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

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

(Stock Code: 0187)

2022 INTERIM RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICES

- 1. This interim results announcement is derived from the 2022 Interim Report. To comprehensively understand operating results, financial position and future development plans of Beijing Jingcheng Machinery Electric Company Limited (the “Company”), investors should carefully read the full text of the 2022 Interim Report.**
- 2. The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”), the directors (the “Directors”), the supervisors and senior management of the Company guarantee the authenticity, accuracy and completeness of the contents of the 2022 interim results announcement, in which there are no false representations, misleading statements contained, or material omissions, and assume several and joint responsibilities.**
- 3. All Directors of the Company have attended the meetings of the Board.**
- 4. The 2022 interim results have not been audited.**
- 5. The proposal of distribution of profit for the reporting period or the transfer of capital reserve to equity considered by the Board**

Nil

II. BASIC INFORMATION OF THE COMPANY

1 Company profile

Basic Information of the Company's Shares

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

Contact persons and contact information

Secretary to the Board

Securities affairs representative

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2 Major financial data of the Company

*Unit: Yuan
Currency: RMB*

Principal Accounting Data	For the reporting period (January – June 2022)	For the same period last year	Increase/Decrease comparing the reporting period with the same period last year (%)
	Operating income	637,677,016.77	526,554,520.75
Net profit attributable to shareholders of the listed company	10,576,997.42	-1,313,304.91	–
Net profit attributable to shareholders of the listed company after extraordinary items	7,256,597.49	-9,270,610.57	–
Net cash flow from operating activities	-18,915,591.19	-42,048,198.13	–

	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	913,061,413.66	677,655,614.84
Total assets	2,082,939,831.71	1,568,448,757.50	32.80

3 Shareholdings of top ten shareholders

Unit: share

Total number of shareholders as at the end of the reporting period 61,633

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

Shareholdings of top ten shareholders

Name of shareholder (full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the reporting period	Ratio (%)	Number of shares held subject to selling restrictions	Pledged, tagged or frozen		
					Share status	Number	Shareholder(s) nature
Beijing Jingcheng Machinery Electric Holding Co., Ltd	0	245,735,052	46.24%	63,000,000	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	0	99,419,027	18.71%	0	Nil	0	Unknown
Li Hong	19,099,566	19,099,566	3.59%	19,099,566	Nil	0	Domestic natural person
Zhao Qing	6,540,785	6,540,785	1.23%	6,540,785	Nil	0	Domestic natural person
Yang Ping	5,405,865	5,405,865	1.02%	5,405,865	Nil	0	Domestic natural person
Qingdao Eternal Economic Information Consulting Co., Ltd.	4,686,960	4,686,960	0.88%	4,686,960	Nil	0	Domestic non- state owned legal person
Wang Xiaohui	4,039,404	4,039,404	0.76%	4,039,404	Nil	0	Domestic natural person
Xia Tao	2,015,123	2,015,123	0.38%	2,015,123	Nil	0	Domestic natural person
Wang Huadong	2,015,123	2,015,123	0.38%	2,015,123	Nil	0	Domestic natural person
Hong Kong Securities Clearing Company Limited	-1,214,832	1,956,429	0.37%	0	Unknown	0	Unknown

Notes:

- (1) Beijing Jingcheng Machinery Electric Holding Co., Ltd. is the substantial shareholder of the Company, no share of which are being pledged or frozen.
- (2) On 27 June 2022, the Company issued the “Announcement in relation to the Issuance Results of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds and Change in Share Capital”. According to the “Certificate of Securities Change Registration of Shanghai Branch of China Securities Depository and Clearing Corporation Limited” issued by Shanghai Branch of China Securities Depository and Clearing Corporation Limited (the “**CSDC**”) on 24 June 2022, the Company has completed the registration of the additional shares for this asset acquisition by way of share issuance. The nature of the additional shares to be issued are circulating shares with trading restrictions. Details in relation to the lock-up period are set out in “Report on the Asset Acquisition by Way of Share Issuance and Cash Payment and Raising of Supporting Funds”, such shares can be listed and traded on the Shanghai Stock Exchange on the following trading day upon the expiry of the lock-up period.
- (3) HKSCC Nominees Limited held shares on behalf of many of its clients and the Company has not been notified by HKSCC Nominees Limited that there was any holder of H Shares who individually held 5% or more of the total share capital of the Company.
- (4) As at 30 June 2022, so far as was known to the Directors, the supervisors and chief executive of the Company or their respective associates do not have any interest or short positions in the shares, underlying shares or debentures of the Company or any associated corporations below (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) contained in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), to be notified to the Company and the Stock Exchange.
- (5) Save as disclosed above, as at 30 June 2022, the Directors were not aware of any person (not being a Director, supervisor or chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.
- (6) There is no provision for pre-emptive rights under the laws of the PRC and the articles of association of the Company.
- (7) As of 30 June 2022, the Company did not issue any convertible securities, share options, warrants or any other similar right.

4 Particulars of the total number of shareholders of preference shares and top ten shareholders of preference shares as at the end of the reporting period

Applicable Not Applicable

5 Changes in controlling shareholder or beneficial controller

Applicable Not Applicable

6 Undue and unpaid or overdue corporate bonds

Applicable Not Applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of the year, the Company overcame the negative impact brought about by the rebound of the pandemic in China, Russia-Ukraine conflict and the continuous increase in raw material prices. The Company was determined to implement its decisions and deployments, focus on the budget for the whole year, anchor on its targets and tackle the challenges ahead, achieving the budget targets for major economic indicators and making progress on numerous key tasks. With continuous improvement on business conditions, a solid foundation was laid for the completion of the annual targets and achievement of quality development for implementation of the 14th Five-Year Plan.

1. Completion of the acquisition and reorganisation project of BYTQ, enhancing the profitability of the Company

The acquisition and reorganisation of Qingdao BYTQ United Digital Intelligence Co., Ltd. (“**BYTQ**”, formerly known as “Qingdao BYTQ United Digital Intelligence Holding Co., Ltd.”) by the Company was successfully completed. BYTQ focuses on the field of industrial automation and informatisation, and is a leading enterprise in the field of intelligent manufacturing equipment in the home appliance industry, with the ability to provide customers with comprehensive intelligent manufacturing solutions of automation and informatisation and overall application solutions of industrial internet smart factory. The acquisition enables the Company to fully utilise the accumulated technology and advantageous resources of BYTQ in automation system integration, intelligent manufacturing and intelligent factory construction, to strengthen its position in the intelligent manufacturing industry, promote the development of intelligent manufacturing and information technology construction business, accelerate the process of promoting the Company’s business towards “precision and high-tech”, optimise the business structure and expand the business scope and market precision and high-tech of the Company, helping the Company to form a diversified equipment manufacturing industry and achieve complementary advantages in its business, which will help the Company to accelerate the transformation and upgrade of its business.

2. Positive progress on market development

Gas Storage and Transportation Segment:

Demand in the North American market began to grow significantly following the bottom-out last year. The European market was affected by the Russia-Ukraine war and shortage of natural gas supply, while the significant depreciation of the Euro had a greater impact on the export of more price-sensitive products such as industrial bottles and firefighting bottles. The Company has increased customer stickiness through product diversification, value-added services, as well as actively promoting the use of new products, which has resulted in a growth against the general trend in the European market. The Asian market also achieved a good growth. The domestic industrial sector achieved significant results in the marketing of the lightweight high-pressure series products, with new orders for industrial tanks increasing year-on-year, and bulk orders for type IV bottles were obtained. In the hydrogen energy application area, the successful completion of the torch burning for the Winter Olympics and the protection on the operation of hydrogen-fuelled vehicles resulted in faster revenue growth for hydrogen systems.

Intelligent Manufacturing Segment:

The Company is deeply involved in the home appliance industry and continues to expand its product range in each home appliance industry. Relying on its research and development and comprehensive integration capabilities, the Company provides customers with total solutions for production line automation, information technology construction, upgrading and transformation and intelligent factories, and the major products of the Company continue to expand in depth and breadth in the home appliance industry. In terms of floor conveyor assembly systems, the Company has leveraged its experience in the construction of drawer dishwashers to expand into the construction of floor conveyor assembly lines for wall-mounted dishwashers and service top Xiaohaibeishishwashers. In terms of stamping lines, the Company has further expanded its stamping lines to include stamping lines for other household appliances such as air conditioners, electric water heaters and gas water heaters following breakthroughs made in the development of robotics applications and high-speed supporting non-standard and special machines. In terms of suspension chains, the Company has continued to expand into new applications, and on the basis of the mature applications of door shells and bodies, it has started to expand into the field of intelligent distribution of inner liners and door linings.

3. Insisting on innovation-driven, comprehensively shaping a new development trend

In the first half of the year, the Company continued to increase its investment in technological research and development by undertaking science commission projects, open competition projects and state-owned capital projects. 13 key research and development projects were undertaken in 2022. The Company attaches great importance to the cultivation of “Specialised and New” enterprises, and four enterprises, namely Beijing Tianhai Industry Co., Ltd.* (“**Tianhai Industrial**”), Beijing Tianhai Cryogenic Equipment Co., Ltd.*, Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd.* and Kuancheng Tianhai Pressure Containers Co., Ltd.*, have been awarded the title of “Specialized and New” or “Specialized and New” small giant enterprise at the provincial and municipal levels. The key technology research and development projects have been carried out with solid progress, and the research and development of type IV cylinders, hydrogen refuelling stations and liquid hydrogen storage tanks have made advances.

Establishing R&D institutions and building technology platforms: As the registration has been completed for a technology research and development centre in Beijing, BYTQ Beijing branch, this will bring in core technical talents to the industry and establish an intelligent core technologies R&D platform, facilitating technical exchanges and business matching with various enterprises in the controlling shareholder, Beijing Jingcheng Machinery Electric Holding Co., Ltd (“**Jingcheng Machinery Electric**”), broadening the Company’s business scale and enhancing its profitability, which will be conducive to enhancing the enterprise intelligent manufacturing capabilities in the system and promoting synergy and efficiency in the businesses of various enterprises. Technical breakthroughs in R&D to provide technical support in securing orders: The Company uses production to lead research, research to promote production. By understanding enterprise project order demand and equipment in the industry which has replication demand, some in-house research projects made breakthroughs. In the first half of the year, the Company made a breakthrough in the expenses for R&D of high-speed reciprocating robots, two- and three-dimensional high-speed robots, providing a technical guarantee and advantage for the Company to obtain orders for high-speed stamping lines in the air-conditioning and water heater industries. The core unit of the stamping line, the die change trolley, is under independent R&D, which, when successful, will significantly reduce the overall cost of stamping line products and enhance the competitiveness of the product in the market.

4. Increasing digitalisation and introduction of a technical team

Tianhai Industrial, a subsidiary of the Company, has been actively engaged in the enterprise digital transformation and upgrade. The automation upgrade project of the small volume composite cylinder production line in Shanghai Tianhai Composite Cylinders Co., Ltd.* and the automation upgrade project of the medium to large size hydraulic test process of the small size cylinder production line in Tianjin Tianhai High Pressure Container Co., Ltd.* have completed pre-inspection for acceptance and will continue to optimise the pace and carry out joint adjustment and testing of various products. The assembling, commissioning and testing of the Tianhai hydrogen breathing apparatus cylinder mouth processing and type III cylinder punching automation projects have been completed at the factory.

BYTQ plans to introduce a technical team for the development of new products for automation equipment in the second half of the year to obtain orders for related equipment development projects in new areas and expand the business scope of the Company.

5. Improving subsidiary's related systems to enhance risk prevention and control

To improve the system construction of BYTQ, comprehensively sort out business processes, establish and improve various systems and processes in line with the actual situation of the enterprise, carry out internal control system construction, improve the existing management system of the Company, strengthen the system construction and improvement in the areas of decision-making, operation, budgeting and investment and financing of the Company, and enhance its compliance management capability and internal control management standards. The Company will also incorporate external regulatory, legal compliance and risk management requirements into its rules and regulations, work standards and business processes, thereby improving the Company's internal management system, enhancing the effectiveness of the system and processes and preventing operational risks.

In the second half of the year, the Company will closely follow the dynamics of the gas storage industry and grasp the trend of market demand. Based on its own technical characteristics, the Company will continue to develop and launch high-quality products, extend the expansion of applications, and enhance its core competitiveness in the market. The Company will improve the incentive mechanism, stimulate the innovation vitality of the scientific research team, strengthen the research and development of core technologies in professional fields, promote the transformation of scientific research results, and provide strong support for improving the quality of the Company. In the field of industrial automation, the Company will accelerate the delivery of project construction to ensure the completion of the smooth acceptance of the access project, and pay attention to the construction project of the industrial internet factory to secure future results.

1. *On the basis of full budget management, grabbing “new opportunities” in market development*

The Company needs to strengthen internal communications and coordination, follow market demand to guide production scheduling, improve planning, and speed up the flow of orders and capital to secure a stable operation base. The Company will continue to optimise its products and market structure, actively promote the diversification of product lines, pay close attention to downstream technological changes, increase the proportion of high value-added products, and make every effort to speed up the development and implementation of the products in line with customer requirements. Meanwhile, the Company will also pay close attention to policy, legal and financial market changes and take timely and effective measures to address business risks such as exchange rates, customs duties and logistics.

2. *Driven by continuous innovation, fully creating “new advantages” in development*

The Company will give full play to the advantages of science and technology and talents, further optimize the two-tier R&D system, continuously improve the market-oriented, technology R&D-supported, product innovation-centred R&D system, and further improve the incentive mechanism for key technology teams to make breakthrough in key R&D projects. The Company will give full play to the role of the gas storage industry, strengthen coordination and empowerment, improve efficiency and coordinate the planning and make precise arrangement, and push forward the completion of the Beijing Science Commission key projects as planned. Meanwhile, the industrial automation segment will be market-oriented and carry out technical research and development breakthroughs on new demands for industry automation projects, integration of information technology software systems and research and development of suspension conveyor systems to maintain good foresight, rapid response capability and continuous development capability for downstream demands.

3. *Led by strengthened strategic objectives, to carry out reform and adjustment to provide “new impetus”*

We will continue to deepen the adjustment of the industry layout, optimise resource allocation and enhance profitability. We will also deepen reforms and improve information technology, strengthen the use of new-generation information technologies such as digitisation, networking and intelligence, and promote the transformation and intelligent upgrade of enterprise products, production and manufacturing, and management services to digitisation. On the basis of strategy and control, we will further strengthen empowerment and synergy. Each function centre will strengthen its own professionalism and vocationalisation, explore the implementation of a topic-based system and project-based system, deeply explore management difficulties and pain points in the course of operation, and organise all parties to solve such difficulties.

4. *With the principle of promoting legal compliance, lifting our risk management system to take a “new plateau”*

At the point of completion of the merger and acquisition, the Company will further strengthen compliance management and improve the operation mechanism of compliance management; embed risk control and legal compliance requirements into the system and process to form a long-term mechanism; enhance guidance and supervision and training on contract management of subsidiaries, and strengthen management, guidance and training on legal, internal control, compliance and risk prevention capacity in subsidiaries, and improve the professional management level of subsidiaries. The organisation of intellectual property management and relevant system will be improved, and we will further promote technological innovation and the formation of independent intellectual property rights, strengthen the maintenance and authorisation management of trademarks and patents, and enhance the ability to protect intellectual property rights.

Analysis of core competitiveness during the reporting period

(I) Gas Storage and Transportation Segment

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

1. Scale and Brand Advantages

Tianhai Industrial is a group company consisted of eight production bases for the manufacture of professional gas storage and transportation equipment (including Tianhai Industrial, Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd.*, Beijing Tianhai Cryogenic Equipment Co., Ltd.*, Tianjin Tianhai High Pressure Container Co., Ltd.*, Shanghai Tianhai Composite Cylinders Co., Ltd.*, Kuancheng Tianhai Pressure Containers Co., Ltd.*, Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.*, Jiangsu Tianhai Special Equipment Co., Ltd.*) and a company located in the United States. With more than 20 years of operation development, Tianhai Industrial 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.

2. Technology Advantages

With continuous technology research and development, Tianhai Industrial has obtained A1, A2, C2 and C3 level pressure vessel design qualifications and A1, A2, B1, B2, B3, C2, C3, D1 and D2 level pressure vessel manufacturing qualifications. It can now produce over 800 types 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), cryogenic tanks and filling stations; Tianhai Industrial'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, Tianhai Industrial has combined technologies in respect of LNG cylinders for vehicles, CNG cylinders, cryogenic tanks and natural gas vehicle filling stations and is able to provide customers with LNG/CNG system solutions. Tianhai Industrial 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/EC PED and Australia/New Zealand AS1210 standards.

3. *Sales Network Advantages*

Tianhai Industrial 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-scaled automobile manufacturers of the national automobile industry in the supply chain of components for domestic mainstream automobile manufacturers. Tianhai Industrial 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, Tianhai Industrial carried out transformation and upgrade of the internal management and control so that each of its subsidiaries could establish a business model of unifying research, production, supply and sales, so as to fully unleash the potential of the organization, make flexible and quick responses to the changes in the market and effectively enhance the results of operation.

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

4. *Human Resources Advantages*

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

(II) Intelligent Manufacturing Segment

After years of development, BYTQ, a subsidiary of the Company, has the following competitive advantages in terms of technology, human resources, customer resources and services etc.:

1. Technology Advantages

As an enterprise in the technology-intensive and talent-intensive industrial automation industry, BYTQ has become an outstanding enterprise in the field of industrial automation with its strong independent research and development capability. BYTQ cooperates with higher education institutions such as Tianjin University, Huazhong University of Science and Technology etc., and has always focused on improving its own research and development capabilities and building of its research and development team. In order to ensure the sustainability of innovation capability on research and development, BYTQ has set up a research and development team with rich professional theoretical knowledge and technical research and development experience.

2. Human Resources Advantages

As an integrated solution provider for automated production lines, BYTQ needs the ability to integrate and apply multi-disciplinary knowledge across a wide range of fields, including mechanics, electronics, controls, industrial software, sensors and artificial intelligence. BYTQ has a total of more than 60 technical staffs, many of whom have more than 10 years of experience. BYTQ has 9 core technical personnel who have been working in the mechanical automation industry for many years, all of whom have about 15 years of experience in the automation industry and have deep understanding of the industry. BYTQ is mainly engaged in team building and project research and development in robotics application, suspension chain transfer and interconnected factory. It will directly apply its R&D results to industrialisation while upgrading self-owned technology and equipment development to meet the multi-dimensional needs of the customers.

3. Customer Resource Advantages

Over the years, BYTQ has been closely following the needs of customers, adopting the business model of “order-based production”, tailoring non-standard automation equipment and information technology projects according to customers’ needs, and formulating personalised industrial automation solutions for customers, and its products and technologies have been widely recognised within and outside the industry. With excellent product quality and sound after-sales service system, BYTQ has successfully established cooperation with numerous subsidiaries of group companies such as Haier, Aucma, Hisense, as well as quality downstream customers including several supporting companies in the home appliance industry for which to achieve sales of the products, and the quality customer resources have provided guarantee for the continuous and stable growth of BYTQ’s results.

Due to the characteristics of the industry, downstream customers have strict standards and procedures for the selection of suppliers. Enterprises need to have deep understanding of the technological transformation needs of their customers and study their processing processes. Once they established the partnership with their customers, it would not be changed easily. Through more stable relationship with customers, BYTQ is able to understand the R&D, design and production process requirements of the customers’ products in advance and provide total solutions that meet their practical production needs, which puts it in a better position in competition, adds value to the services and increases the profitability of the products.

BYTQ has been cooperating with Haier, Hisense and Aucma Group for more than five years, covering all types of home appliances such as refrigerators, washing machines, dishwashers and electric water heaters, and securing hundreds of orders from the abovementioned customers. With excellent product quality and a sound after-sales service system, BYTQ has formed good cooperative relationships with its major customers and has obtained relatively stable orders.

4. Customer Service Advantages

The successful application of automated and information-based production lines depends on deep understanding of the industry and requires in-depth knowledge of the customer's industry characteristics, business model, product attributes, technical features and processes to ensure that the production line meets the customer's needs and plays its required role. As the production line has a direct impact on the quality and efficiency of the products produced, even on the normal operation of the production activities, customers are very careful when selecting suppliers, requiring high visibility, industry experience and successful cases, and usually are very demanding on the professionalism, implementation experience and after-sales service experience of the project implementation team.

BYTQ has established good reputation in the market over the years and is able to integrate various elements such as technology application, production process, product characteristics, industry experience and corporate image, and has accumulated very rich experience in successful applications in the home appliance industry. The project team of BYTQ has deep understanding of the business characteristics of customers in specific industries and is able to grasp and explore the genuine needs of customers, which facilitates the efficient replication and widespread promotion of successful cases. At the same time, the first-mover advantage of industry applications can help the Company to quickly capture the market of niche customers in the industry, and successful industry applications can further build up the corporate image, which together will lay a solid foundation for the Company's future development.

(I) Analysis of principal businesses

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

Unit: Yuan
Currency: RMB

Item	Current period	Corresponding period of last year	Changes (%)
Operating income	637,677,016.77	526,554,520.75	21.10
Operating cost	553,123,507.27	453,219,285.37	22.04
Sales expense	15,841,866.48	15,050,487.21	5.26
Management expense	38,334,532.86	39,916,462.24	-3.96
Financial expense	2,940,495.83	6,189,937.17	-52.50
R&D expenditure	21,615,500.91	10,015,871.43	115.81
Net cash flows from operating activities	-18,915,591.19	-42,048,198.13	-
Net cash flows from investment activities	-8,990,156.01	-33,123,899.27	-
Net cash flows from financing activities	62,543,584.45	-74,779,453.38	-

Reasons for the change in operating income: increase of 21.10% as compared with the corresponding period of last year, mainly due to the Company continuously adjusting the product structure, proactively expanding new application field and impact from the inclusion of BYTQ in the scope of the Company's consolidated financial statement;

Reasons for the change in operating cost: increase of 22.04% as compared with the corresponding period of last year, mainly due to the increase in operating income;

Reasons for the change in sales expense: increase of 5.26% as compared with the corresponding period of last year, mainly due to the impact from the inclusion of BYTQ in the scope of the Company's consolidated financial statement;

Reasons for the change in management expense: decrease of 3.96% as compared with the corresponding period of last year, mainly due to the strengthened budget management and strict control of management expense;

Reasons for the change in financial expense: decrease of 52.50% as compared with the corresponding period of last year, mainly due to the decrease in loans which resulted in decrease in interest and the prevention of exchange losses due to the forward settlement of foreign exchange;

Reasons for the change in R&D expenditure: increase of 115.81% as compared with the corresponding period of last year, mainly due to the increase in R&D investment during the current period;

Reasons for the change in net cash flows from operating activities: increase of approximately RMB23,132,600 as compared with the corresponding period of last year, mainly due to the increase in cash received from operating activities and decrease in cash paid for operating activities during the current period;

Reasons for the change in net cash flows from investment activities: increase of approximately RMB24,133,700 as compared with the corresponding period of last year, mainly due to the receipt of net cash from subsidiaries in the current period;

Reasons for the change in net cash flows from financing activities: increase of approximately RMB137,323,000 as compared with the corresponding period of last year, mainly due to the net repayments of loans obtained and special payables and borrowings received in the current period were less than those in the corresponding period of the previous year.

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

Applicable Not Applicable

The Company completed the delivery of the project of acquiring 80% equity interest in BYTQ in June 2022. The scale of the Company's principle business revenue and profit has been enhanced and the Company's ability to continue operating has improved significantly.

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

Applicable Not applicable

(III) Analysis of assets and liabilities

√ Applicable □ Not applicable

1. Assets and liabilities

Unit: Yuan
Currency: RMB

Name of item	Balance at the end of the current period	Balance at the end of the current period over total assets (%)	Balance at the end of the corresponding period last year	Balance at the end of last year over total assets (%)	Change in amount at the end of current period over last year (%)	Description
Monetary funds	180,522,429.75	8.67	105,776,763.72	6.74	70.66	Mainly due to the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Notes receivable	10,822,070.00	0.52		0.00	100.00	Mainly due to the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Accounts receivable	309,677,712.63	14.87	175,225,191.63	11.17	76.73	Mainly due to the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Receivables financing	19,461,177.94	0.93	10,465,061.76	0.67	85.96	Mainly due to the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Prepayments	79,748,876.25	3.83	53,915,051.53	3.44	47.92	Mainly due to the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Other current assets	18,930,608.81	0.91	27,386,862.15	1.75	-30.88	Mainly as a result of the impact of tax refunds retained by subsidiaries
Right-of-use assets	4,779,117.38	0.23		0.00	100.00	Mainly due to the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Intangible assets	169,264,466.24	8.13	120,037,115.68	7.65	41.01	Mainly due to the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Goodwill	168,996,039.10	8.11		0.00	100.00	Mainly as a result of the cost of acquiring the equity interest in BYTQ being greater than the share of the fair value of the identifiable net assets based on the percentage of shareholding

Name of item	Balance at the end of the current period	Balance at the end of the current period over total assets (%)	Balance at the end of the corresponding period last year	Balance at the end of last year over total assets (%)	Change in amount at the end of current period over last year (%)	Description
Other non-current assets	230,866.00	0.01		0.00	100.00	Mainly due to prepayments for the purchase of equity interests by subsidiaries
Notes payable	80,099,959.43	3.85	50,693,681.14	3.23	58.01	Mainly due to the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Employee benefits payable	15,727,901.14	0.76	27,257,688.27	1.74	-42.30	Mainly as a result of the payment of prior year's employee benefit payable in the current period
Taxes payable	24,219,026.55	1.16	6,186,732.62	0.39	291.47	Mainly due to the impact of the tax moratorium policy enjoyed by the subsidiaries and the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Other payables	156,941,772.26	7.53	25,960,072.78	1.66	504.55	Mainly attributable to the amount payable to the former shareholder of BYTQ for the transfer of equity interest and the borrowing of funds by the subsidiary from Jingcheng Machinery Electric during the current period
Lease liabilities	1,831,770.18	0.09		0.00	100.00	Mainly due to the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Long-term payables	53,207,700.00	2.55	30,000,000.00	1.91	77.36	Mainly due to the acquisition of specific payables by subsidiaries during the current period
Expected liabilities	8,945,975.89	0.43	5,794,470.12	0.37	54.39	Mainly due to the change in the scope of the consolidated statements during the current period and the impact of the inclusion of BYTQ in the scope of the Company's consolidated statements
Other comprehensive income	753,049.57	0.04	-1,030,194.20	-0.07	-173.10	Mainly due to the impact of exchange differences arising from translation of foreign currency statements

2. Overseas Assets

Applicable Not applicable

(1) Size of assets

Including: overseas assets of 220,863,036.42 (Unit: Yuan Currency: RMB), accounting for 10.60% of the total assets.

(2) Details of overseas assets

Applicable Not Applicable

Other descriptions

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

Applicable Not applicable

Unit: Yuan
Currency: RMB

Item	Ending carrying amount	Reasons for restriction
Monetary funds	24,791,946.73	L/C guarantee deposit
	39,548,486.95	Deposits of bank acceptance bill
	395,389.70	Foreign exchange trading margin
Right-of-use assets	4,779,117.38	Ownership does not belong to the Company
Notes receivable	10,822,070.00	Obtaining a pledge of a bank credit line
Total	80,337,010.76	–

4. Other descriptions

Applicable Not Applicable

(IV) Analysis of investments

1. General analysis of external equity investments

Applicable Not applicable

(1) Material equity investments

Applicable Not applicable

(1) Project of asset acquisition by way of share issuance and cash payment

In order to enhance the Company's ongoing operation and profitability, the Company has completed the implementation of the acquisition of 80% equity interests in BYTQ. On 15 December 2021, the Company issued the "Announcement on Obtaining Conditional Approval for the Asset Acquisition by Way of Share Issuance and Cash Payment and Raising of Supporting Funds from the Listed Company Merger and Reorganization Vetting Committee of the CSRC and Resumption of Trading in A Shares", the Listed Company Merger and Reorganization Vetting Committee of the CSRC convened the 33rd working meeting of the MRVC for the year of 2021, at which the asset acquisition by way of share issuance and cash payment and raising of supporting funds was vetted and conditionally approved. On 24 March 2022, the Company received from the CSRC the "Approval for the asset acquisition by way of share issuance and raising of supporting funds by Beijing Jingcheng Machinery and Electric Company Limited to Li Hong and Others", approving the matter of the asset acquisition by way of share issuance and cash payment and raising of supporting funds by the Company. On 17 June 2022, the Company issued the "Announcement in relation to the Transfer of Assets of the Asset Acquisition by Way of Share Issuance and Cash Payment and Raising of Supporting Funds", all the target assets of the transaction have been changed and registered in the name of the Company and the Company directly holds 80% equity interest in BYTQ and the transfer of the target assets involved in the transaction has been completed. On 27 June 2022, the Company issued the "Announcement in relation to the Issuance Results of the Asset Acquisition by Way of Share Issuance and Cash Payment and Raising of Supporting Funds and Change In Share Capital", according to the "Certificate of Securities Change Registration of Shanghai Branch of China Securities Depository and Clearing Corporation Limited" issued by Shanghai Branch of the CSDC on 24 June 2022, the Company has completed the registration of the additional shares for this asset acquisition by way of share issuance. As considered and approved at the ninth meeting of the tenth session of the Board of the Company, the Company established a designated account for the raised funds and entered into a "Tripartite Custody Agreement for the Designated Account for Raised Funds" with independent financial adviser CSC Financial Co., Ltd. and Beijing Guanghai sub-branch of Hua Xia Bank Co., Ltd. Such designated account has received the raised

funds net of issuance expenses. The asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company is subject to subsequent work relating to the raising of supporting funds, the timing of which is uncertain. The Company will strictly maintain confidentiality of information in accordance with the relevant progress and perform its information disclosure obligations in strict accordance with the relevant laws and regulations and make timely announcements on the progress of the matter.

(2) Tianhai Industrial's acquisition of 2% equity interest in Jingcheng Haitong

On 28 April 2022, Tianhai Industrial entered into the "Equity Transfer Contract" with Beijing Nengtong Lease Company* ("**Beijing Nengtong**"), in which the acquisition by Tianhai Industrial of 2% equity interest in Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.* ("**Jingcheng Haitong**") held by Beijing Nengtong, was considered and approved by the general meeting of the Company on 9 June 2022. The transfer price was RMB461,732. Upon the completion of transaction, the registered capital of Jingcheng Haitong remains RMB80,000,000, the amount of capital contribution and shareholding proportion of both parties were changed as follows: Tianhai Industrial contributed RMB40.80 million, holding 51% of the shares, and Beijing Nengtong contributed RMB39.20 million, holding 49% of the shares, Tianhai Industrial thus succeeded in acquiring a 51% controlling interest in Jingcheng Haitong.

As disclosed in the announcement of the Company dated 6 July 2022, Jingcheng Haitong has completed the registration procedures for industrial and commercial changes such as changing of the amount of shareholders' capital contribution and shareholding proportion and filing of the "Articles of Association", and obtained a new business licence.

(2) *Material non-equity investments*

Applicable Not applicable

(3) *Financial assets measured at fair value*

Applicable Not applicable

(V) Material disposal of assets and equity interest

Applicable Not applicable

(VI) Analysis of major subsidiaries and associates

Applicable Not applicable

Company name	Business nature	Principal products or services	Registered capital	Total assets	Net assets	Net profit
Beijing Tianhai Industry Co. Ltd.	Production	Production and sale of gas cylinders, accumulator shells, pressure vessels and auxiliary equipment, etc.	US\$83,386,262.97	RMB1,598,022,650.28	RMB586,425,117.78	-RMB170,760.52
Jingcheng Holding (Hong Kong) Company Limited	Trading and investment	Import and export trade, investment holding and consultancy services, etc.	HK\$1,000	RMB163,085,844.90	RMB157,763,699.80	RMB271,525.06
Qingdao BYTQ United Digital Intelligence Co., Ltd.	Production	robots and automation equipment products etc.	RMB19,862,800	RMB296,632,461.14	RMB180,283,325.45	RMB7,528,374.32

(VII) Structured entities under the control of the Company

Applicable Not applicable

(VIII) Potential risks

Applicable Not applicable

1. Industry policy risks

The Company's hydrogen energy storage and transportation segment is categorized as a new business, which may easily be affected by national policy, economic environment, upstream and downstream industrial chain development, and other factors. The impact of various unfavourable factors, such as the impact of the pandemic, pre-market over expansion, low transportation prices and continued high natural gas prices, had affected the natural gas storage and transportation segment, which is the Company's main business. The development of the industrial machinery industry is subject to a certain degree of uncertainty due to the macroeconomic environment and factors such as trade conflicts between China and the US. If industry policies, the international trade environment and market supply and demand change in the future, it may lead to cyclical fluctuations in the machinery manufacturing industry, which in turn may affect the market demand for

automated production solutions. The Company will take measures to proactively respond by strengthening supply chain management, research and development innovation and actively increasing its market share. Therefore, in response to the abovementioned risks, the Company will grasp the national macro policy in a timely manner, identify industrial development trends, broaden areas of product application, and at the same time strengthen core technology development, expand new markets, minimize the risk factors associated with industry policy to reduce the impact on the Company.

2. *Risk of intensified market competition*

The gas storage and transportation market and the industrial automation segment in general has seen a stable and rising trend, but competition in the industry is intensifying. The product market may change in the future, which will bring some uncertain factors and impact on the Company's business development.

The good market prospect in the industrial automation field has gradually attracted the entry of competitors and intensified market competition. If the Company fails to continue to maintain its technological, product and brand advantages and fails to continuously enhance its overall competitiveness, increased competition leading to price fluctuations will have an adverse impact on the Company's operating results.

The Company will continue to focus on technological independence, continue to improve its independent innovation capability, make scientific arrangements, and make every effort to drive scientific and technological innovation. The Company will also enhance its market and competition awareness, emphasise on the direction of professional development, and consolidate, expand and enlarge its market share.

3. *Technology research and development risks*

With the gradual improvement of the top-level design of the hydrogen energy industry, the technological progress will be further accelerated under the relevant government policies as well as the strong support of orders. The Company faces certain risks in the R&D technology path and in matching key R&D projects with the market demand.

The industrial automation industry is developing at a fast pace with frequent advancements in technology, which requires the Company's technical team to have good foresight, be able to response promptly and make continuous development to cater for downstream demand. As there are certain uncertainties in the R&D and promotion of new products, the Company may face the risk of failure in development of new products or the market promotion does not meet expectations.

The Company attaches importance to continuous investment in R&D and will continue to strengthen the development on hydrogen energy business and accelerate the development of new products, while actively promotes industrial automation product line diversification, pays high attention to downstream technological changes, and relies on a highly qualified R&D team, to achieve technological updates of products.

4. *Staff turnover risks*

The Company values technological innovation. It has established a stable team of technical personnel, developed a sound salary management system and an attractive salary system, but with the rapid development of the domestic machinery manufacturing industry and intensification of competition, the demand for technical personnel, especially for core technical personnel, from peer companies will increase, and the Company will still face the risk of losing its core technical personnel. The Company will continue to recruit outstanding technical talents in relevant fields and strengthen technical cooperation to maintain the Company's talent advantage.

5. *Risk of impact from COVID-19 impact*

At present, prevention and control of the COVID-19 pandemic is still at a critical stage. Although China has achieved good results in the prevention and control of the pandemic, economic activities have fully resumed and production and operation in the society are in order, but the pandemic is not yet over. In view of the current trend of the global spread of the pandemic, if situation such as another outbreak of large-scale epidemic in the future or the pandemic prevention measures are tightened again, it will lead to factors affecting the normal operation of the principal business of the Company which are beyond our control. The Company will watch closely the domestic and overseas trend of the pandemic, strictly implement the pandemic prevention policies and proactively take effective measures to minimise the possible adverse impact of the pandemic on the Company's production and operation.

(IX) Other disclosures

Applicable Not applicable

1. *Financial position analysis*

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

Liquidity and capital structure

	At the end of the period	At the beginning of the period
(1) Gearing ratio	40.97%	38.70%
(2) Quick ratio	84.61%	71.25%
(3) Liquidity ratio	132.72%	131.75%

2. *Bank loans*

The Company seriously implemented its annual capital income and expenditure budget plan in accordance with the change in market conditions and requirement of customers to strictly control the bank loan scale, to satisfy the Company's capital need of operating activities while minimizing its financial costs and preventing financial risks in a timely manner by fully utilizing financial instruments, and to improve the profit of the Company and shareholders. As at the end of the reporting period, the Company had short-term loan amounting to RMB85,369,700, representing an increase of 1.84% as compared with the beginning of the year. Non-current liabilities due within one year amounted to RMB8,748,700, representing an increase of RMB1,748,700 for the current period; representing an increase of 3.62% as compared with the beginning of the year calculated in accordance with non-reclassification method.

3. *Foreign exchange risk management*

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

4. *Principal sources of fund and its use*

1. Cash flows from operating activities

The Company's cash inflow from operating activities was mainly derived from the income of product sales during the reporting period. Cash outflow was mainly related to the expenses from production and operating activities. The Company's cash inflow from operating activities for the reporting period amounted to RMB612,369,500, while cash outflow amounted to RMB631,285,000. Net cash flow during the reporting period from operating activities amounted to -RMB18,915,600.

2. Cash flows from investment activities

The Company's cash inflow from investment activities during the reporting period amounted to RMB36,539,200, which was mainly due to net cash received from subsidiaries. Cash outflow to investment activities amounted to RMB45,529,300, which was mainly used for capital expense on the purchase of fixed assets. Net cash flow from investment activities for the reporting period amounted to -RMB8,990,200.

3. Cash flows from financing activities

Cash inflow from financing activities during the reporting period amounted to RMB98,887,300, which was mainly from bank borrowings. Cash outflow to financing activities during the reporting period amounted to RMB36,343,700, which was mainly repayment of loans and interest. Net cash flow from financing activities for the reporting period amounted to RMB62,543,600.

Net cash flow from operating activities during the current period increased by approximately RMB23,132,600 compared with the corresponding period last year, which was mainly due to the decrease in cash outflow from operating activities, which reduced the net cash flows from operating activities during the period; Net cash flow from the investment activities increased by approximately RMB24,133,700 compared with the corresponding period last year, which was mainly attributable to the cash received from subsidiaries; Net cash flow from financing activities increased by approximately RMB137,323,000 compared with the corresponding period last year, which was mainly due to the net repayments of loans obtained and special payables and borrowings received during the period were less than those in the corresponding period of last year.

Net cash flow from operating activities for the current period was -RMB18,915,600. Net profit for the current period was RMB8,688,000. The Company mainly raised capital for operations from cash flow generated internally and loans.

5. Capital structure

The Company's capital structure consisted of shareholders' equity interests and liabilities during the reporting period. Shareholders' equity interests amounted to RMB1,229,663,000, of which, minority shareholders' interests amounted to RMB316,601,600, and total liabilities amounted to RMB853,276,800. Total assets amounted to RMB2,082,939,800. As at the end of the reporting period, the Company's gearing ratio was 40.97%.

Capital structure by liquidity

Total current liabilities	RMB746,065,200	Accounting for 35.82% of assets
Total equity interest attributable to shareholders	RMB1,229,663,000	Accounting for 59.03% of assets
Of which: minority shareholders' interests	RMB316,601,600	Accounting for 15.20% of assets

6. Contingent liabilities

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

7. Details of the Company's charge on assets

Unit: Yuan
Currency: RMB

Item	Ending carrying amount	Reasons for restriction
Monetary funds	24,791,946.73	L/C guarantee deposit
	39,548,486.95	Deposits of bank acceptance bill
	395,389.70	Foreign exchange trading margin
Right-of-use assets	4,779,117.38	Ownership does not belong to the Company
Notes receivable	10,822,070.00	Obtaining a pledge of a bank credit line
Total	80,337,010.76	–

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 1,381.

(2) Remunerations:

Remunerations for employees during the reporting period were RMB77,612,900 (the remunerations for employees of BYTQ during January to June have been paid by BYTQ. This figure does not include that part of remunerations).

(3) Remuneration Policies

The Company implemented a diversified salaries system based on the performance on job 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 equality of salary levels. On this basis, the remuneration policy is to be implemented in accordance with different personnel and nature of work to undertake a diversified salaries system such as the implementation of technology and technological innovation incentives for technical staff; the sales commission approach for marketing staff; piecework or hourly wage system for production workers, evaluation of performance and ability for management and annual salary system for senior management. In May 2021, the Company officially implemented the “Remuneration Management Measures for Employees” to further improve the remuneration management system of the Company, which is more conducive to follow the principle of distribution according to work. In the meantime, the Company introduced the “Management Measures for Core Talents” and set up various career paths for employees in different positions and from different departments including aspects of technology, skills, business, and management. The measures have motivated employees to work hard on their positions and constantly raised the initiative of employees to improve their capabilities to perform.

(4) Training Plan

In the first half of 2022, according to the “2022 Annual Training Plan”, a total of 18,326.5 training hours were completed with training of 4,072 employees, and number of training hours per employee reached 14.3 hours. According to the annual training plan, the Company organized and completed training courses such as “Training on the Promotion and Implementation of Rules and Regulations”, “Training on Pandemic Prevention and Control”, “Training on Finite Element Analysis Software”, “Training on Product Basics”, “Training on Fire Safety”, “Time Management”, “Employee Execution”, “Training on Intelligent Industry Trend”, and “Training on Front Line Team Leader Management”.

9. Corporate Governance

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

10. Others

- (1) The applicable enterprise income tax rate for the Company for the reporting period was 25%.
- (2) The unaudited 2022 interim report of the Company has been reviewed by the audit committee under the Board of the Company.
- (3) The Company has been in compliance with the code provisions set out in Part 2 of Appendix 14 "Corporate Governance Code" of the Hong Kong Listing Rules during the reporting period.
- (4) During the reporting period, the Company has adopted the model code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standards set in Appendix 10 "Model Code for Securities Transactions by Directors of Listed Issuers" of the Listing Rules of the Stock Exchange. After making specific enquiries to all directors and supervisors, the Company confirmed that, each of the directors and supervisors has complied with the required standards on securities transactions by directors and supervisors as set out in the Model Code for the six months ended 30 June 2022.
- (5) During the reporting period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
- (6) There was no change in scope of the consolidated statements as compared to the financial report for the previous year.

IV. DESCRIPTION OF THE APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Applicable Not applicable

Description of change of accounting firms during the audit period

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

V. MATTERS RELATING TO BANKRUPTCY AND REORGANISATION

Applicable Not applicable

VI. MATERIAL LITIGATIONS AND ARBITRATIONS

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

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

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

Applicable Not applicable

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

Applicable Not applicable

Other descriptions

Applicable Not applicable

Employee share scheme

Applicable Not applicable

Other incentive measures

Applicable Not applicable

X. MATERIAL CONNECTED TRANSACTIONS

(I) Connected transactions related to daily operation

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

Applicable Not applicable

Description	Index for enquiry
<p>On 19 January 2022, the Company issued the “Announcement in relation to the Signing of Agreement related to Property Leasing, Renovation and Property Services of Yichuang Park and Connected Transactions” and on the same day the Company issued the corresponding H share announcement on the connected transactions. The Company intended to lease the property of Beijing Beiren Printing Equipment Co., Ltd.* (“Beiren Equipment”), a related party of the Company, located in Yichuang Park, Beijing for office use in order to meet the office demand of the Company. The property has a gross floor area of 1,102 square metres, with a lease period of three years from 1 May 2022 to 30 April 2025, and property services will also be provided by Beiren Equipment. As necessary renovation work to the property was required to be carried out before moving in, to ensure the quality and timely completion of the renovation, the Company signed an agreement with Beiren Equipment, who would be responsible for the renovation work.</p>	<p>Website of Shanghai Stock Exchange http://www.sse.com.cn;</p> <p>HKEXnews website of Hong Kong Stock Exchange http://www.hkexnews.hk</p>

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

(IV) Related creditors' rights and debt transactions

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters which were not disclosed in provisional announcements

Unit: Yuan
Currency: RMB

Related party	Relationship	Provision of funding to related party			Provision of funding by related party to listed company		
		Beginning balance	Amount occurred	Ending balance	Beginning balance	Amount occurred	Ending balance
Jiangsu Tianhai Special Equipment Co., Ltd.*	Joint Venture	40,821.80	296,754.47	337,576.27	3,985,233.87	-1,560,867.32	2,424,366.55
Beijing Jingcheng Industrial Logistics Co., Ltd.*	Subsidiary of Shareholders				902,227.27		902,227.27
Beijing Jingcheng Machinery Electric Holding Co., Ltd.*	Controlling Shareholders				1,160.83	40,130,394.73	40,131,555.56
Beijing Lantian Vehicle Clean Fuel Technology Co., Ltd.*	Others	7,706,543.98	-2,977,457.32	4,729,086.66	29,381,638.59	-17,823,687.22	11,557,951.37
Beijing No. 1 Machine Tool Plant*	Subsidiary of Shareholders				7,359.09		7,359.09
Beijing Jingcheng Haitong Technology and Culture Development Co., Ltd.*	Joint Venture	3,539,815.75	24,126.65	3,563,942.40			
Zheng Guoxiang	Others				174,926.90	-174,926.90	
Guo Zhihong	Others				174,926.89	-174,926.89	
Kuancheng Shenghua Pressure Container Manufacturing Co., Ltd.*	Others	1,567,883.90	-758,192.40	809,691.50			

Related party	Relationship	Provision of funding to related party			Provision of funding by related party to listed company		
		Beginning balance	Amount occurred	Ending balance	Beginning balance	Amount occurred	Ending balance
Tianjin Seamless Investment Co. Ltd.*	Others				5,740,605.11	-1,405,001.32	4,335,603.79
Beijing Zhichuang (Beijing) New Energy Automobile Technology Co., Ltd.*	Joint Venture				7,000,000.00		7,000,000.00
Beijing Jingcheng Zhitong Robot Technology Co., Ltd.*	Subsidiary of Shareholders		2,439,000.00	2,439,000.00		312,500.00	312,500.00
Total		12,855,065.43	-975,768.60	11,879,296.83	47,368,078.55	19,303,485.08	66,671,563.63
Reasons for occurrence of related creditor's right and debt transactions	Normal operation						
Effects of related creditors' rights and debts on the results of operation and the financial conditions of the Company	Nil						

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

Applicable Not applicable

(VI) Other major connected transactions

Applicable Not applicable

(VII) Others

Applicable Not applicable

Connected Transaction

On 28 April 2022, Tianhai Industrial entered into the “Equity Transfer Contract” with Beijing Nengtong, in which the acquisition by Tianhai Industrial of 2% equity interest in Jingcheng Haitong held by Beijing Nengtong, was considered and approved at the general meeting of the Company on 9 June 2022. The transfer price was RMB461,732. Upon the completion of transaction, the registered capital of Jingcheng Haitong remains RMB80,000,000, the amount of capital contribution and shareholding proportion of both parties were changed as follows: Tianhai Industrial contributed RMB40.8 million, holding 51% of the shares, and Beijing Nengtong contributed RMB39.2 million, holding 49% of the shares, Tianhai Industrial thus succeeded in acquiring a 51% controlling interest in Jingcheng Haitong. The above transaction constitutes a discloseable transaction under the Listing Rules of the Hong Kong Stock Exchange but is not a connected transaction. Please refer to the circular of the Company dated 10 May 2022 for further details.

As disclosed in the announcement of the Company dated 6 July 2022, Jingcheng Haitong has completed the registration procedures for industrial and commercial changes such as changing the amount of shareholders’ capital contribution and shareholding proportion and filing the “Articles of Association”, and obtained a new business licence.

Upon completion of the acquisition, the Company holds a 51% equity interest in Jingcheng Haitong through Tianhai Industrial, pursuant to which, Jingcheng Haitong became a controlled subsidiary of the Company. In accordance with the Listing Rules of the Hong Kong Stock Exchange, as Jingcheng Machinery Electric is the controlling shareholder of the Company, Beijing Jingcheng Machinery Electric Asset Management Co., Ltd.* (a wholly-owned subsidiary of Jingcheng Machinery Electric) (the “**Asset Company**”) is a connected person of the Company. Accordingly, the transaction contemplated under the lease agreement entered into between the Asset Company and Jingcheng Haitong became continuing connected transaction of the Company upon completion of the acquisition. For details, please refer to the announcement of the Company dated 6 July 2022.

XI. MATERIAL CONTRACTS AND THEIR EXECUTION

1. Trust, contracting and lease matters

Applicable Not applicable

(1) Trust

Applicable Not applicable

(2) Contracting

Applicable Not applicable

(3) Lease

Applicable Not applicable

2. Material guarantee and outstanding material guarantee during the reporting period

Applicable Not applicable

3. Other material contracts

Applicable Not applicable

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

Applicable Not applicable

1. Some of the raw materials of food purchased by the canteen of the Company are from the target poverty alleviation areas. The total purchase of poverty alleviation products by the canteen in the first half of the year amounted to approximately RMB609,192.03, in which poverty alleviation products amounted to RMB232,991.13, while non-poverty alleviation products amounted to RMB376,200.9, The proportion of poverty alleviation products is 38.24%.
2. The labour union of the Company distributes festive gifts, which are purchased from target poverty alleviation areas, to employees for major festivals. The total purchase of poverty alleviation products by the labour union in the first half of the year amounted to RMB349,200, in which all of them were poverty alleviation products, representing 100% of the gifts.

XIII. CONVERTIBLE BONDS

Applicable Not applicable

XIV. ENVIRONMENTAL INFORMATION

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

Applicable Not applicable

1. Information on discharge of pollutants

Applicable Not applicable

Tianjin Tianhai High Pressure Container Co., Ltd. (“**Tianjin Tianhai**”), a subsidiary of the Company, was included in the list of key pollutant-discharging units in Tianjin Province by Tianjin Environmental Protection Bureau in 2022.

1. Information of wastewater emission

Tianjin Tianhai has 2 comprehensive wastewater discharge ports, the wastewater is discharged into the urban sewage pipe network after sedimentation and discharged after being treated by the sewage treatment plant in the extension area of the bonded area. Pollution factors include PH value, chemical oxygen demand, ammonia nitrogen, suspended solids, total phosphorus, petroleum, animal and vegetable oils, anionic surfactants, etc.

In the first half of 2022, the wastewater has undergone sampling and monitoring through Tianjin Guona Product Testing Technology Service Co., Ltd., and the results were in compliance with the “Overall Sewage Emission Standard” DB12/356-2018 (Level 3) of Tianjin Province, and all reached the emission standard.

Statistical table of emission concentration of water pollutants

Table 1-1

Unit: mg/L

Pollutants		Standard Limit	Emission concentration monitoring data (average) The first half of 2022	Emission pattern	Emission flow
Regular pollutants	PH value	6~9	7.6	Stable and continuous disposal	Sewage treatment plant in the extended area of the bonded area
	chemical oxygen demand	500	80.5		
	ammonia nitrogen	45	3.27		
	suspended solids	400	16.5		
	total phosphorous	8	0.045		
	petroleum	15	0.057		
	animal and vegetable oils	100	0.08		
	anionic surfactants	20	0.05		

Statistics of total emission volume of water pollutants

Table 1-2

Unit: tons

Pollutants	Data Source	The first half of 2022	
		Production volume	Disposal volume
Total disposal volume of wastewater	Statistical method	55,950	55,950
Regular pollutants	PH value	0.425	0.425
	chemical oxygen demand	4.504	4.504
	ammonia nitrogen	0.183	0.183
	suspended solids	0.923	0.923
	total phosphorous	0.003	0.003
	petroleum	0.032	0.032
	animal and vegetable oils	0.005	0.005
	anionic surfactants	0.003	0.003

2. *Information of exhaust gas emission*

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

In the first half of 2022, the exhaust gas undergone sampling and monitoring through Tianjin Guona Product Testing Technology Service Co., Ltd., the results were in compliance with “Emission Standard of Air Pollutants for Industrial Kilns and Furnaces” (DB12/556-2015) and “Volatile Organic Compound Emission Control Standards for Industrial Enterprises” (DB12/524-2020), and all reached the emission standard.

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

Pollutants	Maximum allowable emission concentration (mg/m ³)	Annual average of emission concentration monitoring data (mg/m ³)	Maximum allowable emission rate (kg/h)	Annual average of emission rate monitoring data (kg/h)	
		The first half of 2022		The first half of 2022	
Natural gas combustion exhaust gas port					
Regular pollutants	sulfur dioxide	50	3	Nil	0.029
	nitrogen oxides	150	22.5	Nil	0.38
	particles	20	1.375	Nil	0.019

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

Pollutants	Maximum allowable emission concentration (mg/m ³)	Annual average of emission concentration monitoring data (mg/m ³)	Maximum allowable emission rate (kg/h)	Highest annual average of emission rate monitoring data (kg/h)	
		The first half of 2022		The first half of 2022	
Spray paint exhaust gas port					
Characteristic pollutants	benzene	1	0.004	0.2	–
	VOCs	40	0.998	1.5	0.38

Table 2 – 3 Statistical table of total emission volume of air pollutants

Emission volume of natural gas combustion		107,027,603 m ³	The first half of 2022
Emission volume of spray paint exhaust gas		133,869,905.8 m ³	
Pollutants	Source	Emission volume (tons)	
Regular pollutants	sulfur dioxide	Third-party testing	0.321
	nitrogen oxides	Third-party testing	2.408
	particles	Third-party testing	0.147
	benzene	Third-party testing	0.0004
	VOCs	Third-party testing	0.772

3. *Emission control on hazardous waste*

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

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

Unit: tons

Name	Waste categories	Major harmful substance	Form (solid, liquid, gas)	Source of generation	Generation volume per year (disposal volume)		Disposal method
					The first half of 2022		
2	HW12	Paint	Solid	Production process	9.18		
3	HW13	Resin	Solid	Production process	4.6		Third-party disposal
4	HW49	Paint	Solid	Production process	8.69		
	Total				23.1		

4. *Emission control on general industrial solid waste*

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

Table 4 Emission and disposal of general industrial solid waste

Unit: tons

Year	Name of solid waste	Generation volume	Comprehensive utilization	Disposal volume	Storage volume	Emission volume	Emission flow
The first half of 2022	Tube head, scap iron	1,018.505	1,018.505	0	0	0	Recycled for utilization

5. Emission control on noise pollution

Table 5 Emission and disposal of noise pollution

Year	Measurement location	Corresponding noise source	Type of noise source	Daytime noise emissions (6:00 – 22:00)/dB(A)		Nighttime noise emissions (22:00 – 6:00)/dB(A)	
				Emission limit	Result	Emission limit	Result
The first half of 2022	Around the plant area	Production equipment	Mechanical noise	65	58.9	-	-

2. Construction and operation of pollution prevention & treatment facilities

Applicable Not applicable

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

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

Applicable Not applicable

4. Environmental emergency response plan

Applicable Not applicable

In order to deal with unexpected environmental risk accidents, Tianjin Tianhai has established a sound emergency response mechanism for unexpected environmental pollution accidents to handle unexpected environmental pollution accidents occurred in Tianjin Tianhai in a timely, highly efficient and proper manner. In accordance with the relevant requirements of the Environmental Protection Bureau of Tianjin Province and bonded area, the emergency plan for unexpected environmental pollution accidents of Tianjin Tianhai was prepared and filed (file no.: 120117-2019-116-L). Potential environmental risks and possible environmental pollution incidents of Tianjin Tianhai are analyzed, emergency drills are organized at least once a year, and drills are summarized and evaluated and the plan is revised and refined in a timely manner.

5. Environmental self-monitoring scheme

√ Applicable □ Not applicable

In the first half of 2022, Tianjin Guona Product Testing Technology Service Co., Ltd. was entrusted to test the discharge ports in accordance with the requirements of the monitoring plan. The test results all met the requirement of the standard (see table 1-1, table 2-2, table 5).

1. Implementation standard and limit of emission of water pollutants

Items	Standard of concentration limit	Source of standard
PH value	6~9	“Overall Sewage Emission Standard” DB12/356 – 2018 (level 3)
suspended solids	400mg/L	
chemical oxygen demand	500mg/L	
petroleum	15mg/L	
biochemical oxygen demand	300mg/L	
ammonia nitrogen	45mg/L	
total phosphorous	8mg/L	
total nitrogen	70mg/L	
animal and vegetable oils	100mg/L	
anionic surfactants	20mg/L	

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

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

3. *The noise level at the boundaries of the plants complies with class 3 and 4 standards of “Emission standard for industrial enterprises noise at boundary” (GB12348-2008), with 65~70dB (A) during daytime and 55dB (A) during nighttime.*

6. Administrative Penalty for environmental problems during the reporting period

Applicable Not applicable

7. Other disclosable environmental information

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

(V) Measures adopted for reducing carbon emissions during the reporting period and their effects

Applicable Not applicable

XV. EXPLANATION ON OTHER IMPORTANT MATTERS

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

Applicable Not applicable

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

Applicable Not applicable

(III) Others

Applicable Not applicable

XVI. FINANCIAL STATEMENT

Consolidated Balance Sheet

June 30, 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	balance at the end of the period	balance at the beginning of the period
Current assets:			
Cash at bank and on hand		180,522,429.75	105,776,763.72
Settlement reserve			
Loans to banks and other financial institutions			
Financial assets held for trading		24,723.00	30,675.01
Derivative financial assets			
Notes receivable		10,822,070.00	
Accounts receivable		309,677,712.63	175,225,191.63
Receivables financing		19,461,177.94	10,465,061.76
Advances to suppliers		79,748,876.25	53,915,051.53
Premiums receivable			
Reinsurance premium receivable			
Reinsurance contract provision receivable			
Other receivables		12,048,141.50	9,636,026.09
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories		358,969,799.88	324,694,186.81
Contractual assets			
Held-for-sale assets			
Current portion of non-current assets			
Other current assets		18,930,608.81	27,386,862.15
Total current assets		<u>990,205,539.76</u>	<u>707,129,818.70</u>

Consolidated Balance Sheet (Continue)*June 30, 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	balance at the end of the period	balance at the beginning of the period
Non-current assets:			
Loans and advances			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments		95,186,897.22	79,947,483.76
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		610,175,289.37	618,317,885.27
Construction in progress		38,684,377.35	38,592,075.56
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		4,779,117.38	
Intangible assets		169,264,466.24	120,037,115.68
Development expenditures			
Goodwill		168,996,039.10	
Long-term deferred expenses		3,787,650.06	4,372,745.88
Deferred income tax assets		1,629,589.23	51,632.65
Other non-current assets		230,866.00	
Total non-current assets		<u>1,092,734,291.95</u>	<u>861,318,938.80</u>
Total assets		<u>2,082,939,831.71</u>	<u>1,568,448,757.50</u>

Consolidated Balance Sheet (Continue)*June 30, 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	balance at the end of the period	balance at the beginning of the period
Current liabilities:			
Short-term borrowings		85,369,702.08	83,825,972.96
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		80,099,959.43	50,693,681.14
Accounts payable		294,427,406.80	263,096,766.13
Advances from customers			
Contractual liabilities		76,257,245.24	68,094,818.68
Financial assets sold under agreements to repurchase			
Deposits and placements from other financial institutions			
Customer broking			
Securities underwriting			
Employee benefits payable		15,727,901.14	27,257,688.27
Taxes payable		24,219,026.55	6,186,732.62
Other payables		156,941,772.26	25,960,072.78
Including: Interest payable			
Dividends payable			349,853.79
Fees and commissions payable			
Reinsurance amounts payable			
Held-for-sale liabilities			
Current portion of non-current liabilities		8,748,706.63	7,000,000.00
Other current liabilities		4,273,514.93	4,613,930.02
Total current liabilities		<u>746,065,235.06</u>	<u>536,729,662.60</u>

Consolidated Balance Sheet (Continue)*June 30, 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	balance at the end of the period	balance at the beginning of the period
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bond			
Lease liabilities		1,831,770.18	
Long-term payables		53,207,700.00	30,000,000.00
Long-term employee benefits payable		29,951,825.69	29,193,698.39
Provisions		8,945,975.89	5,794,470.12
Deferred income		5,300,589.96	5,318,879.05
Deferred income tax liabilities		7,973,740.70	
Other non-current liabilities			
Total non-current liabilities		<u>107,211,602.42</u>	<u>70,307,047.56</u>
Total liabilities		<u>853,276,837.48</u>	<u>607,036,710.16</u>

Consolidated Balance Sheet (Continue)*June 30, 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	balance at the end of the period	balance at the beginning of the period
Owner's equity (or shareholders' equity):			
Paid-up capital (or share capital)		531,481,314.00	485,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		1,011,918,105.31	835,353,861.68
Less: treasury stocks			
Other comprehensive income		753,049.57	-1,030,194.20
Special reserves			
Surplus reserves		45,665,647.68	45,665,647.68
General risk reserve			
Undistributed profits		-676,756,702.90	-687,333,700.32
Total equity attributable to owners (or shareholders) of the parent company		<u>913,061,413.66</u>	<u>677,655,614.84</u>
Minority equity		<u>316,601,580.57</u>	<u>283,756,432.50</u>
Total owners' equity (or shareholders' equity)		<u>1,229,662,994.23</u>	<u>961,412,047.34</u>
Total liabilities and owners' equity (or shareholders' equity)		<u>2,082,939,831.71</u>	<u>1,568,448,757.50</u>

*Person in charge of the
Company:*
Wang Jun

Person in charge of accounting:
Feng Yongmei

*Person in charge of the
accounting firm:*
Wang Yandong

Balance Sheet of Parent Company

June 30, 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	balance at the end of the period	balance at the beginning of the period
Current assets:			
Cash at bank and on hand		9,904,083.76	1,639,496.85
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable		19,460,754.88	9,988,552.80
Receivables financing			
Prepayment		1,668,434.64	
Other receivables		373,834,539.72	383,434,539.72
Including: Interest receivable		30,833,548.12	40,433,548.12
Dividends receivable			
Inventory			
Contractual assets			
Held-for-sale assets			
Current portion of non-current liabilities			
Other current liabilities			
Total current liabilities		<u>404,867,813.00</u>	<u>395,062,589.37</u>

Balance Sheet of Parent Company (Continue)*June 30, 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	balance at the end of the period	balance at the beginning of the period
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments		1,209,348,125.05	902,148,125.05
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		20,721.16	25,874.44
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		<u>1,209,368,846.21</u>	<u>902,173,999.49</u>
Total assets		<u>1,614,236,659.21</u>	<u>1,297,236,588.86</u>

Balance Sheet of Parent Company (Continue)*June 30, 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	balance at the end of the period	balance at the beginning of the period
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		16,555,393.24	10,050,480.00
Advances from customers			
Contractual liabilities		10,902,106.66	
Employee benefits payable		159,834.72	2,404,190.20
Taxes payable		543,473.44	668,487.27
Other payables		90,328,315.25	4,008,172.41
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Current portion of non-current liabilities			
Other current liabilities		<u>1,621,033.30</u>	<u>203,759.43</u>
Total current liabilities		<u>120,110,156.61</u>	<u>17,335,089.31</u>

Balance Sheet of Parent Company (Continue)*June 30, 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	balance at the end of the period	balance at the beginning of the period
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bond			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
		<hr/>	<hr/>
Total non-current liabilities		<hr/>	<hr/>
Total liabilities		<u>120,110,156.61</u>	<u>17,335,089.31</u>

Balance Sheet of Parent Company (Continue)*June 30, 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	balance at the end of the period	balance at the beginning of the period
Owner's equity (or shareholders' equity):			
Paid-up capital (or share capital)		531,481,314.00	485,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		984,649,987.40	811,365,185.81
Less: treasury stocks			
Other comprehensive income			
Special reserves			
Surplus reserves		38,071,282.24	38,071,282.24
Undistributed profits		-60,076,081.04	-54,534,968.50
Total owners' equity (or shareholders' equity)		<u>1,494,126,502.60</u>	<u>1,279,901,499.55</u>
Total liabilities and owners' equity (or shareholders' equity)		<u>1,614,236,659.21</u>	<u>1,297,236,588.86</u>

*Person in charge of the
Company:*
Wang Jun

Person in charge of accounting:
Feng Yongmei

*Person in charge of the
accounting firm:*
Wang Yandong

Consolidated Income Statement

January-June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
I. Total operating revenue		637,677,016.77	526,554,520.75
Including: Operating revenue	3	637,677,016.77	526,554,520.75
Interest income			
Earned premiums			
Fee and commission income			
II. Total operating cost		635,491,143.05	526,908,492.71
Including: Operating cost		553,123,507.27	453,219,285.37
Interest expenses			
Fee and commission expenses			
Cash surrender amount			
Net expenses of claim settlement			
Net provision for insurance contract reserves			
Policyholder dividend expenses			
Reinsurance expenses			
Taxes and surcharges		3,635,239.70	2,516,449.29
Selling expenses		15,841,866.48	15,050,487.21
Administrative expenses		38,334,532.86	39,916,462.24
R & D expenses		21,615,500.91	10,015,871.43
Financial expenses		2,940,495.83	6,189,937.17
Including: Interest expenses		2,882,848.89	4,698,538.37
Interest income		222,568.30	880,727.71

Consolidated Income Statement (Continue)*January-June 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Half year of 2022	Half year of 2021
Add: Other incomes		1,834,312.92	7,754,445.94
Investment income (loss to be listed with “-”)		13,545,545.90	3,532,099.11
Including: In come from investment in associates and joint ventures (loss to be listed with “-”)		12,254,352.49	3,532,099.11
Derecognition income of financial asset measured at the amortized cost (loss to be listed with “-”)			
Exchange gain (loss to be listed with “-”)			
Net exposure hedging income (loss to be listed with “-”)			
Income from changes in fair value (loss to be listed with “-”)		-5,952.01	
Credit impairment losses (loss to be listed with “-”)		-861,311.24	-3,016,842.78
Asset impairment losses (loss to be listed with “-”)		-4,631,897.06	-7,227,430.91
Income from assets disposal (loss to be listed with “-”)			122,252.07
III. Operating profit (loss to be listed with “-”)		12,066,572.23	810,551.47
Add: non-operating revenue		722,359.80	583,967.12
Less: non-operating expenses		1,066,190.71	164,442.22

Consolidated Income Statement (Continue)

January-June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
IV. Total profit (total loss to be listed with “-”)		11,722,741.32	1,230,076.37
Less: income tax expenses		3,034,715.00	1,848,837.74
V. Net profit (net loss to be listed with “-”)		8,688,026.32	-618,761.37
(I) Classified according to operating continuity			
1. Net profit from continuing operations (net loss to be listed with “-”)		8,688,026.32	-618,761.37
2. Net profit from discontinuing operations (net loss to be listed with “-”)			
(II) Classified according to attribution of the ownership			
1. Net profit attributable to the owner of the parent company (net loss to be listed with “-”)		10,576,997.42	-1,313,304.91
2. Non-controlling interests (net loss to be listed with “-”)		-1,888,971.10	694,543.54
VI. Net of tax of other comprehensive income		1,966,372.71	-315,521.28
(1) Net of tax of other comprehensive income attributable to the owner of the parent company		1,783,243.77	-286,022.69
(I) Other comprehensive income that cannot be reclassified into profit or loss			
(1) Changes arising from remeasurement of the defined benefit plan			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
(3) Changes in fair value of other equity instrument investments			
(4) Changes in fair value of the enterprise’s credit risk			

Consolidated Income Statement (Continue)*January-June 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Half year of 2022	Half year of 2021
(II) Other comprehensive income that will be reclassified into profit or loss		1,783,243.77	-286,022.69
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method		3,496.18	-1,117.81
(2) Changes in fair value of other debt investment			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for impairment of credit in other debt investments			
(5) Reserves for cash flow hedge			
(6) Translation difference of foreign currency financial statements		1,779,747.59	-284,904.88
(7) Others			
(2) Net of tax of other comprehensive income attributable to minority shareholders		183,128.94	-29,498.59
VII.Total comprehensive income		10,654,399.03	-934,282.65
(1) Total comprehensive income attributable to shareholders of the parent company		12,360,241.19	-1,599,327.60
(2) Total comprehensive income attributable to minority shareholders		-1,705,842.16	665,044.95
VIII.Earnings per share:			
(1) Basic earnings per share (RMB/share)	5	0.02	-0.01
(2) Diluted earnings per share (RMB/share)		0.02	-0.01

*Person in charge of the
Company:*
Wang Jun

Person in charge of accounting:
Feng Yongmei

*Person in charge of the
accounting firm:*
Wang Yandong

Income Statement of Parent Company

January-June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
I. Operating revenue		212,991.15	
Less: Operating cost			
Taxes and surcharges		8,486.10	14,400.76
Selling expenses			
Administrative expenses		5,606,374.66	5,284,975.05
R & D expenses			
Financial expenses		-15,754.99	1,343.08
Including: Interest expenses			
Interest income		17,801.26	3,208.35
Add: other incomes			21,000.00
Investment income (loss to be listed with “-”)			
Including: Income from investment in associates and joint ventures			
Derecognition income of financial asset measured at the amortized cost (loss to be listed with “-”)			
Net exposure hedging income (loss to be listed with “-”)			
Income from changes in fair value (loss to be listed with “-”)			
Credit impairment losses (loss to be listed with “-”)		-154,997.92	
Asset impairment losses (loss to be listed with “-”)			
Income from assets disposal (loss to be listed with “-”)			

Income Statement of Parent Company (Continue)*January-June 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Half year of 2022	Half year of 2021
II. Operating profit (loss to be listed with with “-”)		-5,541,112.54	-5,279,718.89
Add: non-operating revenue			
Less: non-operating expenses			
III. Total profit (total loss to be listed with “-”)		-5,541,112.54	-5,279,718.89
Less: income tax expenses			
IV. Net profit (net loss to be listed with “-”)		-5,541,112.54	-5,279,718.89
(I) Net profit from continuing operations (net loss to be listed with “-”)		-5,541,112.54	-5,279,718.89
(II) Net profit from discontinuing operations (net loss to be listed with “-”)			
V. Net of tax of other comprehensive income			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes arising from remeasurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of the enterprise’s credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investment			

Income Statement of Parent Company (Continue)*January-June 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Half year of 2022	Half year of 2021
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for impairment of credit in other debt investments			
5. Reserves for cash flow hedge			
6. Translation difference of foreign currency financial statements			
7. Others			
VI. Total comprehensive income		-5,541,112.54	-5,279,718.89
VII. Earnings per share:			
(1) Basic earnings per share (RMB/share)			
(2) Diluted earnings per share (RMB/share)			

*Person in charge of the
Company:*
Wang Jun

Person in charge of accounting:
Feng Yongmei

*Person in charge of the
accounting firm:*
Wang Yandong

Consolidated Cash Flow Statement

January-June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		570,729,387.64	414,020,281.79
Net increase in deposits and placements from financial institutions			
Net increase of borrowings from the central bank			
Net increase in placement from other financial institutions			
Cash received from premiums of original insurance contract			
Net amount of reinsurance business			
Net increase in deposit of the insured and investment			
Cash received from interests, fees and commissions			
Net increase in placement from banks and other financial institutions			
Net increase in repurchasing			
Net cash received from securities brokering			
Taxes and surcharges refunds		35,643,452.41	22,629,418.50
Other cash receipts related to operating activities		5,996,611.01	15,328,630.44
		<hr/>	<hr/>
Subtotal of cash inflows from operating activities		612,369,451.06	451,978,330.73

Consolidated Cash Flow Statement (Continue)

January-June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
Cash paid for goods and services		480,168,219.02	329,152,780.93
Net increase in loans and advances			
Net increase in deposits with the central bank and other banks			
Cash paid for claim settlements on original insurance contract			
Net increase in loans to banks and other financial institutions			
Cash paid for interests, fees and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		103,795,626.52	106,056,878.31
Taxes and surcharges cash payments		19,100,844.38	18,686,721.50
Other cash payments related to operating activities		28,220,352.33	40,130,148.12
Subtotal of cash outflows from operating activities		631,285,042.25	494,026,528.86
Net cash flows from operating activities		-18,915,591.19	-42,048,198.13

Consolidated Cash Flow Statement (Continue)

January-June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
II. Cash flows from investing activities:			
Cash received from return of investment			
Cash received from investment income		297,877.25	327,428.24
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,937.52	476,169.08
Net cash received from disposal of subsidiaries and other business entities			
Other cash receipts related to investing activities		36,233,354.22	
Subtotal of cash inflows from investing activities		36,539,168.99	803,597.32
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		45,298,459.00	15,387,042.13
Cash paid to acquire investments		230,866.00	18,540,454.46
Net increase in pledge loans			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments related to investing activities			
Subtotal of cash outflows from investing activities		<u>45,529,325.00</u>	<u>33,927,496.59</u>
Net cash flows from investing activities		<u>-8,990,156.01</u>	<u>-33,123,899.27</u>

Consolidated Cash Flow Statement (Continue)

January-June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
III. Cash flows from financing activities:			
Cash received from absorbing investment Including: cash received from minority shareholders' investment in subsidiaries			
Cash received from borrowings		75,679,600.00	
Other cash receipts related to financing activities		23,207,700.00	
Subtotal of cash inflows from financing activities		98,887,300.00	
Cash paid for repayments of debts		34,382,160.00	60,000,000.00
Cash paid for allocation of dividends, profits or interest repayment Including: dividends and profits paid to minority shareholders by subsidiaries		1,961,555.55	3,914,516.67
Other cash payments related to financing activities			10,864,936.71
Subtotal of cash outflows from financing activities		<u>36,343,715.55</u>	<u>74,779,453.38</u>
Net cash flows from financing activities		<u>62,543,584.45</u>	<u>-74,779,453.38</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,256,935.38	-1,648,341.52
V. Net increase in cash and cash equivalents		35,894,772.63	-151,599,892.30
Add: beginning balance of cash and cash equivalents		<u>79,891,833.74</u>	<u>246,146,097.89</u>
VI. Ending balance of cash and cash equivalents		115,786,606.37	94,546,205.59

Person in charge of the
Company:
Wang Jun

Person in charge of accounting:
Feng Yongmei

Person in charge of the
accounting firm:
Wang Yandong

Cash Flow Statement of Parent Company

January-June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		29,332,800.00	6,000,000.00
Taxes and surcharges refunds			
Other cash receipts related to operating activities		9,632,123.36	452,896.12
Subtotal of cash inflows from operating activities		38,964,923.36	6,452,896.12
Cash paid for goods and services		19,869,300.00	54,400.00
Cash paid to and for employees		5,724,274.48	1,834,348.30
Taxes and surcharges cash payments		628,177.41	1,451,370.27
Other cash payments related to operating activities		4,478,584.56	3,277,228.86
Subtotal of cash outflows from operating activities		30,700,336.45	6,617,347.43
Net cash flows from operating activities		8,264,586.91	-164,451.31
II. Cash flows from investing activities:			
Cash received from return of investment			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business entities			
Other cash receipts related to investing activities			
Subtotal of cash inflows from investing activities			

Cash Flow Statement of Parent Company (Continue)

January-June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets			
Cash paid to acquire investments			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments related to investing activities			
Subtotal of cash outflows from investing activities			
Net cash flows from investing activities			
III. Cash flows from financing activities:			
Cash received from absorbing investment			
Cash received from borrowings			
Other cash receipts related to financing activities		23,207,700.00	
Subtotal of cash inflows from financing activities		23,207,700.00	
Cash paid for repayment of debts			
Cash paid for allocation of dividends, profits or interest repayment			
Other cash payments related to financing activities		23,207,700.00	
Subtotal of cash outflows from financing activities		23,207,700.00	
Net cash flows from financing activities			

Cash Flow Statement of Parent Company (Continue)*January-June 2022*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan**Currency: RMB*

Item	<i>Note</i>	Half year of 2022	Half year of 2021
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		8,264,586.91	-164,451.31
Add: beginning balance of cash and cash equivalents		<u>1,639,496.85</u>	<u>3,275,360.33</u>
VI. Ending balance of cash and cash equivalents		9,904,083.76	3,110,909.02

*Person in charge of the Company:***Wang Jun***Person in charge of accounting:***Feng Yongmei***Person in charge of the accounting firm:***Wang Yandong**

Consolidated Statement of Changes in Owners' Equity

January – June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Half year of 2022													Total owners' equity	
	Equity attributable to owners of the parent company												Subtotal		Minority equity
	Paid-up capital (or share capital)	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others			
I. Closing balance of the previous period	485,000,000.00				835,353,861.68		-1,030,194.20		45,665,647.68		-687,333,700.32		677,655,614.84	283,756,432.50	961,412,047.34
Add: changes in accounting policies															
Corrections of prior period errors															
Business combination under common control															
Others															
II. Opening balance of the current period	485,000,000.00				835,353,861.68		-1,030,194.20		45,665,647.68		-687,333,700.32		677,655,614.84	283,756,432.50	961,412,047.34
III. Change in increase or decrease of the current period (decrease to be listed with "-")	46,481,314.00				176,564,243.63			1,783,243.77			10,576,997.42		235,405,798.82	32,845,148.07	268,250,946.89
(I) Total comprehensive income								1,783,243.77			10,576,997.42		12,360,241.19	-1,705,842.16	10,654,399.03
(II) Capital invested and decreased by shareholders	46,481,314.00				176,564,243.63								223,045,557.63	34,550,990.23	257,596,547.86
1. Common shares invested by owners	46,481,314.00				173,284,801.59								219,766,115.59	34,550,990.23	254,317,105.82
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment recognized as owners' equity															
4. Others					3,279,442.04								3,279,442.04		3,279,442.04
(III) Profit distribution															
1. Appropriation to surplus reserves															
2. Appropriation of general risk provision															
3. Distribution to owners (or shareholders)															
4. Others															
(IV) Internal carry-over in owners' equity															
1. Transfer from capital reserves to capital stock															
2. Transfer from surplus reserves to capital stock															
3. Recovery of losses by surplus reserve															
4. Retained earnings carried over from changes in defined benefit plan															
5. Retained earnings carried over from other comprehensive income															
6. Others															
(V) Special reserves															
1. Appropriation in current period															
2. Use in current period															
(VI) Others															
IV. Closing balance of the current period	531,481,314.00				1,011,918,105.31			753,049.57	45,665,647.68		-676,756,702.90		913,061,413.66	316,601,580.57	1,229,662,994.23

Consolidated Statement of Changes in Owners' Equity (Continue)

January – June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Half year of 2021													Total owners' equity	
	Equity attributable to owners of the parent company												Minority equity		
	Paid-up capital (or share capital)	Preferred shares	Other equity instruments Perpetual bond	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others			Subtotal
I. Closing balance of the previous period	485,000,000.00				833,183,835.84		-325,424.59		45,665,647.68		-664,051,428.89		699,472,630.04	302,132,303.41	1,001,604,933.45
Add: changes in accounting policies															
Corrections of prior period errors															
Merger of enterprises under common control															
Others															
II. Opening balance of the current period	485,000,000.00				833,183,835.84		-325,424.59		45,665,647.68		-664,051,428.89		699,472,630.04	302,132,303.41	1,001,604,933.45
III. Change in increase or decrease of the current period (decrease to be listed with "-")															
(I) Total comprehensive income							-286,022.69				-1,313,304.91		-1,599,327.60	665,044.95	-934,282.65
(II) Capital invested and decreased by owners							-286,022.69				-1,313,304.91		-1,599,327.60	665,044.95	-934,282.65
1. Common shares invested by owners															
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment recognized as owners' equity															
4. Others															
(III) Profit distribution															
1. Appropriation to surplus reserves															
2. Appropriation of general risk provision															
3. Distribution to owners (or shareholders)															
4. Others															
(IV) Internal carry-over in owners' equity															
1. Transfer from capital reserves to capital (or share capital)															
2. Transfer from surplus reserves to capital (or share capital)															
3. Recovery of losses by surplus reserve															
4. Retained earnings carried over from changes in defined benefit plans															
5. Retained earnings carried over from other comprehensive income															
6. Others															
(V) Special reserves															
1. Appropriation in current period															
2. Use in current period															
(VI) Others															
IV. Closing balance of the current period	485,000,000.00				833,183,835.84		-611,447.28		45,665,647.68		-665,364,733.80		697,873,302.44	302,797,348.36	1,000,670,650.80

Person in charge of the
Company:
Wang Jun

Person in charge of accounting:
Feng Yongmei

Person in charge of the
accounting firm:
Wang Yandong

Parent Company's Statement of Changes in Owner's Equity
January – June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Half year of 2022										
	Paid-up capital (or share capital)	Preferred shares	Other equity instruments Perpetual bond	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
I. Closing balance of the previous period	485,000,000.00				811,365,185.81				38,071,282.24	-54,534,968.50	1,279,901,499.55
Add: changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of the current period	485,000,000.00				811,365,185.81				38,071,282.24	-54,534,968.50	1,279,901,499.55
III. Change in increase or decrease of the current period (decrease to be listed with "-")	46,481,314.00				173,284,801.59					-5,541,112.54	214,225,003.05
(I) Total comprehensive income										-5,541,112.54	-5,541,112.54
(II) Capital invested and decreased by owners	46,481,314.00				173,284,801.59						219,766,115.59
1. Common shares invested by owners	46,481,314.00				173,284,801.59						219,766,115.59
2. Capital invested by other equity instrument holders											
3. Amount of share-based payment recognized as owners' equity											
4. Others											
(III) Profit distribution											
1. Appropriation to surplus reserves											
2. Distribution to owners (or shareholders)											
3. Others											
(IV) Internal carry-over in owners' equity											
1. Transfer from capital reserves to capital (or share capital)											
2. Transfer from surplus reserves to capital (or share capital)											
3. Recovery of losses by surplus reserve											
4. Retained earnings carried over from changes in defined benefit plans											
5. Retained earnings carried over from other comprehensive income											
6. Others											
(V) Special reserves											
1. Appropriation in current period											
2. Use in current period											
(VI) Others											
IV. Closing balance of the current period	531,481,314.00				984,649,987.40				38,071,282.24	-60,076,081.04	1,494,126,502.60

Parent Company's Statement of Changes in Owner's Equity (Continue)

January – June 2022

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Half year of 2021										
	Paid-up capital (or share capital)	Preferred shares	Other equity instruments Perpetual bond	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners equity
I. Closing balance of the previous period	485,000,000.00				811,365,185.81				38,071,282.24	-55,776,343.03	1,278,660,125.02
Add: changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of the current period	485,000,000.00				811,365,185.81				38,071,282.24	-55,776,343.03	1,278,660,125.02
III. Change in increase or decrease of the current period											
(decrease to be listed with "-")										-5,279,718.89	-5,279,718.89
(I) Total comprehensive income										-5,279,718.89	-5,279,718.89
(II) Capital invested and decreased by owners											
1. Common shares invested by owners											
2. Capital invested by other equity instrument holders											
3. Amount of share-based payment recognized as owners' equity											
4. Others											
(III) Profit distribution											
1. Appropriation to surplus reserves											
2. Distribution to owners (or shareholders)											
3. Others											
(IV) Internal carry-over in owners' equity											
1. Transfer from capital reserves to capital (or share capital)											
2. Transfer from surplus reserves to capital (or share capital)											
3. Recovery of losses by surplus reserve											
4. Retained earnings carried over from changes in defined benefit plans											
5. Retained earnings carried over from other comprehensive income											
6. Others											
(V) Special reserves											
1. Appropriation in current period											
2. Use in current period											
(VI) Others											
IV. Closing balance of the current period	485,000,000.00				811,365,185.81				38,071,282.24	-61,056,061.92	1,273,380,406.13

Person in charge of the
Company:
Wang Jun

Person in charge of accounting:
Feng Yongmei

Person in charge of the
accounting firm:
Wang Yandong

Note:

1. Aging analysis of accounts receivable

Aging	Book balance at the end of the period
Within one year	
Including: sub-items within one year	
Subtotal within one year	280,351,314.63
One to two years	30,222,007.17
Two to three years	12,768,651.16
More than three years	
Three to four years	1,894,466.40
Four to five years	1,425,281.09
More than five years	51,285,210.16
Total	377,946,930.61

2. Aging analysis of accounts payable

Significant payables with aging of over 1 year:

Item	Balance at the end of the period	Reasons for non-repayment or carrying over
Beijing Lantian Vehicle Clean Fuel Technology Co., Ltd.*	11,552,652.22	Unsettled
Wode Precision Machinery (China) Co., Ltd.*	8,094,070.80	Unsettled
Beijing Xinxin Wanda Materials Co., Ltd.*	7,355,072.14	Unsettled
Beijing Machinery Industry Automation Research Institute Co., Ltd.*	6,103,774.58	Unsettled
Xinxiang Jinpeng Metallurgy Equipment Co., Ltd.*	5,882,598.55	Unsettled
Gaobeidian Baobei Telecommunication Equipment Factory*	5,640,091.57	Unsettled
Dingzhou Ruiyi Machinery Parts Manufacturing Co., Ltd.*	4,434,525.04	Unsettled
Danyang Feilun Gasvalve Co., Ltd.*	4,077,298.43	Unsettled
Beijing Mingxin Century Packaging Products Co., Ltd.*	3,614,852.35	Unsettled
Kunshan Ousaisi Suspension Conveying System Co., Ltd.*	3,510,619.55	Unsettled
Wuxi Zhengda Metal Products Co., Ltd.*	3,369,953.84	Unsettled
Tianjin Lebeier Catering Management Co., Ltd.*	2,899,529.00	Unsettled
Tianjin Seamless Investment Co. Ltd*	2,817,736.84	Unsettled
Xianghe Yunxiu Wood Products Co., Ltd.*	2,565,203.20	Unsettled
Wuxi Zhengda Metal Products Co., Ltd.*	2,532,181.28	Unsettled
Anhui Xinmeng Equipment Co., Ltd.*	2,522,765.49	Unsettled
Total	76,972,924.88	/

Unit: Yuan

Currency: RMB

3. Turnover

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

Item	Amount in the current period	Amount in the corresponding period of last year
Seamless Steel Gas Cylinder	251,540,929.81	254,696,194.16
Full-wrapped Cylinder	80,999,931.12	64,916,143.89
Cryogenic Cylinder	61,972,238.48	49,708,943.97
Cryogenic Storage and Transportation Equipment	73,370,115.18	79,600,581.96
Intelligent production line	26,548,672.50	-
Others	117,316,788.98	59,350,582.39
Gross Sales	<u>611,748,676.07</u>	<u>508,272,446.37</u>
Less: Sales Tax and Other Additional Charges	<u>3,635,239.70</u>	<u>2,516,449.29</u>
Total	<u>608,113,436.37</u>	<u>505,755,997.08</u>

4. Taxes

(1) Main Tax Types and Tax Rate

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

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

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

(3) **Tax Preference**

Applicable Not Applicable

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

Kuancheng Tianhai Pressure Container Co., Ltd., a subsidiary of the Company, has obtained the High-tech Enterprise Certificate on 2 December 2019 jointly issued by Hebei Provincial Department of Science and Technology, the Hebei Provincial Department of Finance and the Hebei Provincial Taxation Bureau of SAT, with the Certificate No. GR201913002251. The validity of the certificate is three years. In current period, provision for corporate income tax is based on the 15% preferential corporate income tax rate.

Beijing Tianhai Cryogenic Equipment Co., Ltd. , a subsidiary of the Company, has obtained the High-tech Enterprise Certificate on 2 December 2020 jointly issued by Beijing Municipal Science & Technology Commission, Finance Bureau of Beijing Municipality, Beijing Municipal Office of SAT and Beijing Local Taxation Bureau, with the Certificate No. GR202012007641. The validity of the certificate is three years. In current period, provision for corporate income tax is based on the 15% preferential corporate income tax rate.

BYTQ, a subsidiary of the Company, has obtained the High-tech Enterprise Certificate on 14 November 2021, with the Certificate No. GR202137100429. The validity of the certificate is three years. In current period, provision for corporate income tax is based on the 15% preferential corporate income tax rate.

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

(4) Changes in Taxation and Taxation Preferential Policy

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

(5) Taxes

Item	Amount in the current period	Amount in the corresponding period of last year
Corporate Income Tax in the Current Year	3,547,898.81	1,616,001.45
Deferred Income Tax	<u>-513,183.81</u>	<u>232,836.29</u>
Total	<u><u>3,034,715.00</u></u>	<u><u>1,848,837.74</u></u>

5. Earnings Per Share

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

*Unit: Yuan
Currency: RMB*

Item	Current period	Last period
Consolidated net profit attributable to the common shareholders of the parent company	10,576,997.42	-1,313,304.91
Consolidated net profit attributable to the common shareholders of the parent company (net of nonoperating gains and loss)	7,256,597.49	-9,270,610.57
The weighted average numbers of outstanding common shares of the parent company	531,481,314	485,000,000
Basic earnings per share (RMB/share)	0.02	-0.01
Basic earnings per share (RMB/share) (net of nonoperating gains and loss)	0.02	-0.02

- (2) Diluted earnings per share

*Unit: Yuan
Currency: RMB*

Item	Current period	Last period
Consolidated net profit attributable to the common shareholders of the parent company	10,576,997.42	-1,313,304.91
Consolidated net profit attributable to the common shareholders of the parent company (net of nonoperating gains and loss)	7,256,597.49	-9,270,610.57
The weighted average numbers of outstanding common shares of the parent company	531,481,314	485,000,000
Basic earnings per share (RMB/share)	0.02	-0.01
Basic earnings per share (RMB/share) (net of nonoperating gains and loss)	0.02	-0.02

6. Share Capital

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

Unit: Yuan
Currency: RMB

Item	Opening amount		Change in the current period					Closing amount	
	Amount	Ratio(%)	Issuing new shares	Bonus shares	Transfer from capital surplus to share capital	Others	Subtotal	Amount	Ratio(%)
Total restricted shares	63,000,000	12.99%	46,481,314	0	0	0	46,481,314	109,481,314	20.60%
Unrestricted shares	422,000,000	87.01%	0	0	0	0		422,000,000	79.40%
Total	485,000,000	100.00%	46,481,314	0	0	0	46,481,314	531,481,314	100.00%
RMB ordinary shares	385,000,000	79.38%	46,481,314	0	0	0	46,481,314	431,481,314	81.18%
Overseas listed foreign share	100,000,000	20.62%	0	0	0	0		100,000,000	18.82%
Total	485,000,000	100.00%	46,481,314	0	0	0	46,481,314	531,481,314	100.00%
Total shares	485,000,000	100.00%	46,481,314	0	0	0	46,481,314	531,481,314	100.00%

7. Dividend

No dividend was paid or declared during the first half of 2022. No dividend was declared after the end of the reporting period up to the date of this announcement (2021: none).

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

Beijing, the PRC
11 August 2022

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

* For identification purposes only