178,149.37	544,675.61
<b>Total</b>	<b>1,088,038.32</b>	<b>451,708.67</b>	<b>1,088,038.32</b>

#### 53. Non-operating expenses

Item	Amount occurs in current period	Amount occurs in previous period	Amount to be included in non-recurring gain or loss in current period
Loss from destruction and scrapping of non-current assets	25,346.18		25,346.18
Among them: Loss from destruction and scrapping of fixed assets	25,346.18		25,346.18
Compensation payout	327,624.00	727,699.12	327,624.00
Compensation for contract breach, fine, overdue payment	11,741.38	4,852.24	11,741.38
Donation for others	26,000.00		26,000.00
Other		2,500.37	
<b>Total</b>	<b>390,711.56</b>	<b>735,051.73</b>	<b>390,711.56</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 54. Income tax expenses

##### (1) Income tax expenses

Item	Amount occurs in current period	Amount occurs in previous period
Current income tax calculated in accordance with the tax law and relevant regulations	<b>8,525,117.06</b>	7,922,598.37
– Corporate income tax in Chinese Mainland	<b>7,641,475.20</b>	5,628,433.00
– Profits tax in China Hong Kong		
– Other regions (USA)	<b>883,641.86</b>	2,294,165.37
Deferred income tax expense	<b>-1,547,108.90</b>	-1,121,325.11
<b>Total</b>	<b>6,978,008.16</b>	6,801,273.26

As the Group has no taxable income in Hong Kong during the Reporting Period (previous period: none), so there is no Hong Kong profits tax.

##### (2) Adjustment process of accounting profit and income tax expenses

Item	Amount occurs in current period
Total consolidated profit in current period	<b>-4,795,551.54</b>
Income tax expense calculated by a statutory applicable tax rate	<b>-1,198,887.89</b>
Influence of different tax rates applied to subsidiaries	<b>267,472.43</b>
Influence of adjustment of income tax for previous periods	<b>1,793,814.39</b>
Influence of non-deductible costs, expenses and losses	<b>61,084.38</b>
Influence of non-taxable income	<b>-358,794.36</b>
Influence of using deductible losses of unrecognized deferred tax assets in previous periods	<b>-974,287.13</b>
Influence of deductible temporary differences and deductible losses of recognized deferred income taxes in previous periods	
Influence of deductible temporary differences and deductible losses of unrecognized deferred income taxes in current period	<b>15,136,802.40</b>
Additional deduction for research and development expenses and other expenses	<b>-7,909,845.88</b>
Other	<b>160,649.82</b>
<b>Total</b>	<b>6,978,008.16</b>

#### 55. Other comprehensive income

For details, see “V. (37) Other Comprehensive Income” in this notes.



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 56. Items of cash flow statements

##### (1) Cash related to operating activities

###### 1) Cash received relating to other operating activities

Item	Amount occurs in current period	Amount occurs in previous period
Recovery of security deposits, deposits and petty cash	11,217,166.09	2,157,909.12
Government subsidy	7,827,928.00	1,088,501.72
Interest income	880,963.54	2,265,545.33
Fine	23,960.00	96,785.11
Current money and other	7,609,164.74	2,344,772.25
<b>Total</b>	<b>27,559,182.37</b>	<b>7,953,513.53</b>

###### 2) Cash paid for other operating activities

Item	Amount occurs in current period	Amount occurs in previous period
Security deposits, deposits	61,873,573.34	69,398,697.34
Various expenses	30,537,853.67	27,397,330.66
Service charge	303,265.26	198,147.36
Fine		2,500.37
Current money and other	9,006,253.46	7,367,770.49
<b>Total</b>	<b>101,720,945.73</b>	<b>104,364,446.22</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 56. Items of cash flow statements (Continued)

##### (2) Cash related to financing activities

##### 1) Cash received relating to other financing activities

Item	Amount occurs in current period	Amount occurs in previous period
Rent of operating lease	13,021,358.29	14,944,529.20
Expenditure for repurchasing shares of equity incentive recipients	1,326,852.17	
<b>Total</b>	<b>14,348,210.46</b>	<b>14,944,529.20</b>

##### 2) Movement in liabilities arising from financing activities

Item	Beginning balance	Increase in current period	
		Change of cash	Change of non-cash items
Long-term payable	253,207,700.00		
Lease liabilities	220,087,249.70		5,835,795.25
Lease liabilities due within one year	13,928,997.72		318,684.62
Long-term loan due within one year	1,650,000.00		742,500.00
Long-term loan	133,350,000.00	11,900,000.00	
Short-term loan	230,000,000.00	180,000,000.00	
<b>Total</b>	<b>852,223,947.42</b>	<b>191,900,000.00</b>	<b>6,896,979.87</b>

(continued table)

Item	Decrease in current period		
	Change of cash	Change of non-cash items	Ending balance
Long-term payable			253,207,700.00
Lease liabilities	13,021,358.29		212,901,686.66
Lease liabilities due within one year			14,247,682.34
Long-term loan due within one year			2,392,500.00
Long-term loan		742,500.00	144,507,500.00
Short-term loan	160,500,000.00		249,500,000.00
<b>Total</b>	<b>173,521,358.29</b>	<b>742,500.00</b>	<b>876,757,069.00</b>



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 57. Supplementary information to the consolidated cash flow statement

##### (1) Supplementary information to the cash flow statement

Item	Amount in current period	Amount in previous period
1. Adjust net profit into cash flow from operating activities:		-
Net profit	-11,773,559.70	3,625,784.71
Add: Asset impairment reserves	15,307,507.45	13,599,617.75
Credit impairment loss	2,900,919.33	585,476.58
Depreciation of fixed assets	33,214,223.02	28,499,017.21
Depreciation of right-of- use assets	8,547,473.59	9,279,991.72
Amortization of intangible assets	5,374,727.31	5,232,805.34
Amortization of long-term deferred expenses	1,130,623.18	1,041,332.11
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")	-1,472,831.23	
Loss from destruction and scrapping of fixed assets (income is listed with "-")	2,295.34	-33,117.30
Loss from changes in fair value (income is listed with "-")		
Financial expenses(income is listed with "-")	6,097,027.02	6,825,153.54
Investment loss(income is listed with "-")	-877,021.41	-14,916,214.82
Decrease in deferred income tax assets (increase is listed with "-")	1,032,662.49	1,563,508.05
Increase in deferred income tax liabilities (decrease is listed with "-")	-2,579,771.39	-2,684,833.16
Decrease in inventory (increase is listed with "-")	-25,122,200.72	-50,596,253.06
Decrease in operating receivables (increase is listed with "-")	-40,675,005.05	-211,365,078.67
Increase in operating payable (decrease is listed with "-")	-85,218,893.96	60,993,902.93
Other	4,159,257.22	5,001,412.62
Net cash flow from operating activities	-89,952,567.51	-143,347,494.45
2. Major investments and financing activities that do not involve receipt and payment of cash:		
Debt is converted into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired from financial lease		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	292,241,199.82	321,321,835.16
Less: Beginning balance of cash	410,572,389.38	429,848,818.45
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-118,331,189.56	-108,526,983.29

##### (2) Cash and cash equivalents

Item	Ending balance	Beginning balance
Cash	292,241,199.82	410,572,389.38
Among them: Cash on hand	127,482.32	121,849.68
Unrestricted bank deposits	292,113,717.50	410,450,539.70
Unrestricted other monetary funds		
Cash equivalents		
Ending balance of cash and cash equivalents	292,241,199.82	410,572,389.38
Among them: Restricted cash and cash equivalents of the parent company or subsidiaries within the Group		

##### (3) There is no restricted funds who belong to cash and cash equivalents in current period.





## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 57. Supplementary information to consolidated statements of cash flow (Continued)

##### (4) Cash at bank and on hand that does not belong to cash and cash equivalents

Item	Amount in current period	Amount in previous period	Reasons why not belonging to cash and cash equivalents
Security deposit for bank acceptance bill	87,094,321.34	69,544,018.02	A situation exists that payment and withdrawal cannot be made at will due to pledge and freezing
Funds under common supervision	7,000,000.00		A situation exists that payment and withdrawal cannot be made at will due to pledge and freezing
Funds frozen by litigation	1,233,183.89	1,232,613.74	A situation exists that payment and withdrawal cannot be made at will due to pledge and freezing
Security deposit for letter of guarantee	4,059,973.87	1,639,488.83	A situation exists that payment and withdrawal cannot be made at will due to pledge and freezing
<b>Total</b>	<b>99,387,479.10</b>	<b>72,416,120.59</b>	<b>—</b>

#### 58. Monetary items in foreign currency

##### (1) Monetary items in foreign currency

Item	Ending balance of foreign currency	Exchange rate	Ending balance in RMB
<b>Cash at bank and on hand</b>			<b>59,883,682.15</b>
Of which: USD	7,735,871.33	7.1586	55,378,008.48
Euro	534,504.68	8.4024	4,491,122.12
HK Dollar	15,956.52	0.91195	14,551.55
<b>Accounts receivable</b>			<b>88,218,865.49</b>
Of which: USD	9,039,547.20	7.1586	64,710,502.58
Euro	2,797,815.26	8.4024	23,508,362.91
<b>Accounts payable</b>			<b>15,579,159.30</b>
Of which: USD	2,159,610.90	7.1586	15,459,790.60
Euro	14,206.50	8.4024	119,368.70

##### (2) Overseas business entities

BTIC America Corporation, a subsidiary of the Company, is registered in Houston, United States, and BTIC America Corporation uses US dollars as its accounting standard currency. Jingcheng Holding (Hong Kong) Co., Ltd., a subsidiary of the Company, is registered in Hong Kong, and Jingcheng Holding (Hong Kong) Co., Ltd. uses the US dollar as its accounting standard currency.



## SECTION 8 FINANCIAL REPORT

### V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 59. Lease

##### (1) The Group as the lessee

Item	Amount occurs in current period	Amount occurs in previous period
Interest expense of lease liabilities	5,069,911.86	5,422,031.42
Short-term lease expenses recorded in current loss or profit with simplified treatment	1,495,386.34	1,158,169.56
Lease expenses for low-value assets (other than short-term lease) recorded in current loss or profit with simplified treatment		
Variable lease payments not included in the measurement of lease liabilities		
Among them: parts of leaseback transaction		
Income from sublease of right-of-use assets	29,952,528.31	31,877,074.03
Total cash outflow related to lease	14,516,744.63	16,102,698.76
Related loss or profit arising from leaseback transaction		
Cash inflow from leaseback transaction		
Cash outflow from leaseback transaction		

##### (2) The Group as the lessor

##### *Operating leases in which the Group acts as a lessor*

Item	Lease income	In which: Income related to variable lease payments not included in lease income
Operating lease	29,952,528.31	

### VI. R&D EXPENDITURE

Item	Amount occurs in current period	Amount occurs in previous period
Direct input material	13,543,568.46	10,068,365.68
Expenditures of staff	19,659,745.11	13,852,951.74
Depreciation expense	581,337.48	187,468.13
Test fee	5,290,126.67	4,840,054.48
Other	3,133,884.67	1,073,339.65
<b>Total</b>	<b>42,208,662.39</b>	<b>30,022,179.68</b>
Among them: Expensed research and development expenditure	42,208,662.39	30,022,179.68

### VII. CHANGES IN THE SCOPE OF CONSOLIDATION

#### 1. Business combination not under common control

There is no business combination not under common control in current period.

#### 2. Business combination under common control

There is no business combination under common control in current period.



## SECTION 8 FINANCIAL REPORT

### VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES

#### 1. Rights and interests in subsidiaries

##### (1) The composition of enterprise group

Name of subsidiaries	Main business location	Registration place	Nature of business
Beijing Tianhai Industry Co., Ltd.	Chaoyang District, Beijing	Chaoyang District, Beijing	Production
Tianjin Tianhai High Pressure Container Co., Ltd	Bonded Area in Tianjin Port	Bonded Area in Tianjin Port	Production
Shanghai Tianhai Composite Cylinders Co., Ltd.	Songjiang District, Shanghai	Songjiang District, Shanghai	Production
Beijing Tianhai Cryogenic Equipment Co., Ltd.	Tongzhou District, Beijing	Tongzhou District, Beijing	Production
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	Tongzhou District, Beijing	Tongzhou District, Beijing	Production
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd	Tongzhou District, Beijing	Tongzhou District, Beijing	Production
BTIC America Corporation	Houston, United States	Houston, United States	Selling
Kuancheng Tianhai Pressure Container Co., Ltd.	Chengde, Hebei Province	Chengde, Hebei Province	Production
Jingcheng Holding (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Trading, investment
Qingdao BYTQ United Digital Intelligence Co., Ltd.	High-tech District, Qingdao	Licang, District, Qingdao	Production
Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.	Chaoyang District, Beijing	Chaoyang District, Beijing	Property service, lease

(continued table)

Name of subsidiaries	Registered capital	Shareholding ratio(%)		Method of acquirement
		Direct	Indirect	
Beijing Tianhai Industry Co., Ltd.	748,759,761.19 yuan	100.00		Business combination under common control
Tianjin Tianhai High Pressure Container Co., Ltd.	225,578,400 yuan		55.00	Establishment
Shanghai Tianhai Composite Cylinders Co., Ltd.	\$ 2,650,090		87.84	Business combination under common control
Beijing Tianhai Cryogenic Equipment Co., Ltd.	40,000,000 yuan		75.00	Establishment
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	360,000,000 yuan		100.00	Business combination under common control
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	545,225,228 yuan		38.51	Establishment
BTIC America Corporation	680.00 shares		90.00	Business combination not under common control
Kuancheng Tianhai Pressure Container Co., Ltd.	81,584,000 yuan		61.10	Establishment
Jingcheng Holding (Hong Kong) Co., Ltd.	1,000 HKD	100.00		Business combination under common control
Qingdao BYTQ United Digital Intelligence Co., Ltd.	21,418,633 yuan	81.45		Business combination not under common control
Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.	80,000,000 yuan		51.00	Business combination not under common control

Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd. was established on November 27, 2012, with a registered capital of 10 million yuan, all funded by Beijing Tianhai. After two times of capital increases, on June 30, 2025, the registered capital of Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd. was 545,225,228 yuan, of which Beijing Tianhai contributed 210,000,000 yuan, accounting for 38.51% of the registered capital. Beijing Jingguofa Equity Investment Fund (Limited Partnership) contributed 170,412,703.00 yuan, accounting for 31.26% of the registered capital, and Beijing Bus Media Co., Ltd. contributed 164,812,525.00 yuan, accounting for 30.23% of the registered capital.

According to regulations of Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., LTD.: Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd. has a total of 5 directors, of which 3 directors are nominated by Beijing Tianhai. And 1 director is respectively nominated by Beijing Jingguofa Equity Investment Fund (Limited Partnership) and Beijing Bus Media Co., LTD. Except for significant matters such as the sale of all assets of the company, which requires more than two-thirds of the board of directors to vote, checking of the company's business plans and investment plans, and the decision on the establishment of the company's internal management organization shall be approved by more than half of all directors. Management shall be dispatched by Beijing Tianhai. Beijing Tianhai can exercise control over Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., LTD., so it is included in the scope of consolidated statements.



## SECTION 8 FINANCIAL REPORT

### VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

#### 1. Rights and interests in subsidiaries (Continued)

##### (2) Significant non-wholly-owned subsidiaries

Name of subsidiaries	Minority shareholders' shareholding ratio(%)	Current loss or profit attributable to minority shareholders	Other comprehensive income attributable to minority shareholders in current period	Change in capital reserve in current period	Decreased investment from minority shareholders in current period	Dividends paid to minority shareholders in current period	Current ending balance of minority shareholders' equity
Qingdao BYTQ United Digital Intelligence Co., Ltd.	18.55	1,263,956.97		19,250.73			60,364,672.91
BTIC America Corporation	10.00	323,106.27	-29,282.11	6,083.47			6,305,624.85
Tianjin Tianhai High Pressure Container Co., Ltd.	45.00	1,761,967.88		179,897.03			80,515,285.17

#### 2. Principal financial information of significant non-wholly-owned subsidiaries

Name of subsidiaries	Ending balance					
	Current assets	Non-current assets	Total assets	current liabilities	Non-current liabilities	Total liabilities
Qingdao BYTQ United Digital Intelligence Co., Ltd.	360,935,376.11	97,325,871.92	458,261,248.03	109,638,046.36	8,289,851.38	117,927,897.74
BTIC America Corporation	82,808,470.72	37,340.26	82,845,810.98	14,292,018.75		14,292,018.75
Tianjin Tianhai High Pressure Container Co., Ltd.	196,168,480.10	153,367,171.14	349,535,651.24	167,621,111.62	1,900,000.00	169,521,111.62

(Continued Table 1)

Name of subsidiaries	Beginning balance					
	Current assets	Non-current assets	Total assets	current liabilities	Non-current liabilities	Total liabilities
Qingdao BYTQ United Digital Intelligence Co., Ltd.	391,917,013.35	78,906,838.17	470,823,851.52	127,923,670.08	9,442,034.31	137,365,704.39
BTIC America Corporation	79,170,652.41	45,084.50	79,215,736.91	13,661,020.99		13,661,020.99
Tianjin Tianhai High Pressure Container Co., Ltd.	149,849,232.26	156,792,629.46	306,641,861.72	129,067,528.69		129,067,528.69



## SECTION 8 FINANCIAL REPORT

### VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

#### 2. Principal financial information of significant non-wholly-owned subsidiaries (Continued)

(continued Table 2)

Name of subsidiaries	Amount occurs in current period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Qingdao BYTQ United Digital Intelligence Co., Ltd	61,773,909.61	6,771,425.65	6,771,425.65	-56,556,840.59
BTIC America Corporation	123,526,452.34	3,231,062.69	2,938,241.58	1,778,638.38
Tianjin Tianhai High Pressure Container Co., Ltd.	168,947,502.54	2,040,435.41	2,040,435.41	-19,516,182.79

(continued Table 3)

Name of subsidiaries	Amount occurs in previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Qingdao BYTQ United Digital Intelligence Co., Ltd	102,599,646.03	9,102,158.39	9,102,158.39	-25,806,836.24
BTIC America Corporation	145,620,426.90	8,581,274.81	625,302.21	-9,918,721.99
Tianjin Tianhai High Pressure Container Co., Ltd.	230,701,430.84	5,001,507.08	9,276,055.04	-7,230,240.68

#### 3. Share of owner's equity in subsidiaries changes, but still controls such subsidiaries

None.

#### 4. Rights and interest in joint ventures or associates

##### (1) Joint ventures or associates

Name of joint ventures or associates	Main operating area	Registration place	Nature of business	Shareholding ratio(%)		Accounting methods for investment in joint ventures or associates
				Direct	Indirect	
Jiangsu Tianhai Special Equipment Co., LTD	Zhenjiang	Zhenjiang	Production		27.461	Equity method
Beijing Bolken Energy Saving Technology Co., LTD.	Beijing	Beijing	Production		9.93	Equity method
Hubei Jingyuan Xihai Automobile Industry Co., LTD	Shiyan	Shiyan	Production		24.00	Equity method
Shanxi Haichaung Shengshi Hydrogen Energy Technology Co., LTD	Xianyang	Xianyang	Production		49.00	Equity method



## SECTION 8 FINANCIAL REPORT

### VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

#### 4. Rights and interest in joint ventures or associates (Continued)

##### (1) Joint ventures or associates (Continued)

- 1) Jiangsu Tianhai Special Equipment Co., LTD (“Jiangsu Tianhai”) was established on April 27, 2015, with a registered capital of 80 million yuan, it is jointly funded by Beijing Tianhai and Nanjing Bibo Industry and Trade Co., LTD. (“Nanjing Bibo”), and Beijing Tianhai invests 28 million yuan and holds 35% equity.

Beijing Tianhai Industry Co., LTD made an investment of 9.8558 million yuan of welded cylinders and acetylene cylinders (please refer to an estimated price of 9.8558 million yuan for equipment by Beijing Fangxin Asset Evaluation Co., LTD, in a document named “Asset Evaluation Report for the Machine Equipment Investment Project of Beijing Tianhai Industrial Co., LTD.”, with a document number of FPBZZ2015011), and a patent for welded cylinders and acetylene cylinders worth 18.1442 million yuan, use right for patent technology (Please refer to “Asset Evaluation Report for Beijing Tianhai Industry Co., LTD.’s external Investment, Intangible Assets Project “ made by Beijing Fangxin Asset Evaluation Co., LTD., the document number was FPBZZ2015010). Total investment was 28 million yuan, accounting for 35% of the shares, and Nanjing Bibo contributed 52 million yuan in cash, accounting for 65% of the shares.

In 2021, the new shareholder of Jiangsu Tianhai – Yucheng Entrepreneurship made an investment of 21,962,938.00 yuan to Jiangsu Tianhai, and the shareholding ratio of Beijing Tianhai in Jiangsu Tianhai was passively diluted from 35.00% to 27.4610%.

The board of directors of Jiangsu Tianhai is composed of 5 directors, including: 1 director nominated by Beijing Tianhai, 3 directors nominated by Nanjing Bibo, and 1 director nominated by Yucheng Entrepreneurship; Jiangsu Tianhai does not set up a board of supervisors, but sets up 2 supervisors, of which: Beijing Tianhai and Nanjing Bibo nominated 1 supervisor separately; Jiangsu Tianhai has a general manager, nominated by Nanjing Bibo; 1 manager in charge of administration and personnel is set up, nominated by Nanjing Bibo; 1 financial officer is nominated by Beijing Tianhai; 1 manager in charge of technique and quality, nominated by Beijing Tianhai. The daily management of Jiangsu Tianhai is mainly made by personnel sent by Nanjing Bibo. Beijing Tianhai has a significant impact on Jiangsu Tianhai, and an equity method is adopted.

- 2) Beijing Bolken Energy Saving Technology Co., LTD. (“Bolken Energy Saving”) was established in March 2005 with a registered capital of 63 million yuan. On July 29, 2015, it was listed in the National SME Share Transfer System with the code 833077. On August 15, 2018, Shaanxi Aerospace Science and Technology Group Co., LTD. (“Aerospace Science and Technology”) transferred the 10.91% equity (6,876,000 shares) of Bolken Energy Saving. On September 6, 2018, Beijing Tianhai received aforementioned equity through an agreement, and paid the full price on October 30. On November 7, 2018, the equity change registration was completed in China Securities Registration and Clearing Co., LTD., and the industrial and commercial change registration procedures were completed on February 22, 2019.

In 2022, Bolken Energy Saving issued 6,250,000 shares, and Beijing Tianhai’s shareholding ratio in Bolken Energy Saving was diluted from 10.91% to 9.93%.

Beijing Tianhai appoints representatives in the board of directors of Bolken Energy Saving, participating in the formulation of financial and operating policies of Bolken Energy Saving, which has a significant influence on Bolken Energy Saving, and an equity method shall be adopted for accounting.

- 3) Hubei Jingyuan Xihai Automobile Industry Co., LTD., (“Hubei Jingyuan”) was established on February 24, 2023 by the Company’s subsidiary--- Beijing Tianhai, Hubei Juxi Automobile Technology Co., LTD., and Shiyan Kechuang Investment Management Co., LTD. The legal representative is Wei Jun, with a registered capital of RMB 80.00 million, of which Beijing Tianhai subscribed RMB 19.20 million, holding 24% of shares. Up to the end of the current period, Beijing Tianhai has paid 19.20 million yuan. Hubei Jingyuan Company set up a board of directors, the board has 5 directors, Beijing Tianhai sends one director. Beijing Tianhai has a significant influence on Hubei Jingyuan and adopts the equity method for accounting.
- 4) Shanxi Haichuang Shengshi Hydrogen Energy Technology Co., LTD. (“Haichuang Shengshi”) was established on August 8, 2024 by one of the Company’s subsidiaries-- Beijing Tianhai Hydrogen Energy Equipment Co., LTD. (“Tianhai Hydrogen Energy”) and Shengshi Yingchuang Hydrogen Energy Technology (Shanxi) Co., LTD. The legal representative is Lu meijun, with a registered capital of RMB 5 million, of which Tianhai Hydrogen Energy subscribed RMB 2.45 million, holding 49.00% of shares. Up to end of this period, Tianhai Hydrogen Energy has actually paid RMB 1.47 million, and there are RMB 0.98 million unpaid. Haichuang Shengshi shall set up a board of directors, the board consists of 3 directors, Beijing Tianhai will dispatch one director. Tianhai Hydrogen Energy has a significant impact on Haichuang Shengshi, and adopts the equity method for accounting.



## SECTION 8 FINANCIAL REPORT

### VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

#### 4. Rights and interest in joint ventures or associates (Continued)

##### (2) Major financial information of significant joint ventures and associates

###### 1) Jiangsu Tianhai (Associate)

Item	Ending balance/ Amount occurs in current period	Beginning balance/ Amount occurs in previous period
Current assets	113,949,223.31	138,564,067.33
Among them: cash and cash equivalents	15,931,428.67	37,384,214.93
Non-current assets	611,170,787.16	589,987,815.66
Total assets	725,120,010.47	728,551,882.99
Current liabilities	229,667,038.49	236,524,667.62
Non-current liabilities	228,980,636.25	228,848,886.71
Total liabilities	458,647,674.74	465,373,554.33
Minority shareholders' equity		
Shareholders' equity attributable to parent company	266,472,335.73	263,178,328.66
Share of net assets calculated by shareholding ratio	73,175,968.11	72,271,400.83
Adjusted items	-1,308,814.46	-1,745,855.33
– Goodwill		
– Unrealized profits from internal transactions	-1,308,814.46	-1,745,855.33
– Other		
The carrying value of an equity investment in an associate	71,867,153.65	70,525,545.50
The fair value of equity investments with an open price in associates		
Operating revenue	140,251,054.79	109,460,716.31
Financial expenses	5,700,071.56	1,046,490.42
Income tax expenses		13,719.68
Net profit	3,264,103.45	21,205,483.07
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	3,264,103.45	21,205,483.07
Dividends received from associates in current period		

##### (3) Aggregated financial information of unimportant associates

Item	Ending balance/ Amount occurs in current period	Beginning balance/ Amount occurs in previous period
<b>Associates:</b>		–
Total book value of investments	40,306,061.62	42,813,227.99
Aggregates of following items calculated by shareholding ratio		–
– Net profit	-2,508,724.49	-1,696,842.60
– Other comprehensive income	1,558.12	
– Total comprehensive income	-2,507,166.36	-1,696,842.60



## SECTION 8 FINANCIAL REPORT

### IX. GOVERNMENT SUBSIDIES

#### 1. Government subsidies recognized at the end of the period according to the amount receivable

Ending balance of receivables is 0.00 yuan.

#### 2. Liability items involving government subsidies

Accounting items	Beginning balance	Increased subsidy in current period	Amount recorded into non-operating revenue in current period	Amount transferred into other income in current period	Other change in current period	Ending balance	related with assets/income
Deferred income	13,453,008.53	7,355,000.00		3,459,910.26		17,348,098.27	Related with assets/income

#### 3. Government subsidies recorded into current loss or profit

Accounting items	Amount occurs in current period	Amount occurs in previous period
Other income	3,880,334.74	716,681.72

### X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group will face various risks about financial instruments in its daily activities, mainly including market risks (such as exchange rate risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The management of the Group manages and monitors these risk exposure to ensure that the aforementioned risks are limited within a scope.

#### 1. Objectives and policies of various risk management

The objective of the Group's risk management is to obtain an appropriate balance between risk and return, minimize negative impact of risk on the Group's operating revenue and maximize benefits of shareholders and other equity investors. Based on this objective of risk management, the basic risk management strategy of the Group is to identify and analyze various risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control risks within a limited scope.

##### (1) Market risk

##### 1) Exchange rate risk

The Group's exposure to exchange rate risks is mainly related to US dollar and Euro. Except for the Company's subsidiaries ---BTIC America Corporation and Jingcheng Holdings (Hong Kong) Limited, which conduct purchases and sales in US dollars, the Group's other major business activities are denominated and settled in RMB. On June 30, 2025, assets and liabilities of the Group were shown in RMB, except for the balance of assets and liabilities in US dollars and few balances in Euro and Hong Kong dollars as described in the table below. The exchange rate risk arising from assets and liabilities of these foreign currency balances may have an impact on the Group's operating revenue.

The amounts of financial assets and financial liabilities shown in foreign currency, which are held by the Group on June 30, 2025 and December 31, 2024 were converted into RMB, as follows:

Item	June 30, 2025	December 31, 2024
Cash at bank and on hand- US dollars	55,378,008.48	40,760,433.69
Cash at bank and on hand – HK Dollars	14,551.55	14,612.06
Cash at bank and on hand – Euro	4,491,122.12	4,530,984.13
Accounts receivable – USD	64,710,502.58	44,967,318.61
Accounts receivable – Euro	23,508,362.91	20,699,911.14
Accounts payable – USD	15,459,790.60	18,566,740.28
Accounts payable – Euro	119,368.70	
Other payable – USD		8,344.52
Other payable – Euro		2,561,748.28

The Group closely monitors impact of exchange rate movements on the Group.





## SECTION 8 FINANCIAL REPORT

### X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

#### 1. Objectives and policies of various risk management (Continued)

##### (1) Market risk (Continued)

###### 2) Interest rate risk

The Group's interest rate risk arises from bank borrowings. Financial liabilities with a floating interest rate expose the Group to interest rate risk of cash flow, while financial liabilities with a fixed interest rate expose the Group to interest rate risk of fair value. The Group determines the relative percentage between contracts with a fixed interest rate and contracts with a floating interest rate, based on current market environment. On June 30, 2025, the Group's interest-bearing debt was mainly RMB denominated fixed-rate contracts, the amount is 179,500,000.00 yuan (on December 31, 2024: RMB 0.00). In contracts with a floating interest rate in RMB, the total amount is RMB 216,900,000.00 (on December 31, 2024: RMB 365,000,000.00).

For the Group's risk on fair value change of financial instruments due to change on the interest rate, it mainly is related to bank borrowings with a fixed interest rate and bank borrowings with a floating interest rate. For borrowings with a fixed interest rate, policies of the Group are to keep the floating interest rate of those borrowings, so as to eliminate risks on fair value due to interest rate change.

###### 3) Price risk

Price risk means that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, except exchange rate risk and interest rate risk, mainly due to changes in commodity prices, stock market indexes, equity instrument prices and other risk variables. The Group sells its products at market prices and is therefore subject to these price fluctuations.

##### (2) Credit risk

The Group manages credit risk on a portfolio basis. Credit risks mainly arise from Cash at bank and on hand, notes receivable, accounts receivable, contract assets, receivables financing, other receivables, etc.

On June 30, 2025, the maximum credit risk exposure that could give rise to the Group's financial loss is mainly due to losses on the Group's financial assets arising from failure of other parties to perform its obligations under the contract, including:

The carrying amounts of recognized financial assets in the consolidated balance sheet; for financial instruments measured at fair value, the carrying value reflects its risk exposure, but not its maximum risk exposure, which will change as fair value changes in the future.

To mitigate credit risk, the Group establishes a special department to determine a credit line and conduct credit approvals, and makes other monitoring procedures to assure that necessary measures are taken to retrieve overdue creditor's rights. In addition, the Group checks the recovery of each individual receivable on each balance sheet date, so as to ensure that adequate provisions are made for funds cannot be collected. As a result, the Group's management deems that the Group's credit risk exposure has been substantially reduced.

The Group's current capital is hoarded in banks with a higher credit rating and therefore the credit risk of current capital is pretty low.

As the Group's risk exposure is spread across myriad participants to a contract and myriad customers, on June 30, 2025, 18.90% (previous period: 13.64%) and 37.88% (previous period: 36.53%) of the Group's accounts receivable balances were from the Group's largest and top five accounts receivable, respectively. The largest account receivable balance at the end of the period is from Shenzhen Tenglong Holding Co., LTD, which is a high-quality customer, so the Group has no significant credit risk.

The total amount of the top five accounts receivable and contract assets: 248,148,519.75 yuan.



## SECTION 8 FINANCIAL REPORT

### X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

#### 1. Objectives and policies of various risk management (Continued)

##### (2) Credit risk (Continued)

###### 1) *Standards to judge whether credit risk significantly increases*

On each balance sheet date, the Group determines whether the credit risk of financial instruments has increased significantly after initial recognition, by comparing the probability of default during the estimated existing period of financial instruments as determined at the initial recognition, with the probability of default during the estimated existing period of such instruments as determined at the balance sheet date. However, if the Group believes that a financial instrument has only a low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Group's main criteria for determining a significant increase in credit risk are as follows: more than 30 days overdue, or significant changes in one or more of the following indicators: serious adverse changes in the debtor's operating environment, internal and external credit ratings, actual or expected operating revenue, etc.

###### 2) *Definition of assets that have suffered credit impairment*

If one or more events that adversely affect the expected future cash flows of a financial asset happen, then the financial asset will become a financial asset that has suffered a credit impairment. The Group's primary standard for determining that a credit impairment has happened is the number of overdue days exceeding 90 days, but in some cases the Group also regards credit impairment as having occurred if internal or external information demonstrates that the contract amount may not be recovered in full before considering any credit enhancement. The credit impairment of financial assets may be engendered by the combination of multiple events, not necessarily by individual identifiable events.

Evidence that a credit impairment of a financial asset has happened incorporates the following observable information: the debtor undergoes serious financial difficulties; breach of contracts by the debtor, such as default or delay in payment of interest or principal; The Group gives concessions to the debtor that it would not have made in any other circumstances for economic or contractual reasons relating to the debtor's financial difficulties; The debtor is likely to become insolvent or undergo other financial restructuring; The debtor's financial difficulties will make an active market for the financial asset disappear.

###### 3) *Credit risk exposure*

On June 30, 2025, maximum credit exposure that could cause the Group's financial loss is mainly because another party of the contract cannot fulfill his obligation, as well as financial guarantee assumed by the Group, so loss of financial assets of the Group occurs. It includes: the carrying amount of recognized financial assets in the consolidated balance sheet; for financial instruments measured at fair value, the carrying value reflects its risk exposure, but not its maximum risk exposure, which will change as fair value changes in the future.

##### (3) Liquidity risk

Liquidity risk means the Group will not be able to perform its financial obligations on the maturity date. The Group's method to managing liquidity risk is to assure that there is sufficient liquidity to fulfill obligations as they mature, without incurring unacceptable losses or causing damage to the company's reputation. The Group regularly analyses the structure and maturity of its liabilities to ensure adequate funding. The Group's management supervise the use of bank borrowings and ensures compliance with the borrowing agreements. Meanwhile, the Group shall conduct financing consultations with financial institutions to maintain a certain credit line and reduce liquidity risks.

The Group regards bank borrowings as its main source of funding. On June 30, 2025, the Group's unused bank borrowings and bank acceptance bills are 450.9 million yuan (on December 31, 2024: 453.53 million yuan), and they are all short-term bank borrowings.



## SECTION 8 FINANCIAL REPORT

### X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

#### 1. Objectives and policies of various risk management (Continued)

##### (3) Liquidity risk (Continued)

The financial assets and financial liabilities held by the Group are analyzed by the maturities of the remaining contract obligations which are not discounted as follows:

Amount on June 30, 2025:

Item	Within 1 year	1-2 years	2-5 years	More than 5 years	Total
<b>Financial assets</b>					
Cash at bank and on hand	391,628,678.92				391,628,678.92
Notes receivable	7,155,593.33				7,155,593.33
Accounts receivable	568,022,476.07				568,022,476.07
Contract assets	13,173,281.68				13,173,281.68
Receivables financing	13,934,852.68				13,934,852.68
Other receivables	9,497,909.48				9,497,909.48
<b>Financial liability</b>					
Short-term loan	249,500,000.00				249,500,000.00
Notes payable	118,627,164.14				118,627,164.14
Accounts payable	351,574,143.11				351,574,143.11
Other payable	42,989,758.33				42,989,758.33
Non-current liabilities due within one year	16,640,182.34				16,640,182.34
Long-term loan		16,700,000.00	119,170,000.00	8,637,500.00	144,507,500.00
Lease liabilities		14,530,866.73	45,005,266.88	153,365,553.05	212,901,686.66

### XI. DISCLOSURE OF FAIR VALUE

#### 1. Ending fair value of assets measured at fair value

Item	Ending fair value			Total
	First level fair value measurement	Second level fair value measurement	Third level fair value measurement	
<b>I. Recurring fair value measurement</b>				
Receivables Financing			13,934,852.68	13,934,852.68

#### 2. For recurring and non-recurring items in third level fair value hierarchy, the adopted valuation techniques and quantity and quality information of principal inputs

Receivables financing represents the best estimate of the fair value of this kind of financial assets, by a discount rate (with a period of over one year) or an amount equivalent to expected credit losses over the entire duration.



## SECTION 8 FINANCIAL REPORT

### XII. THE RELATED PARTIES AND TRANSACTIONS

#### 1. Relationship of related parties

##### (1) Controlling shareholder and ultimate controlling party

###### 1) Controlling shareholder and ultimate controlling party

Name of controlling shareholder and ultimate controlling party	Registration place	Nature of business	Registered capital (Unit: 10,000 yuan)	Shareholding ratio of the Company(%)	Voting ratio of the Company(%)
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	Beijing Economic and Technological Development Zone	Business service	235,563.71	44.87	44.87

###### 2) Registered capital of controlling shareholders and its change (unit: 10000 yuan)

Controlling shareholder	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	235,563.71	0.00	0.00	235,563.71

###### 3) Controlling shareholder's shares or interests and their changes (unit: 10000 yuan)

Controlling shareholder	Amount of shares		Shareholding ratio	
	Ending balance	Beginning balance	Ending ratio	Beginning ratio
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	24,573.5052	24,573.5052	44.87	44.87

##### (2) Subsidiaries

For details of subsidiaries, please refer to the relevant contents of "VIII. 1. (1) Composition of Enterprise Group" in the Notes.

##### (3) Joint ventures and associates

The Group's significant associates and joint ventures are detailed in the relevant contents of "VIII. 4. (1) significant associates and joint ventures" in this Notes. Other associates and joint ventures that have related transactions with the Group in current period, or the balance of related party transactions with the Group in the previous period, are as follows:

Name of associates and joint ventures	Relationship with the Company
Beijing Bolken Energy Saving Technology Co., LTD	Associates
Jiangsu Tianhai Special Equipment Co. LTD	Associates
Hubei Jingyuan Xihai Automobile Industry Co., LTD	Associates
Shanxi Haichuang Shengshi Hydrogen Energy Technology Co., LTD	Associates



## SECTION 8 FINANCIAL REPORT

### XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

#### 1. Relationship of related parties (Continued)

##### (4) Other related parties

Name of other related parties	Relationship with the Company
Beijing Jingcheng Yihe City Renewal Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sunwise Hydrogen Energy (Beijing) Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Zhitong Robot Technology Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Machinery Electric Asset Management Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Beiren Printing Machinery Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Golden Sun Energy Technology Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhejiang Jingcheng Renewable Resources Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sunwise New Energy System Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Babcock & Wilcox Beijing Company LTD.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangzhou Sunwise Hydrogen Energy Technology Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Peitian Technology Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beiyi Dawei (Beijing) Machine Tool Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Beiyi Co., LTD (BYJC)	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Industry And Trade Technician College	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Huitong Environmental Protection Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Krinick Trading Co., LTD	Minority shareholders of a subsidiary
Tianjin Dawufeng Investment Co., LTD	Minority shareholders of a subsidiary
Li Hong	Minority shareholders of a subsidiary
Beijing Lantianda Automotive Clean Fuel Technology Co., LTD	A wholly-owned subsidiary of an associate



## SECTION 8 FINANCIAL REPORT

### XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

#### 2. Related party transactions

##### (1) Related party transactions about purchase of goods/receiving services and sales of goods/providing services

###### 1) Purchasing goods/receiving services

Related party	Content of related party transaction	Amount occurs in current period	Amount occurs in previous period
Jiangsu Tianhai Special Equipment Co. LTD	Purchasing goods	65,299,951.64	41,079,415.43
Sunwise Hydrogen Energy (Beijing) Co., LTD	Purchasing goods	2,150,796.46	
Beijing Jingcheng Golden Sun Energy Technology Co., LTD	Purchasing goods	186,923.87	196,172.96
Beijing Jingcheng Yihe City Renewal Co., LTD	Receiving services	45,358.08	
Beijing Industry And Trade Technician College	Receiving services	25,509.43	
Beijing Jingcheng Zhitong Robot Technology Co., LTD	Purchasing goods		38,800.00
Tianjin Dawufeng Investment Co., LTD	Receiving services	641,552.48	
Beijing Jingcheng Talents Development Co., LTD	Receiving services	393,900.99	
Total	—	68,743,992.95	41,314,388.39

###### 2) Sales of goods/providing services

Related party	Content of related party transaction	Amount occurs in current period	Amount occurs in previous period
Hubei Jingyuan Xihai Automobile Industry Co. LTD	Sales of goods/providing services	13,490,504.42	
Jiangsu Tianhai Special Equipment Co. LTD	Sales of goods/providing services	12,897,729.20	17,499,045.13
Shanxi Haichaung Shengshi Hydrogen Energy Technology Co., LTD	Sales of goods	2,960,176.99	
Beijing Lantianida Automobile Clean Fuel Technology Co., LTD	Sales of goods	621,577.68	4,412,830.80
Shanghai Sunwise New Energy System Co., LTD	Sales of goods/providing services	5,012.39	
Total	—	29,975,000.68	21,911,875.93



## SECTION 8 FINANCIAL REPORT

### XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

#### 2. Related party transactions (Continued)

##### (2) Situation about related party leases

Situation about lease

Name of lessors	Category of leased assets	Rental of short-term lease and low-value assets lease with simplified treatment		Rental paid	
		Amount occurs in current period	Amount occurs in previous period	Amount occurs in current period	Amount occurs in previous period
Beijing Jingcheng Machinery Electric Asset Management Co., LTD	Houses and buildings			12,882,186.79	12,336,532.47
Beijing Beiren Printing Machinery Co., LTD	Houses and buildings				532,954.74
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	Houses and buildings	536,306.66			
Total	—	536,306.66		12,882,186.79	12,869,487.21

(Continued table)

Name of lessors	Category of leased assets	Interest paid for lease liabilities		Increased right-of-use assets	
		Amount occurs in current period	Amount occurs in previous period	Amount occurs in current period	Amount occurs in previous period
Beijing Jingcheng Machinery Electric Asset Management Co., LTD	Houses and buildings	5,064,049.80	5,374,534.50		
Beijing Beiren Printing Machinery Co., LTD	Houses and buildings		15,098.12		
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	Houses and buildings				
Total	—	5,064,049.80	5,389,632.62		

##### (3) Situation about related party guarantee

As the guaranteed party

Name of Guarantor	Guaranteed Amount	Beginning date of guarantee	Ending date of guarantee	If guarantee is completed
Beijing Jingcheng Machinery Electric Holding Co., LTD	200,000,000.00	2023/10/23	2031/10/23	No
Beijing Jingcheng Machinery Electric Holding Co., LTD	90,000,000.00	2024/11/26	2026/1/26	No
Beijing Jingcheng Machinery Electric Holding Co., LTD	100,000,000.00	2024/3/4	2025/3/4	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	70,000,000.00	2024/3/26	2025/3/24	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	20,000,000.00	2024/3/31	2025/3/31	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	30,000,000.00	2024/6/20	2025/6/20	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	20,000,000.00	2024/6/26	2025/6/26	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	20,000,000.00	2024/5/28	2025/5/28	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	10,000,000.00	2024/6/19	2025/6/19	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	30,000,000.00	2024/8/8	2025/8/8	No
Beijing Jingcheng Machinery Electric Holding Co., LTD	70,000,000.00	2025/2/13	2029/2/26	No
Beijing Jingcheng Machinery Electric Holding Co., LTD	50,000,000.00	2025/3/20	2026/3/20	No
Beijing Jingcheng Machinery Electric Holding Co., LTD	20,000,000.00	2025/6/25	2029/6/25	No
Beijing Jingcheng Machinery Electric Holding Co., LTD	10,000,000.00	2025/2/25	2026/2/24	No
Beijing Jingcheng Machinery Electric Holding Co., LTD	10,000,000.00	2025/6/17	2026/6/17	No
Beijing Jingcheng Machinery Electric Holding Co., LTD	20,000,000.00	2025/5/23	2026/5/23	No



## SECTION 8 FINANCIAL REPORT

### XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

#### 2. Related party transactions (Continued)

##### (4) Remuneration of key management personnel

Name of item	Amount occurs in current period	Amount occurs in previous period
Total remuneration	2,508,847.63	2,455,160.41

#### 3. Balance of receivables due from and payables due to related parties

##### (1) Receivable items

Name of item	Related parties	Ending balance		Beginning balance	
		Book balance	Bad debt reserves	Book balance	Bad debt reserves
Accounts Receivable	Beijing Lantianda Automotive Clean Fuel Technology Co., LTD	3,372,587.19	407,009.38	3,766,758.82	303,903.68
	Babcock & Wilcox Beijing Company LTD.	134,653.00	2,491.08		
	Zhejiang Jingcheng Renewable resources Co. LTD (GEENCN)			182,400.00	26,101.44
	Jiangsu Tianhai Special Equipment Co. LTD	3,900,960.08	72,167.76		
	Shanghai Sunwise New Energy System Co., LTD	12,250,580.55	344,372.34	15,018,716.55	277,846.26
	Guangzhou Sunwise Hydrogen Energy Technology Co., LTD			614,880.00	11,375.28
	Sunwise Hydrogen Energy (Beijing) Co., LTD	15,870,400.00	293,602.40	15,870,400.00	293,602.40
	Shanxi Haichaung Shengshi Hydrogen Energy Technology Co., LTD	6,417,600.00	118,725.60	3,580,225.00	66,234.16
	Hubei Jingyuan Xihai Automobile Industry Co. LTD	49,737,594.76	920,145.50	48,498,545.00	897,223.08
	Tianjin Dawufeng Investment Co., LTD	305,385.71	6,138.25		
Other receivables	Jiangsu Tianhai Special Equipment Co., LTD	24,154.66	485.51	73,145.28	1,470.22
	Beijing Jingcheng Machinery Electric Holding Co., LTD	88,825.79	1,074.79		
	Hubei Jingyuan Xihai Automobile Industry Co. LTD	526,009.16	10,572.78	883,734.92	17,763.07
Other non-current assets	Beijing Peitian Technology Co., LTD	624,000.00			
Advances to suppliers	Jiangsu Tianhai Special Equipment Co., LTD			8,172.74	
	Beijing Jingcheng Yihe City Renewal Co., LTD	124,754.72			
	Beiyi Dawei (Beijing) Machine Tool Co., LTD	252.00			





## SECTION 8 FINANCIAL REPORT

### XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

#### 3. Balance of receivables due from and payables due to related parties (Continued)

##### (2) Payable items

Name of item	Related parties	Ending balance	Beginning balance
Accounts payable	Beijing Jingcheng Machinery Electric Holding Co., LTD	902,227.27	902,227.27
	Beijing Jingcheng Golden Sun Energy Technology Co., LTD	91,600.55	49,008.50
	Beijing Peitian Technology Co., LTD	399,331.20	598,996.80
	Shanghai Sunwise New Energy System Co., LTD	4,602,500.00	4,602,500.00
	Sunwise Hydrogen Energy (Beijing) Co., LTD	4,924,869.00	4,645,265.46
	Beijing Beiji Machine Tool Co., LTD (BYJC)	1,400,000.00	1,400,000.00
	Beijing Beiren Printing Machinery Co., LTD		325,966.22
	Beijing Krinick Trading Co., LTD	106,362.00	106,362.00
	Jiangsu Tianhai Special Equipment Co. LTD	19,170,140.95	13,852,938.49
	Tianjin Dawufeng Investment Co., LTD	1,450,000.00	1,787,736.84
	Beijing Jingcheng Yihe City Renewal Co., LTD	363,555.00	658,477.85
	Beijing Lantianda Automobile Clean Fuel Technology Co., LTD	10,492,652.22	10,492,652.22
	Beijing Jingcheng Zhitong Robot Technology Co., LTD	1,792,500.00	1,792,500.00
	Shanghai Sunwise New Energy System Co., LTD	884,955.75	
	Babcock & Wilcox Beijing Company LTD.		172,282.30
Contract liability	Beijing Jingcheng Huitong Environmental Protection Co., LTD	14,707.96	14,707.96
	Hubei Jingyuan Xihai Automobile Industry Co. LTD	14,536,300.00	14,536,300.00
Other payable	Beijing Jingcheng Machinery Electric Holding Co., LTD	8,309.92	8,344.52
	Beijing Jingcheng Yihe City Renewal Co., LTD	48,079.57	
	Tianjin Dawufeng Investment Co., LTD		50,272.70
	Li Hong		10,860,433.38
	Shanxi Haichaung Shengshi Hydrogen Energy Technology Co., LTD	980,000.00	980,000.00

#### 4. Commitment with related parties

None.



## SECTION 8 FINANCIAL REPORT

### XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

#### 5. Remuneration of directors, supervisors and employees

##### (1) Details about remuneration of directors and supervisors are as follows

Item	Salaries and allowances	Contribution to retirement benefit scheme	Bonus	Share-based payments	Total
<b>Amount occurs in current period</b>					
<b>Executive director</b>					
Li Junjie					
Zhang Jiheng	109,998.00	129,683.52	66,000.00	<b>138,928.13</b>	444,609.65
<b>Supervisor</b>					
Li Zhe	113,298.00	129,683.52	56,100.00		299,081.52
Wen Jinhua	64,509.00	97,348.02	45,349.00		207,206.02
<b>Total</b>	<b>287,805.00</b>	<b>356,715.06</b>	<b>167,449.00</b>	<b>138,928.13</b>	<b>950,897.19</b>
<b>Amount occurs in previous period</b>					
<b>Executive director</b>					
Li Junjie					
Zhang Jiheng	112,398.00	125,483.52	66,000.00	<b>138,928.13</b>	442,809.65
<b>Supervisor</b>					
Li Zhe	115,698.00	125,483.52	56,100.00	–	297,281.52
Wen Jinhua	64,509.00	93,669.54	46,964.00		205,142.54
<b>Total</b>	<b>292,605.00</b>	<b>344,636.58</b>	<b>169,064.00</b>	<b>138,928.13</b>	<b>945,233.71</b>

Executive directors and non-executive directors do not receive director's emoluments from the Company, and supervisors do not receive Supervisor's emoluments from the Company, executive directors (other than the Chairman) and supervisors are entitled to receive remuneration in accordance with their respective positions in the Company and its subsidiaries (other than director and supervisor positions).

##### (2) Five individuals with highest salaries

Among five individuals with highest salaries, one of them is a director or supervisor in the current period (previous period: 1 persons), whose remuneration is shown in Notes XII, 5. (1), salaries are reflected in the remuneration of directors and supervisors. The salaries of the other 4 persons (previous: 4 persons) are as follows:

Item	Amount occurs in current period	Amount occurs in previous period
Salaries and allowances	<b>417,369.00</b>	416,703.00
Contribution to retirement benefit scheme	<b>520,639.44</b>	471,746.70
Year-end bonus	<b>249,467.00</b>	251,002.00
Share-based payment	<b>370,475.00</b>	370,475.00
<b>Total</b>	<b>1,557,950.44</b>	1,509,926.70

Salary range:

Item	Persons in current period	Persons in previous period
Less than HK \$1,000,000	5	5
HK \$1,000,001 to HK \$1,500,000		
HK \$1,500,001 to HK \$2,000,000		
HK \$2,000,001 to HK \$2,500,000		



## SECTION 8 FINANCIAL REPORT

### XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

#### 5. Remuneration of directors, supervisors and employees (Continued)

(3) In current period, there is no any directors who have waived or consent to waive any remuneration in the Company. In previous period, the Company has not paid any remuneration to any director, supervisor or five individuals with highest salaries, so as to attract them to join the company, or as incentive for joining this company, or as dismissal compensation.

#### (4) Salaries for main management

Salaries for main management(including amounts paid and payable to directors, supervisors and senior management) are as follows:

Item	Amount occurs in current period	Amount occurs in previous period
Salaries and allowances	705,174.00	709,308.00
Contribution to retirement benefit scheme	877,354.50	816,383.28
Bonus	416,916.00	420,066.00
Share-based payment	509,403.13	509,403.13
Total	2,508,847.63	2,455,160.41

#### 6. Loans receivable from directors/director-related enterprises

(1) There is no loans receivable from directors/director-related enterprises.

(2) There is no guaranteed loans from directors/director-related enterprises.

### XIII. SHARE-BASED PAYMENT

#### 1. General situation of share-based payment

On November 14, 2023, the Board of Directors of the Company approved the Motion on the Adjustment of Matters Related to the 2023 Restricted Stock Incentive Plan and the Motion on the First Grant of Restricted Stock to the recipients of the 2023 Restricted Stock Incentive Plan, and the Board of Directors of the Company have registered such restricted Stock. Such restricted stock granted by the restricted stock incentive plan stems from common A-shares, which are granted by the company to incentive objects. The grant date of this restricted stock is November 14, 2023, the number of granted shares is 5.88 million, the number of granted people is 123, and the grant price is 7.33 yuan/share.

After Board of directors confirm the grant date for restricted stock, during the process of payment verification after the grant date, 123 incentive objects actually subscribed for a total of 5.4 million restricted stock shares granted in full or in part, and 8 incentive objects voluntarily relinquished all their granted restricted stock due to personal reasons. Four incentive recipients voluntarily relinquished part of their restricted stock grants for personal reasons, totaling 480,000 shares. Therefore, the actual number of restricted shares granted in the first grant portion of the incentive plan was changed from 123 to 115, and the number of restricted shares granted in the first grant portion was changed from 5.88 million to 5.4 million.

On April 28, 2025, in the Company's 2025 first extraordinary general meeting, 2025 first A-Share shareholder meeting and 2025 first H-Share shareholder meeting, "proposal on repurchasing and cancellation of some A-Share restricted stocks that have been granted but not yet unrestricted" is approved. Due to some reasons, such as resignation, internal retirement and job transfer of the incentive recipients, an aggregate of 180,000 shares of 5 incentive recipients were repurchased. The repurchase price was 7.33 yuan per share + interest of fixed-term deposits calculated based on the latest deposit benchmark interest rate released by the People's Bank of China. An aggregate of 180,000 A-share restricted stocks were repurchased and canceled this time, accounting for 0.03% of the Company's current total share capital.

On June 23, 2025, the company held the 11th Board of Directors' 12th interim meeting, which approved the "Proposal on achievement of the Company's performance evaluation targets for the first unrestricted sale period of the 2023 restricted stock incentive plan". On the same day, the company also held the 11th Board of Supervisors' 20th meeting, which approved relevant proposals.



## SECTION 8 FINANCIAL REPORT

### XIII. SHARE-BASED PAYMENT (CONTINUED)

#### 1. General situation of share-based payment (Continued)

Outstanding stock options or other equity instruments at the end of the period

Category of granted object	Outstanding stock options at the end of the period		Other equity instruments outstanding at the end of the period	
	Price range for exercising rights	Remaining term of the contract(months)	Price range for exercising rights	Remaining term of the contract(months)
Managerial personnel	7.33 yuan/share	16.5、28.5、40.5	—	—
Production personnel	7.33 yuan/share	16.5、28.5、40.5	—	—
Sales staff	7.33 yuan/share	16.5、28.5、40.5	—	—
R&d personnel	7.33 yuan/share	16.5、28.5、40.5	—	—

Other notes:

The period of validity of the incentive plan shall not exceed 72 months, from the date of completion of the registration of the first-granted restricted shares, to the date of release of all restricted shares granted to the incentive objects or the date of repurchase. The restricted shares first-granted according to this incentive plan will be released in three phases after 24 months, from the date of completion of registration of the granting, as shown in the following table:

Arrangement for lifting restriction on selling	Time for lifting restriction on selling	Percent of numbers whose restriction on selling is lifted in numbers granted with rights and interest(%)
First period for lifting restriction on selling	From the first transaction date after 24 months since the first-grant date, to the last transaction date within 36 months since the first-grant date	34.00
Second period for lifting restriction on selling	From the first transaction date after 36 months since the first-grant date, to the last transaction date within 48 months since the first-grant date	33.00
Third period for lifting restriction on selling	From the first transaction date after 48 months since the first-grant date, to the last transaction date within 60 months since the first-grant date	33.00

The company's performance conditions to be met when restriction on stock is lifted:

The performance appraisal conditions at the company level, the performance appraisal objectives of the plan for the first time and the restricted shares granted during the period of lifting restriction on selling are shown in the following table:

Period of lifting restriction on selling	Performance appraisal objective
First period for lifting restriction on selling	(1) In 2024, the company's cash return rate of net assets will not be less than 7.97%, and based on the company's cash return rate of net assets in 2021, the growth rate of cash return rate on net assets in 2024 will not be lower than the average level of the industry.(2) The year-on-year growth rate of operating revenue in 2024 shall not be less than 16%, and shall not be lower than the average level of the industry.(3) Based on the revenue from transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation projects in 2024 will not be less than 400%.(4) In 2024, the proportion of R&D investment in operating revenue shall not be less than 3.05%.
Second period for lifting restriction on selling	(1) In 2025, the company's cash return rate from net assets will not be less than 9.30%, and based on the company's cash return rate from net assets in 2021, the growth rate of cash return rate from net assets in 2025 will not be lower than the average level of the industry. (2) In 2025, the year-on-year growth rate of operating revenue is not less than 16%, and not lower than the average level of the industry. (3) Based on the revenue of transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation business projects in 2025 will not be less than 450%. (4) The proportion of R&D investment in operating revenue in 2025 shall not be less than 3.10%.
Third period for lifting restriction on selling	(1) In 2026, the company's cash return rate from net assets will not be less than 10.63%, and based on the company's cash return rate from net assets in 2021, the growth rate of cash return rate from net assets in 2026 will not be lower than the average level of the industry. (2) The year-on-year growth rate of operating revenue in 2026 is not less than 16%, and not lower than the average level of the industry. (3) Based on the revenue of transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation business projects in 2026 will not be less than 500%. (4) The proportion of R&D investment in operating revenue in 2026 shall not be less than 3.15%.



## SECTION 8 FINANCIAL REPORT

### XIII. SHARE-BASED PAYMENT (CONTINUED)

#### 1. General situation of share-based payment (Continued)

Selected appraisal criteria for granting and lifting restriction on selling for enterprises:

This time, the company selects all listed companies under the CSRC industry "CSRC Manufacturing -CSRC special equipment manufacturing" classification. During the effective period of this plan, if the company has major asset reorganization, the corresponding performance indicators shall be adjusted by the Board of Directors of the company according to the approval opinions of controlling shareholders and state-owned assets supervision and administration commission of people's government of Beijing.

Individual assessment of incentive objects:

According to the "Performance Management Regulations" formulated by the company and various internal assessment systems of the company, the incentive object is assessed annually, and the lifting restriction on selling of the incentive object in the current year is determined according to the assessment and evaluation results.

In the case that the assessment conditions of lifting restriction on selling at the company level meet the standard, the actual unlock quota of the incentive object individual in the year = unlock percent \* the planned unlock quota of the individual in the year.

Individual unlock percent is determined by appraisal results of individual performance. Different performance appraisal results correspond to different unlock percent.

Scores of individual performance	above 85 points	75 points - 84 points	70 points - 74 points	below 70 points
Unlock percent	100.00%	80.00%	60.00%	0.00%

Note: The party building assessment is a veto indicator, if the party building assessment is not qualified, the incentive object cannot be unlocked.

Restricted shares that fail to be lifted in whole or in part due to the performance assessment at the company level or the assessment at the individual level, shall not be lifted or deferred to the next period, and shall be repurchased by the company according to the lower value of the grant price and the market price at the time of repurchase. "Market price at Repurchase" means the closing price of the Company's stock on the trading day prior to the date when the Company's Board of Directors considered repurchasing the restricted stock from the incentive objects.

#### 2. Equity-settled share-based payments

Item	Current period
Methods for determining the fair value of equity instruments on the grant date	Confirmed by deducting the price of granted restricted stock from the closing price of restricted stock on the grant date.
Significant parameters of fair value of equity instruments on the grant date	Share price
Basis for determining the number of equity instruments expected to vest	Management's best estimate
Reasons for material differences between the current estimate and the previous estimate	None
Accumulated amount in capital reserve for equity-settled share-based payments	13,681,515.89

#### 3. Fee paid for share-based payment in current period

Category of granted objects	Equity-settled share-based payments	Cash-settled share-based payments
Managerial personnel	2,841,627.70	—
Production personnel	188,383.50	—
Sales staff	434,016.64	—
R&D personnel	203,971.62	—
<b>Total</b>	<b>3,667,999.46</b>	<b>—</b>



## SECTION 8 FINANCIAL REPORT

### XIV. COMMITMENTS AND CONTINGENCIES

#### 1. Significant commitments

Up to June 30, 2025, the Group has no significant commitments.

#### 2. Contingencies

Up to June 30, 2025, the Group has no significant contingencies.

### XVI. EVENTS AFTER THE BALANCE SHEET DATE

#### 1. Paid amount after the balance sheet date

Item	Amount paid
Large accounts payable aging more than one year	0.00
Large other payable aging more than one year	0.00

2. Apart from the aforementioned disclosure of events after the balance sheet date, the Group has no other significant events after the balance sheet date.

### XVI. OTHER SIGNIFICANT MATTERS

#### 1. Debt restructuring

Disclosure about debtors

Debt restructuring method	Book value of debt	Income from debt restructuring	Increase in owner's equity, such as capital stock
Liquidating liabilities with cash lower than book value of liabilities	14,290,337.02	2,044,137.75	—

2. Apart from aforementioned events, the Group has no other significant matters up to the audit reporting date.



## SECTION 8 FINANCIAL REPORT

### XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

#### 1. Accounts receivable

##### (1) Accounts receivable presented by aging

Aging	Ending book balance	Beginning book balance
Within 1 year	57,231,010.00	29,842,710.00
1-2 years	5,753,000.00	5,524,200.00
2-3 years	1,447,680.00	4,681,960.00
Subtotal	64,431,690.00	40,048,870.00
Less: bad debt reserves	2,120,916.32	2,254,589.66
<b>Total</b>	<b>62,310,773.68</b>	<b>37,794,280.34</b>

##### (2) Accounts receivable are classified and listed by the provision method for bad debts

Category	Ending balance				
	Book balance		Bad debts reserves		Book value
	Amount	Percent (%)	Amount	Provision percent (%)	
Provision for bad debt by portfolio	64,431,690.00	100.00	2,120,916.32	3.29	62,310,773.68
In which: aging portfolio	64,431,690.00	100.00	2,120,916.32	3.29	62,310,773.68

(continued table)

Category	Beginning balance				
	Book balance		Bad debts reserves		Book value
	Amount	Percent (%)	Amount	Provision percent (%)	
Provision for bad debt by portfolio	40,048,870.00	100.00	2,254,589.66	3.78	37,794,280.34
In which: aging portfolio	40,048,870.00	100.00	2,254,589.66	3.78	37,794,280.34

Provision for bad debt of accounts receivable by aging portfolio

Aging	Ending balance		
	Book balance	Bad debt reserves	Provision percent (%)
Within 1 year	57,231,010.00	1,299,143.93	2.27
1-2 years	5,753,000.00	475,197.80	8.26
2-3 years	1,447,680.00	346,574.59	23.94
<b>Total</b>	<b>64,431,690.00</b>	<b>2,120,916.32</b>	<b>3.29</b>



## SECTION 8 FINANCIAL REPORT

### XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 1. Accounts receivable (Continued)

##### (3) Provision, recovery or reversal of bad debt reserves in current period

Category	Beginning balance	Changed amount in current period			Other	Ending balance
		Provision	Recovery or reversal	Written-off or offsetting		
Bad debt reserves for accounts receivable	2,254,589.66		133,673.34			2,120,916.32

##### (4) Accounts receivable and contract assets with top five ending balance classified by debtors

Name of entities	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percent in aggregate ending balance of accounts receivable and contract assets (%)	Ending balance of bad debt reserves
Qingdao Haier Refrigeration Electric Appliance Co., LTD	31,888,700.00	1,909,000.00	33,797,700.00	46.50	767,207.79
Qingdao Haier Special Refrigerator Co., LTD	6,294,000.00	1,518,000.00	7,812,000.00	10.75	177,332.40
Qingdao Haier Refrigerator Co., LTD	4,554,000.00	858,000.00	5,412,000.00	7.45	122,852.40
Qingdao Haier Water Ecology Technology Co., LTD	4,073,610.00	1,357,870.00	5,431,480.00	7.47	123,294.60
Qingdao Haier HVAC Equipment Co., LTD	3,659,000.00	150,000.00	3,809,000.00	5.24	278,683.40
<b>Total</b>	50,469,310.00	5,792,870.00	56,262,180.00	77.41	1,469,370.59

#### 2. Other receivables

Item	Ending balance	Beginning balance
Interest receivable	50,035,916.19	47,413,555.08
Dividends receivable		
Other receivables	373,996,229.38	369,168,091.80
<b>Total</b>	<b>424,032,145.57</b>	<b>416,581,646.88</b>

##### 2.1 Interest receivable

###### (1) Classification of interest receivable

Item	Ending balance	Beginning balance
Interest of loans among related companies	50,035,916.19	47,413,555.08

###### (2) Provision of bad debt reserves for interest receivable

Interest receivable in the current period is interest on loans among related parties within the scope of consolidation, no credit impairment has occurred, and no provision has been made for bad debts.





## SECTION 8 FINANCIAL REPORT

### XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 2. Other receivables (Continued)

##### 2.2 Other receivables

###### (1) Other receivables classified by nature of funds

Nature of funds	Ending book balance	Beginning book balance
Loans from related parties	365,000,000.00	365,000,000.00
Security deposit	3,560,825.79	
Prepaid fee	7,828.87	168,091.80
Current money between related parties	5,470,629.08	4,000,000.00
<b>Total</b>	<b>374,039,283.74</b>	<b>369,168,091.80</b>

###### (2) Other receivables presented by aging

Aging	Ending book balance	Beginning book balance
Within 1 year	5,039,283.75	3,029,979.72
1-2 years	2,999,999.99	26,055,185.00
2-3 years	26,000,000.00	82,927.08
Over 5 years	340,000,000.00	340,000,000.00
<b>Total</b>	<b>374,039,283.74</b>	<b>369,168,091.80</b>

###### (3) Other receivables classified and presented by provision methods for bad debt

Category	Book balance		Ending balance		Book value
	Amount	Percent (%)	Amount	Provision percent (%)	
Provision for bad debt by portfolio	374,039,283.74	100.00	43,054.36	1.21	373,996,229.38
Among them: aging portfolio	3,568,654.66	0.95	43,054.36	1.21	3,525,600.30
Related parties portfolio within consolidation scope	370,470,629.08	99.05			370,470,629.08
<b>Total</b>	<b>374,039,283.74</b>	<b>100.00</b>	<b>43,054.36</b>	<b>1.21</b>	<b>373,996,229.38</b>

(continued table)

Category	Book balance		Beginning balance		Book value
	Amount	Percent (%)	Amount	Provision percent (%)	
Provision for bad debt by portfolio	369,168,091.80	100.00			369,168,091.80
Among them: aging portfolio					
Related parties portfolio within consolidation scope	369,168,091.80	100.00			369,168,091.80
<b>Total</b>	<b>369,168,091.80</b>	<b>100.00</b>			<b>369,168,091.80</b>



## SECTION 8 FINANCIAL REPORT

### XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 2. Other receivables (Continued)

##### 2.2 Other receivables (Continued)

##### (3) Other receivables classified and presented by provision methods for bad debt (Continued)

Provision for bad debt of other receivables by portfolio

##### 1) Aging portfolio

Aging	Ending balance		Provision percent (%)
	Book balance	Bad debt reserves	
Within 1 year	3,568,654.66	43,054.36	1.21
Total	3,568,654.66	43,054.36	1.21

##### 2) Related parties portfolio

Aging	Ending balance		Provision percent (%)
	Book balance	Bad debt reserves	
Within 1 year	1,470,629.09		
1 -2 years	2,999,999.99		
2- 3 years	26,000,000.00		
More than 5 years	340,000,000.00		
Total	370,470,629.08		

##### (4) Provision for bad debt reserves by the expected credit loss model for other receivables

Bad debt reserves	Stage one	Stage two	Stage three	Total
	Expected credit losses for the next 12 months	Expected credit losses for all existing period (no credit impairments occur)	Expected credit losses for all existing period (credit impairments have occurred)	
Balance on January 1, 2025				
Book balance of other receivables in current period on January 1, 2025				
– Transferring into stage two				
– Transferring into stage three				
– Reversal to stage two				
– Reversal to stage one				
Provision in current period		43,054.36		43,054.36
Reversal in current period				
Written off in current period				
Offsetting in current period				
Other changes				
<b>Balance on June 30, 2025</b>		<b>43,054.36</b>		<b>43,054.36</b>



## SECTION 8 FINANCIAL REPORT

### VII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 2. Other receivables (Continued)

##### 2.2 Other receivables (Continued)

###### (5) Provision, recovery or reversal of bad debts for other receivables in current period

Category	Beginning balance	Changes in current period				Ending balance
		Provision	Recovery or reversal	Written-off or offsetting	Other	
Bad debt reserves for other receivables		43,054.36				<b>43,054.36</b>

###### (6) Other receivables classified by debtors

Name of entities	Nature of funds	Ending book balance	Aging	Percent in total ending book balance of other receivables(%)	Ending balance of bad debt reserves
Beijing Tianhai Industry Co., Ltd.	Current money	370,415,094.35	Note 1	99.03	
Qingdao Bidding Center	Security deposit	1,900,000.00	Within 1 years	0.51	22,922.72
Qingdao Haidayuan Procurement Services Co., Ltd.	Security deposit	1,572,000.00	Within 1 years	0.42	18,965.54
Beijing Jingcheng Machinery Electric Holding Co., LTD	Security deposit	88,825.79	Within 1 years	0.02	1,071.65
Qingdao BYTQ United Digital Intelligence Co., Ltd.	Current money	55,534.73	Within 1 years	0.01	
<b>Total</b>	<b>-</b>	<b>374,031,454.87</b>	<b>-</b>	<b>99.99</b>	<b>42,959.91</b>

Note 1: Within 1 year, 1,415,094.36 yuan; 1 to 2 years, 2,999,999.99 yuan; 2 to 3 years, 26,000,000.00 yuan; More than 5 years, 340,000,000.00 yuan.

#### 3. Long-term equity investments

##### (1) Classification of long-term equity investments

Item	Ending balance			Beginning balance		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Investment in subsidiaries	<b>1,599,609,640.36</b>		<b>1,599,609,640.36</b>	1,600,273,940.36		1,600,273,940.36
Investment in associates or joint ventures						
<b>Total</b>	<b>1,599,609,640.36</b>		<b>1,599,609,640.36</b>	1,600,273,940.36		1,600,273,940.36



## SECTION 8 FINANCIAL REPORT

### VII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 3. Long-term equity investments (Continued)

##### (2) Investment in subsidiaries

Invested entities	Beginning balance (Book balance)	Beginning balance of impairment reserves	Increase and decrease in current period				Ending balance (Book balance)	Ending balance of impairment reserves
			Added investments	Reduced investments	Provision for impairment reserves	Other		
Beijing Tianhai Industrial Co., LTD	1,107,846,112.26					-255,500.00	1,107,590,612.26	
Jingcheng Holding(Hong Kong) Co., LTD	142,044,028.10						142,044,028.10	
Qingdao BYTQ United Digital Intelligence Co., Ltd.	338,681,900.00					-255,500.00	338,426,400.00	
Beijing Tianhai Cryogenic Equipment Co., Ltd.	1,890,700.00					-153,300.00	1,737,400.00	
Kuancheng Tianhai Pressure Container Co., Ltd.	766,500.00						766,500.00	
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	1,481,900.00						1,481,900.00	
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	3,781,400.00						3,781,400.00	
Shanghai Tianhai Composite Cylinders Co., Ltd.	1,073,100.00						1,073,100.00	
Tianjin Tianhai High Pressure Container Co., Ltd.	2,350,600.00						2,350,600.00	
BTIC America Corporation	357,700.00						357,700.00	
<b>Total</b>	<b>1,600,273,940.36</b>					<b>-664,300.00</b>	<b>1,599,609,640.36</b>	

Note: "other decrease" is caused by that: the company implements restricted equity incentive plans in previous periods, so as to issue the company's A-share common stocks to the employees of the company and its subsidiaries. In this period, due to reasons such as the resignation, interim retirement, and job transfer of the incentive recipients, an aggregate of 180,000 shares were repurchased by the company, and the corresponding amount previously recognized as long-term equity investment due to this matter shall be reduced.

#### 4. Operating revenue and operating costs

Item	Amount occurs in current period		Amount occurs in previous period	
	Revenue	Costs	Revenue	Costs
Main business				
Other business	2,011,457.25		2,368,722.61	
<b>Total</b>	<b>2,011,457.25</b>		<b>2,368,722.61</b>	



## SECTION 8 FINANCIAL REPORT

### SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

#### 1. Non-recurring loss or profit statements in current period

Item	Amount in current period	Notes
Loss or profit from disposal of non-current assets	1,470,535.89	V. (51),(52),(53)
Government subsidies recorded in current loss or profit	3,805,548.74	V. (47)
Reversal of impairment reserves whose impairment tests are separately conducted	520,000.00	V. (3),(49)
Other non-operating revenue and expenditure other than those aforementioned	699,622.10	V. (52)(53)
Loss or profit from debt restructuring	2,044,137.75	V. (48)
Other loss or profit items that meet definition of non-recurring loss or profit		
Subtotal	8,539,844.48	
Less: Influenced amount of income tax	3,800.47	
Influenced amount of minority shareholders' equity (after tax)	1,688,935.09	
<b>Total</b>	<b>6,847,108.92</b>	<b>—</b>

#### 2. Profit margin on net assets, and income per share

Pursuant to provisions of China Securities Regulatory Commission's "Rules No. 9 on Information Disclosure and Reporting of Companies Issuing Securities Publicly – Calculation and Disclosure of Profit Margin on Net Assets and Income Per Share (Revised in 2010)", the weighted average profit margin on net assets, primary earnings per share and diluted earnings per share of the Group are as follows:

Profit in the Reporting Period	Weighted average profit margin on net assets(%)	Income per share (yuan/share)	
		Primary earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the parent company	-1.46	-0.03	-0.03
Net profit attributable to common shareholders of the parent company after deducting non-recurring loss or profit	-2.10	-0.04	-0.04

#### 3. Dividend

No dividend was paid or declared during the first half of 2025. No dividend was declared after the end of the Reporting Period (first half of 2024: nil).

Beijing Jingcheng Machinery Electric Co., LTD

August 15, 2025