



北京京城機電股份有限公司

Beijing Jingcheng Machinery Electric Company Limited

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

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



2024

INTERIM REPORT

IMPORTANT NOTES

- I. The Board of Directors, the Supervisory Committee and the directors, supervisors and senior management of the Company guarantee that the content of this interim report is true, accurate, and complete without any false information, misleading statements or material omissions, and severally and jointly accept legal responsibility for the above.
- II. All directors of the Company have attended the meetings of the Board.
- III. The 2024 Interim Report has not been audited.
- IV. Mr. Li Junjie, the person in charge of the Company, Ms. Feng Yongmei, the person in charge of accounting work and Mr. Yang Yue, person in charge of the accounting firm (accountant in charge), have declared that they guarantee the authenticity, accuracy and completeness of the financial statements contained in this interim report.
- V. Resolutions of profit distribution or capitalisation of capital reserves of the Company for the Reporting Period passed by the Board

Nil

VI. Declaration on risk from forward-looking statements

Applicable Not applicable

Forward-looking statements such as future plans contained in this interim report do not constitute substantial undertakings of the Company to investors due to uncertainties. Investors are advised to be cautious about investment risks.

VII. Whether the controlling shareholders of the Company and other related parties have misappropriated the Company's funds for non-operational purpose

No

VIII. Whether any external guarantees are provided in violation of any specified decision-making procedures

No

IX. Whether more than half of the directors cannot guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company

No



IMPORTANT NOTES

X. Important risk warnings

1. Risk of intensified market competition

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

2. Risk of new business and new market development risk

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

3. Risk of periodic fluctuations of the macroeconomy

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

XI. Others

Applicable Not applicable



CONTENTS

SECTION 1	DEFINITION	4
SECTION 2	COMPANY PROFILE AND KEY FINANCIAL INDICATORS	7
SECTION 3	MANAGEMENT DISCUSSION AND ANALYSIS	11
SECTION 4	CORPORATE GOVERNANCE	24
SECTION 5	ENVIRONMENTAL AND SOCIAL RESPONSIBILITY	27
SECTION 6	IMPORTANT MATTERS	32
SECTION 7	CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS	55
SECTION 8	INFORMATION ABOUT PREFERENCE SHARES	61
SECTION 9	CORPORATE BONDS	62
SECTION 10	FINANCIAL REPORT	63

Documents available for inspection

1. Original copy of the 2024 Interim Report, which has been signed by the chairman.
2. Original copy of the auditor's financial report signed and chopped by the Company's legal representative, the person in charge of accounting and the person in charge of the accounting firm.
3. The original copies of all documents and announcements of the Company publicly disclosed during the Reporting Period in Shanghai Securities News and the websites of SSE and HKEXnews website of the Stock Exchange.
4. The Articles of Association of the Company.
5. The above documents are available for inspection at the office of the Board of Directors of the Company, situated at No.2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, the People's Republic of China.

SECTION 1 DEFINITION

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

Definition of frequently used terms

Company, Listed Company or JINGCHENG MAC	Beijing Jingcheng Machinery Electric Company Limited (北京京城機電股份有限公司), a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and the SSE
Beiren Holdings	Beiren Printing Machinery Holdings Limited (the former name of the Company)
Group	the Company and its subsidiaries
Jingcheng Machinery Electric (controlling shareholder and beneficial controller)	Beijing Jingcheng Machinery Electric Holding Co., Ltd. (北京京城機電控股有限責任公司), a company established in the PRC and the controlling shareholder of the Company, holding approximately 44.87% equity interest in the Company
Beiren Group	Beiren Group Corporation (北人集團公司), a company incorporated in the PRC and a subsidiary of Jingcheng Machinery Electric (the former controlling shareholder of the Company)
Tianhai Industry or Beijing Tianhai	Beijing Tianhai Industry Co., Ltd. (北京天海工業有限公司), a subsidiary of the Company
BYTQ	Qingdao BYTQ United Digital Intelligence Co., Ltd., a subsidiary of the Company
Jingcheng HK	Jingcheng Holding (Hong Kong) Company Limited (京城控股(香港)有限公司), a subsidiary of the Company
Tianjin Tianhai	Tianjin Tianhai High Pressure Container Co., Ltd, an indirect subsidiary of the Company
Board	the board of directors of the Company
Supervisory Committee	the supervisory committee of the Company
Director(s)	the director(s) of the Company
Supervisor(s)	the supervisor(s) of the Company
Shareholder(s)	the holder(s) of Shares of the Company
Connected Person(s)	has the same meaning ascribed to it under the Listing Rules
Share(s) of the Company	unless otherwise stated, share(s) of the Company, including A share(s) and H share(s)
Reporting Period	the period from 1 January 2024 to 30 June 2024
SSE	the Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
CSRC	China Securities Regulatory Commission
Controlling Shareholder(s)	has the same meaning ascribed to it under the Listing Rules



SECTION 1 DEFINITION

Listing Rules	the Rules Governing the Listing of Stocks on SSE and the Rules Governing the Listing of Securities on the Stock Exchange
PRC Accounting Standards for Business Enterprises	PRC Accounting Standards for Business Enterprises
RMB	Renminbi, the lawful currency of the PRC
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
USD	United States dollars, the lawful currency of the United States of America
DOT	abbreviation of US Department of Transportation
LNG	abbreviation of liquefied natural gas
CNG	abbreviation of compressed natural gas
Station, filling station	the station where automobiles are filled with LNG or CNG
Industrial gas cylinder	collective name for the cylinders that are filled with industrial gas
Type IV Cylinders	plastic tank full-winding compound gas cylinder (塑膠內膽纖維全纏繞複合氣瓶), mainly used for vehicle fuel storage, for filling natural gas or hydrogen
Construction project of intelligent numerical control production line for type IV cylinders	the construction project of intelligent numerical control production line for plastic tank full-winding compound gas cylinder (塑膠內膽纖維全纏繞複合氣瓶)
Reorganisation	the issue of shares and payment of cash in consideration of acquiring certain equity interests in BYTQ and fund raising
Acquisition	Jingcheng Industrial Investment intends to invest in Shanghai Sunwise and obtain control rights
Jingcheng Industrial Investment	Beijing Jingcheng Machinery Electric Industrial Investment Co., Ltd.* (北京京城機電產業投資有限公司)
Shanghai Sunwise	Shanghai Sunwise New Energy System Co., Ltd.* (上海舜華新能源系統有限公司)
BYJC	Beijing No. 1 Machine Tool Co., Ltd.* (北京北一機床有限責任公司)
Beiren Equipment	Beijing Beiren Printing Equipment Co., Ltd.* (北京北人印刷設備有限公司)
Jingcheng Haitong	Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.* (北京京城海通科技文化發展有限公司)
Asset Company	Beijing Jingcheng Machinery Electric Assets Management Co., Ltd.* (北京京城機電資產管理有限責任公司), a wholly-owned subsidiary of Jingcheng Machinery Electric
CSDC	China Securities Depository and Clearing Corporation Limited
Minghui Tianhai	Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.* (北京明暉天海氣體儲運裝備銷售有限公司)
Tianhai Cryogenic	Beijing Tianhai Cryogenic Equipment Co., Ltd.* (北京天海低溫設備有限公司)
Tianjin Tianhai	Tianjin Tianhai High Pressure Container Co., Ltd.* (天津天海高壓容器有限責任公司)

SECTION 1 DEFINITION

Shanghai Tianhai	Shanghai Tianhai Composite Cylinders Co., Ltd.* (上海天海複合氣瓶有限公司)
Kuancheng Tianhai	Kuancheng Tianhai Pressure Container Co., Ltd.* (寬城天海壓力容器有限公司)
Tianhai Hydrogen	Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.* (北京天海氫能裝備有限公司)
Jiangsu Tianhai	Jiangsu Tianhai Special Equipment Co., Ltd.* (江蘇天海特種裝備有限公司)
Beijing Nengtong	Beijing Nengtong Lease Company* (北京能通租賃公司)
Qingdao Eternal	Qingdao Eternal Economic Information Consulting Co., Ltd.* (青島艾特諾經濟信息諮詢有限公司)

Unless otherwise specified, all amounts stated in this report are denominated in Renminbi.

* For identification purposes only



SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. INFORMATION OF THE COMPANY

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

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative in charge of securities affairs
Name	Luan Jie	Chen Jian
Contact address	No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing	No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing
Telephone	010-87707288	010-87707289
Facsimile	010-87707291	010-87707291
E-mail	jcgf@btic.com.cn	jcgf@btic.com.cn

III. CHANGES OF BASIC INFORMATION

Registered address of the Company	Room 901, No. 59 Mansion, Dongsanhuan Road Central, Chaoyang District, Beijing
Historical changes to the registered address of the Company	Registered office from 13 July 1993 to 6 January 2004 as: No. 44, Guangqu Road South, Chaoyang District, Beijing, China Registered office from 7 January 2004 to 31 October 2013: No. 6 Rongchang East Street, Beijing Economic and Technological Development Area, Beijing, China Changed to the Company's current registered address on 1 November 2013: Room 901, No. 59 Mansion, Dongsanhuan Road Central, Chaoyang District, Beijing
Office address of the Company	No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing
Postal code of the office address of the Company	101109
Company's website	www.jingchenggf.com.cn
E-mail	jcgf@btic.com.cn
Index to changes during the Reporting Period	For details, please refer to the Announcement in relation to the Proposed Amendments to the "Articles of Association" and the Announcement in relation to the Resignation of Independent Non-executive Director of the Company and Election of Independent Non-executive Director published on the HKEXnews website of the Stock Exchange at www.hkexnews.hk and the website of the SSE at www.sse.com.cn on 28 May 2024 and 29 May 2024, respectively.

IV. CHANGE OF INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name of newspaper designated for information disclosure	Shanghai Securities News
Website designated by CSRC for publishing the Interim Report	www.sse.com.cn and www.hkexnews.hk
Place for inspection of the Company's Interim Report	Office of the Board of the Company
Index to changes during the Reporting Period	Nil

V. INFORMATION OF THE COMPANY'S SHARES

Types 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

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VI. OTHER RELATED INFORMATION

√ Applicable □ Not Applicable

Name of the accounting firm engaged by the Company (Newly appointed by the Company as the auditor of the financial statements and internal control for 2024 of the Company)	Name Office address	WUYIGE Certified Public Accountants LLP Room 2206, 22/F, 1 Zhichun Road, Haidian District, Beijing
The domestic legal adviser engaged by the Company	Name Office address	Beijing Kangda Law Firm 8/F, 9/F, 11/F, Emperor Group Centre, No. 12D, Jianwai Avenue, Chaoyang District, Beijing
The overseas legal adviser engaged by the Company	Name Office address	Woo Kwan Lee & Lo 26/F, Jardine House, Central, Hong Kong
Financial adviser performing continuous supervision duties during the Reporting Period	Name Name Names of signing sponsor representatives Period of continuous supervision	CSC Financial Co., Ltd. Tower B & E, Metro World Centre, Dongcheng District, Beijing Li Xiaoyan, Lu Xingyu Until the fund raised is used up
Financial adviser performing continuous supervision duties during the Reporting Period	Name Name Names of signing organizer of financial advisor Period of continuous supervision	CSC Financial Co., Ltd. (中信建投證券股份有限公司) Tower B & E, Metro World Centre, Dongcheng District, Beijing He Chengda, Hou Shun From the date of completion of the asset restructuring to 2023
Other basic information of the Company	Reception of shareholders' enquiries: 10th and 20th of each month (or on the following business day if it falls on a public holiday) (Closed on Saturdays and Sundays) 9:00 a.m. to 11:00 a.m. and 2:00 p.m. to 4:00 p.m.	

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

(i) Major accounting data

Unit: Yuan Currency: RMB

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

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(ii) Key financial indicators

Unit: Yuan Currency: RMB

Key financial indicators	For the	For the same	Increase/Decrease
	Reporting Period (January – June) 2024		
Basic earnings per share (RMB/share)	-0.01	-0.05	–
Diluted earnings per share (RMB/share)	-0.01	-0.05	–
Basic earnings per share after extraordinary items (RMB/share)	-0.02	-0.06	–
Return on net assets on weighted average basis (%)	-0.32	-2.80	Increased by 2.48 percentage points
Return on net assets on weighted average basis after extraordinary items (%)	-1.24	-3.00	Increased by 1.76 percentage points

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

Applicable Not Applicable

VIII. ACCOUNTING DATA DIFFERENCES UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

Applicable Not Applicable

IX. EXTRAORDINARY ITEMS AND AMOUNTS

Applicable Not Applicable

Unit: Yuan Currency: RMB

Extraordinary items	Amount	Note (where applicable)
Gain or loss on disposal of non-current assets, inclusive of impairment allowance write-off		
Government subsidies included in current profit or loss, other than on-going government subsidies which are closely related to the Company's normal operation, meet the requirements of government policies and are subject to certain limits or conditions	716,681.72	
Gains and losses on fair value changes arising from financial assets and financial liabilities held by non-financial entities, and gains and losses arising from the disposal of financial assets and financial liabilities, except for effective hedging transactions that are related to the Company's normal operation		
Capital occupation fee received from non-financial entities included in current profit or loss		
Gain or loss on entrusted investments or asset under management		
Gains and losses on external entrusted loans		
Loss of assets due to force majeure events, such as natural disasters		
Reversal of the impairment provision for receivables which is tested individually for impairment	2,371,688.47	
Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures		
Net gains or losses of subsidiaries for the current period from the beginning of the period to the date of combination arising from business combination under common control		
Gains and losses on exchange of non-monetary assets		
Gain or loss on debt restructuring	9,951,066.89	
One-time costs incurred by the enterprise due to the fact that the relevant business activities has discontinued, such as expenses for relocating employees		

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Extraordinary items	Amount	Note (where applicable)
One-time effect of adjustment according to the requirements of tax and accounting laws and regulations on current profit or loss		
One-time share-based payment expense recognized for cancellation and modification of share incentive schemes		
For cash settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the date of exercise of options		
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement		
Gain or loss incurred by transactions with obviously unfair transaction price		
Gain or loss on other contingencies which are not related to the Company's normal operations		
Entrusted fee income from entrusted operations		
Other non-operating income and expenses apart from the aforesaid items	-283,093.06	
Other gain or loss items falling within the definition of extraordinary items	60,659.56	
Less: Effect of income tax	215,243.86	
Effect of minority interest (after tax)	2,746,644.22	
Total	9,855,115.50	

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

Applicable Not Applicable

X. OTHERS

Applicable Not Applicable



SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

1. Scope of business

Licensed items of operation: general logistics; professional contracting.

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

2. Main products and applications

(1) Gas Storage and Transportation Segment

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

(2) Intelligent Manufacturing Segment

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

3. Business model

Gas Storage and Transportation Segment:

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

- (1) Procurement model: The main raw material used in the Company's production is steel and its main product is steel cylinder. The procurement is conducted on a cash on delivery basis.
- (2) Production model: Due to the complex production process for steel cylinders of high temperature and high pressure, low temperature and negative pressure and strong continuity, its production must be kept stable for a long period of operation.
- (3) Sales model: The Company's products are mainly sold through direct sales and distribution models, whereby it strives to occupy the market through distributors with strong capability and extensive channels, while making direct sales to capable manufacturers and end customers in order to capture market share.

Intelligent Manufacturing Segment:

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

4. Conditions of the industry in which the Company operated during the Reporting Period

Cylinder industry: The industrial and fire gas industries will remain basically stable in 2024. Despite the overall downturn in the construction industry and infrastructure industry in the first half of the year, the subway fire protection and building fire protection markets will be alleviated in the second half of the year with the launch of urban subway projects in some cities. With the rapid development of sophisticated industries such as semiconductors and wafers, the proportion of special gases is expected to continue to increase, and the grinding bottle market will maintain stable growth.

Compound gas cylinders industry: The fuel cell vehicle demonstration city cluster policy will usher in the third annual assessment period, and with the gradual economic recovery, local governments will increase promotion efforts. In 2024, the central and local governments have issued more than 60 policies mentioning hydrogen energy, and the central-level documents frequently named "hydrogen energy", with a total of 18 relevant policies, with a year-on-year increase of 125%. With the continuous improvement of the technical level of fuel cell vehicles, the acceleration of the construction of hydrogen supply systems, and the continuous expansion of fuel cell vehicle application scenarios, it is expected that the production and sales of fuel cell vehicles are expected to further increase in 2024.

Cryogenic storage and transportation industry: The overall market demand for industrial cryogenic gas cylinders will remain stable in 2024. Westport, the export market, has set up a joint venture with Volvo, mainly to develop HPDI business, and the market demand for HPDI-T6 products will show an upward trend in the future. With the policy of widening of the oil-gas price difference and encouraging old trucks to "trade-in", the demand for LNG heavy trucks is strong, and the demand for LNG cylinders for vehicles will continue to grow.

Automation equipment industry: With the continuous progress of science and technology and the deep integration of the global economy, intelligent manufacturing, as the core of Industry 4.0, is increasingly becoming a key force to promote the transformation and upgrading of the manufacturing industry. With the trend of aging population, reduction of labour supply and increasing labour costs in China, the demand for industry-wide automation upgrading is accelerating, and the demand for intelligent equipment in the manufacturing industry continues to expand. The application of industrial robot and intelligent manufacturing equipment provide strong support for promoting the transformation and upgrading of manufacturing industry, improving production efficiency and reducing operating costs. The output value scale and market scale of the intelligent manufacturing industry will continue to grow, and the market development potential is huge.

Home appliance industry: With the advent of stock competition, home appliance manufacturers accelerate the innovation of green and intelligent technologies and enrich the supply of healthy home appliances. Meanwhile, artificial intelligence opens a new entrance for the interaction between home appliances and users, home appliances and the environment, and becomes a guarantee for the realisation and upgrading of intelligent home appliances. With the support of national policies such as "trade-in", the demand for green intelligent home appliances has been further released. The state encourages upgrading the home appliances industry, while guiding consumers to actively trade in old ones for new ones, which stimulates consumers' demand for all kinds of intelligent home appliances, and increases the demand for personalized customisation and intelligent, giving the home appliances industry a greater market development space. At the same time, the further segmentation of product specifications requires enterprises to further reduce costs and increase efficiency, and further release their demand for upgrading intelligent digital flexible manufacturing.

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not Applicable

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

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

1. Scale and Brand Advantages

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

2. Technology Advantages

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

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Sales Network Advantages

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

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

4. Human Resources Advantages

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

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

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

1. Technology Advantages

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

2. Sales Advantages

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

3. Human Resources Advantages

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

III. MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Gas storage and transportation segment:

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

Intelligent Manufacturing Segment:

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

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

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

3. Focusing on lean management and steadily strengthen internal management

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

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

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Gas Storage and Transportation Segment:

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

Intelligent Manufacturing Segment:

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

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

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

3. Firmly adhere to the idea of refined management

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

4. Adhere to the law and regulations

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

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

Applicable Not Applicable

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

IV. PRINCIPAL OPERATION DURING THE REPORTING PERIOD

(i) Analysis of principal business

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

Unit: Yuan Currency: RMB

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

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

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

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

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

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

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

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

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

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

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

Applicable Not Applicable

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

Applicable Not Applicable

(III) Analysis of assets and liabilities

Applicable Not Applicable

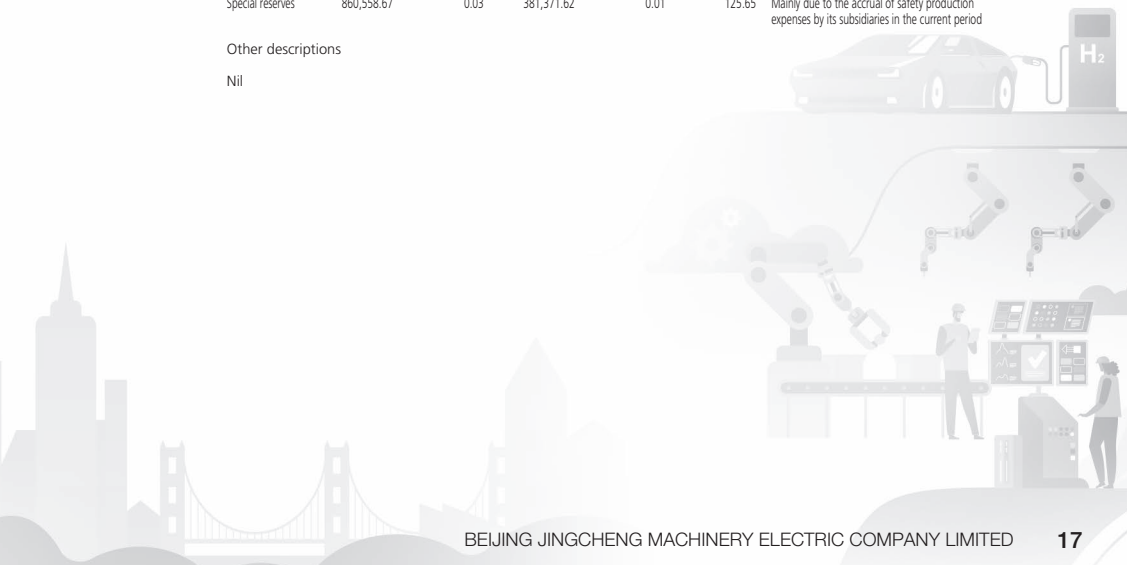
1. Assets and liabilities

Unit: Yuan Currency: RMB

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

Other descriptions

Nil



SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Overseas assets

Applicable Not Applicable

(1) Size of assets

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

(2) Details of overseas assets

Applicable Not Applicable

Other descriptions

Nil

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

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	End of the period		Type of restriction	Condition of restriction
	Book balance	Book value		
Fixed assets	139,823,125.79	77,379,971.27	Pledged property building	Mortgage
Financing receivables	349,000.00	349,000.00	Pledged notes receivables	Pledge
Monetary funds	32,390.70	32,390.70	Litigation freeze	Litigation freeze
	97,413,107.74	97,413,107.74	Margin	Deposits of bank acceptance bill
	8,012,133.96	8,012,133.96	Margin	Letter of credit guarantee deposit
	1,680,500.69	1,680,500.69	Margin	Bond for letter of guarantee
Total	1,024,799.88	1,024,799.88	Litigation freeze	Litigation freeze
	248,335,058.76	185,891,904.24	-	-
Item	Beginning of the period		Type of restriction	Condition of restriction
	Book balance	Book value		
Fixed assets	139,823,125.79	78,551,161.30	Pledged property building	Mortgage
Financing receivables	4,928,000.00	4,928,000.00	Pledged notes receivables	Pledge
Monetary funds	65,688,058.02	65,688,058.02	Margin	Deposits of bank acceptance bill
	7,228,638.76	7,228,638.76	Margin	Letter of credit guarantee deposit
	500.69	500.69	Margin	Bond for letter of guarantee
Total	217,668,323.26	156,396,358.77	-	-

4. Other descriptions

Applicable Not Applicable

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Analysis of investments

1. General analysis of external equity investments

Applicable Not Applicable

(1) *Material equity investments*

Applicable Not Applicable

(2) *Material non-equity investments*

Applicable Not Applicable

(3) *Financial assets measured at fair value*

Applicable Not Applicable

(4) *Securities investment*

Applicable Not Applicable

(5) *Explanation on securities investment*

Applicable Not Applicable

(6) *Private fund investment*

Applicable Not Applicable

(7) *Derivatives investment*

Applicable Not Applicable



SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(V) Material disposal of assets and equity interest

Applicable Not Applicable

(VI) Analysis of major subsidiaries and associates

Applicable Not Applicable

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

(VII) Structured entities under the control of the Company

Applicable Not Applicable

V. OTHER DISCLOSURES

(I) Potential risks

Applicable Not Applicable

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

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

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

2. Macroeconomic cycle fluctuation risk

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

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Other disclosures

√ Applicable □ Not Applicable

1. Analysis of financial position

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

Liquidity and capital structure

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

2. Bank loans

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

3. Foreign exchange risk management

The Company is mainly exposed to foreign exchange risk relating to US dollars and Euro. The main operation of the Group is settled by RMB, except Beijing Tianhai, BTIC America Corporation and Jingcheng HK, subsidiaries of the Company, which use US dollars and Euro for procurement and sale. Accordingly, it may be exposed to foreign exchange risks caused by fluctuations in the exchange rates of the US dollar, Euro, and RMB. The Company is actively taking measures to mitigate these foreign exchange risks.

4. Principal sources of fund and its use

(1) Cash flows from operating activities

Cash inflows from operating activities of the Company during the Reporting Period were mainly derived from the income of product sales. Cash outflow was mainly used in expenses related to production and operating activities. Cash inflows from operating activities during the Reporting Period amounted to RMB483,238,300, while cash outflows amounted to RMB626,585,800. Net cash flows during the Reporting Period from operating activities amounted to a loss of RMB143,347,500.

(2) Cash flows from investing activities

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(3) Cash flows from financing activities

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

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

5. Capital structure

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

Capital structure by liquidity

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

6. Contingent liabilities

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

7. Details of the Company's charge on assets

Unit: Yuan Currency: RMB

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

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

(1) Number of employees

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

(2) Remunerations

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

(3) Remuneration policies

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

(4) Training plan

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

9. Corporate governance

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

10. Others

- (1) The Company's applicable enterprise income tax rate for the Reporting Period was 25%.
- (2) The unaudited 2024 interim report of the Company has been reviewed by the audit committee of the Board of the Company.
- (3) The Company has been in compliance with the code provisions set out in Part 2 of Appendix C1 "Corporate Governance Code" of the Listing Rules of the Stock Exchange during the Reporting Period.
- (4) During the Reporting Period, in respect of the transactions of securities by our Directors and Supervisors, the Company has adopted a set of standard code on terms no less exacting than the required standards of the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules of the Stock Exchange. After making specific enquiries with all directors and supervisors, the Company confirmed that, each of the directors and supervisors has complied with the required standards on securities transactions by directors and supervisors as set out in the Code for the six months ended 30 June 2024.
- (5) During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
- (6) There was no change in the scope of the consolidated statements as compared to the financial report for the previous year.

SECTION 4 CORPORATE GOVERNANCE

I. INTRODUCTION TO THE GENERAL MEETINGS

Meeting	Date of meeting	Index for details on website designated for publishing resolutions	Date of disclosure of the resolutions	Resolutions
First EGM of 2024	24 June 2024	Website of SSE http://www.sse.com.cn ; HKEXnews website of the Stock Exchange http://www.hkexnews.hk	24 June 2024	The "Resolution in relation to the Prior Investment in Shanghai Sunwise by a Wholly-owned Subsidiary of the Controlling Shareholder" was considered and approved
AGM of 2023	27 June 2024	Website of SSE http://www.sse.com.cn ; HKEXnews website of the Stock Exchange http://www.hkexnews.hk	27 June 2024	The following resolutions were considered and approved: the full text and the summary of annual report for A shares and annual report for H shares of the Company for 2023; To consider the 2023 work report of the board of directors of the Company; To consider the 2023 work report of the supervisory committee of the Company; To consider the 2023 audited financial reports of the Company; To consider the internal control audit report in the 2023 annual financial report of the Company; To consider the 2023 work report of the independent non-executive directors of the Company; To consider the appointment of WUYIGE Certified Public Accountants LLP as the auditor for the Company's 2024 financial statements and internal control audit of the financial report and to propose at the general meeting to authorise the board of directors to sign an appointment agreement with it and determine its remuneration; To consider the resolution of the Company not to distribute any profit for the year of 2023; To consider and approve the resolution in relation to grant of general mandate to the board of directors to issue H shares by the Company; To consider the resolution in relation to the proposed amendments to the "Articles of Association"; To consider the resolution in relation to the proposed amendments to the "Rules of Procedure of the General Meeting of Shareholders"; To consider the resolution in relation to the remuneration of and the entering into of the written contract with the independent non-executive director of the eleventh session of the board of directors of the Company; and to consider the resolution in relation to the change of independent non-executive directors of the eleventh session of the board of directors of the Company.

Request by shareholders of preferred shares whose voting rights are restored to convene an extraordinary general meeting of shareholders

Applicable Not Applicable

Description of the general meeting of shareholders

Applicable Not Applicable



SECTION 4 CORPORATE GOVERNANCE

II. CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not Applicable

Name	Position	Change
Li Junjie	Chairman, Non-executive Director	Election
Zhang Jiheng	Executive Director, General Manager	Election
Wu Yanzhang	Non-executive Director	Election
Zhou Yongjun	Non-executive Director	Election
Cheng Lei	Non-executive Director	Election
Man Huiyong	Non-executive Director	Election
Li Chunzhi	Non-executive Director	Election
Chen Junping	Independent non-executive Director	Election
Zhao Xuguang	Independent non-executive Director	Election
Liu Jingtai	Independent non-executive Director	Election
Luan Dalong	Independent non-executive Director	Election
Tian Dongqiang	Chairman of Supervisory Committee	Election
Li Zhe	Supervisor	Election
Wen Jinhua	Supervisor	Election
Luan Jie	Secretary to the Board	Appointment
Feng Yongmei	Chief accountant (the financial controller)	Appointment
Shi Fengwen	Chief engineer	Appointment
Li Xianzhe	General counsel	Appointment
Xiong Jianhui	Independent non-executive Director	Retirement

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

Applicable Not Applicable

- On 28 May 2024, the Board has received a written resignation tendered by Mr. Xiong Jianhui, an independent non-executive director of the Company. Due to personal reasons, in particular, to dedicate more time to his other career commitments, Mr. Xiong Jianhui tendered his resignation from the position of an independent non-executive director of the eleventh session of the Board of the Company, the chairman of the Audit Committee and a member of the Remuneration and Monitoring Committee of the Board, and Mr. Xiong Jianhui will not take up any positions in the Company after his resignation becomes effective.

Since the number of independent non-executive directors of the Company will be less than one third of the members of the Board after the resignation of Mr. Xiong Jianhui, in accordance with the "Administrative Measures for Independent Directors of Listed Companies", the "Rules Governing the Listing of Stocks on the SSE" and other laws and regulations and the provisions of the "Articles of Association", the resignation will take effect upon the election of a new independent non-executive director in the 2023 annual general meeting of the Company to fill his vacancy. Prior to the effect of the resignation, Mr. Xiong Jianhui will continue to perform the relevant duties of an independent non-executive director, the chairman of the Audit Committee and the Remuneration and Monitoring Committee of the Board.

In order to safeguard the normal operation of the Board by the Company, according to the "Company Law", the "Administrative Measures for Independent Directors of Listed Companies" and the relevant provisions of the "Articles of Association", the Company convened the sixth extraordinary meeting of the eleventh session of the Board on 28 May 2024, at which the "Resolution in relation to the Change of Independent Non-Executive Director of the Eleventh Session of the Board of the Company" was considered and approved. Upon nomination by the nomination committee of the Board, the Board agreed to nominate Ms. Chen Junping as a candidate for independent non-executive director of the eleventh session of the Board of the Company. The proposed term of office will commence from the date of consideration and approval at the 2023 annual general meeting to the 2025 annual general meeting. Subject to the consideration and approval by the Shareholders of the appointment of Ms. Chen Junping as an independent non-executive director of the Company at the 2023 annual general meeting, the Company intends to enter into a service contract with Ms. Chen Junping and Ms. Chen Junping will be entitled to receive an annual emolument of RMB80,000, which is determined based on the director's remuneration standard of the Company, with reference to the annual assessment indicators, and such resolution is prepared by the Remuneration and Monitoring Committee of the Board and, after having been considered and approved by the Board, submitted for approval at the general meeting.

- On 27 June 2024, the Company has convened the 2023 annual general meeting and the "Resolution in relation to the Change of Independent Non-executive Director of the Eleventh Session of the Board of Directors of the Company," was considered and approved, Ms. Chen Junping was elected as an independent non-executive director of the eleventh session of the Board of Directors.
- Wu Yanzhang, a non-executive director of the Company, retired on 31 July 2024 and ceased to hold any position in Jingcheng Machinery Electric. As at the date of this report, save as disclosed above, pursuant to Rule 13.51B(1) of the Listing Rules, there is no change in the disclosure of information by the directors of the Company as required under paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

SECTION 4 CORPORATE GOVERNANCE

III. PROPOSAL ON THE PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE

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

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

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

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

Applicable Not Applicable

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

Share incentive

Applicable Not Applicable

Other descriptions

Applicable Not Applicable

Employee share scheme

Applicable Not Applicable

Other incentive measures

Applicable Not Applicable



SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION

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

Applicable Not Applicable

1. Information on emission of pollutants

Applicable Not Applicable

Tianjin Tianhai, a subsidiary of the Company, was included in the list of key pollutant-discharging units in Tianjin Province by Tianjin Environmental Protection Bureau in 2024.

1. Information of wastewater emission

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

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

Statistical table of emission concentration of water pollutants

Table 1-1

Unit: mg/L

Pollutants	Standard limit	Emission concentration monitoring data (average) in the first half of 2024	Emission pattern	Emission flow
Regular pollutants	PH value	6~9	7.65	Stable and continuous disposal Sewage treatment plant at the bonded area of Tianjin Port
	chemical oxygen demand	500	40	
	ammonia nitrogen	45	7.685	
	suspended solids	400	31	
	total nitrogen	70	13.7	
Characteristic pollutants	total phosphorous	8	0.825	
	petroleum	15	0.145	

Statistics of total water pollutants emission

Table 1-2

Unit: tons

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

SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

2. Information of exhaust gas emission

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

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

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

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

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

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

Table 2-3 Statistical table of total air pollutant emissions

		82,458,031 m ³ 180,907,995 m ³	Unit: tons/year	
Emission volume of natural gas combustion			The first half of 2024	
Emission volume of spray paint and winding exhaust gas			Emission volume (tons)	
Pollutants		Source		
Regular pollutants	sulfur dioxide	Third-party testing	0.16	
	nitrogen oxides	Third-party testing	1.195	
	particulates	Third-party testing	0.993	
	benzene	Third-party testing	0.006	
	non-methane hydrocarbon	Third-party testing	0.36	



SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

3. Emission control on hazardous waste

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

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

Unit: tons/year

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

4. Emission control on general industrial solid waste

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

Table 4 Emission and disposal of general industrial solid waste

Unit: tons/year

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

5. Emission control on noise pollution

Table 5 Emission and disposal of noise pollution

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

2. Construction and operation of pollution prevention and treatment facilities

Applicable Not Applicable

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

SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

Applicable Not Applicable

4. Environmental emergency response plan

Applicable Not Applicable

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

5. Environmental self-monitoring scheme

Applicable Not Applicable

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

1. Implementation standard and limit of emission of water pollutants

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

2. Implementation standard and limit of discharge of gaseous waste

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

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

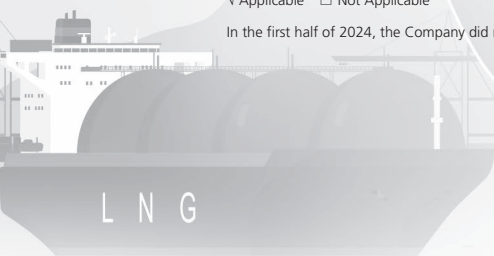
6. Administrative penalty for environmental problems during the Reporting Period

Applicable Not Applicable

7. Other disclosable environmental information

Applicable Not Applicable

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



SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

- (II) **Description on the environmental protection of the companies other than those falling under key sewage emission entities**
 Applicable Not Applicable
- (III) **Description of the follow-up progress or changes in the disclosure of environmental information during the Reporting Period**
 Applicable Not Applicable
- (IV) **Information on efforts conducive to ecological protection, pollution prevention and control and environmental responsibility fulfillment**
 Applicable Not Applicable
- (V) **Measures adopted for reducing carbon emissions during the Reporting Period and their effects**
 Applicable Not Applicable

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



SECTION 6 IMPORTANT MATTERS

I. FULFILLMENT OF UNDERTAKINGS

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

√ Applicable □ Not Applicable

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



SECTION 6 IMPORTANT MATTERS

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

SECTION 6 IMPORTANT MATTERS

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

SECTION 6 IMPORTANT MATTERS

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

SECTION 6 IMPORTANT MATTERS

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



L N G

SECTION 6 IMPORTANT MATTERS

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

SECTION 6 IMPORTANT MATTERS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe plans in next steps
	Lock-up	Counterparties of Reorganisation (Yang Ping, Xiao Zhonghai, Xia Tao, Wong Huadong, Xiu Jun, Fu Dun and Chen Zhenqian)	Undertaking in relation to share lock-up The Counterparties of Reorganisation (Yang Ping, Xiao Zhonghai, Xia Tao, Wong Huadong, Xiu Jun, Fu Dun and Chen Zhenqian) undertake: 1. The shares of JINGCHENG MAC acquired by me in the Transactions shall not be transferred within 12 months from the Issuance Completion date of the Reorganisation. 2. During the above-mentioned share lock-up period, the additional JINGCHENG MAC's shares acquired due to the issue of bonus shares and conversion of capital reserve into share capital of JINGCHENG MAC shall also be subject to the regulation of the above-mentioned lock-up period. In case the lockup period as required by regulatory opinions or relevant provisions of the securities regulatory authority is longer than the above-mentioned lock-up period or there are other requirements, corresponding adjustments should be made according to such regulatory opinions or relevant provisions of the securities regulatory authority. 3. If the above undertakings are violated, I shall bear all legal liabilities. I shall fully compensate JINGCHENG MAC with my own funds for any damage caused to JINGCHENG MAC or for any administrative penalty or regulatory measures suffered by JINGCHENG MAC.	From the date of acquisition of shares in JINGCHENG MAC until the expiry of the lock-up period	Yes	From the date of acquisition of shares in JINGCHENG MAC until the expiry of the lock-up period	Yes		
	Others	Counterparties of Reorganisation (Li Hong, Zhao Qing, Wang Xiaohui, Qian Yuyan)	Undertaking in relation to the Pledge of the Consideration Shares The Counterparties of Reorganisation (Li Hong, Zhao Qing, Wang Xiaohui, Qian Yuyan) undertake: 1. As at the date of this letter of undertaking, I do not have any plans and arrangements to pledge externally (including setting up other third party rights) the shares of JINGCHENG MAC acquired in the Transaction. 2. The additional shares of JINGCHENG MAC acquired by me through the Transaction will be subject to a lock-up period and phased unlocking arrangements in accordance with the "Agreement on Issuance of Shares and Payment of Cash for Assets" and its supplemental agreement. 3. For the Consideration Shares acquired by me through the Transaction, I will not create any pledge or other encumbrances on the Consideration Shares held by me that are still subject to the lock-up period or yet to be unlocked during the 12-month lock-up period and after the expiry of the aforesaid lockup period until they are unlocked in accordance with the phased unlocking agreement.	From the date of acquisition of shares in JINGCHENG MAC until the expiry of the lock-up period	Yes	From the date of acquisition of shares in JINGCHENG MAC until the expiry of the lock-up period	Yes		
	Others	Counterparty of Reorganisation (Qingdao Eternal)	Undertaking in relation to the Pledge of the Consideration Shares The Counterparty of Reorganisation (Qingdao Eternal) undertakes: 1. As at the date of this letter of undertaking, the company does not have any plans and arrangements to pledge externally (including setting up other third party rights) the shares of JINGCHENG MAC acquired in the Transaction. 2. The additional shares of JINGCHENG MAC acquired by the company through the Transaction will be subject to a lock-up period and phased unlocking arrangements in accordance with the "Agreement on Issuance of Shares and Payment of Cash for Assets" and its supplemental agreement. 3. For the Consideration Shares acquired by the company through the Transaction, the company will not create any pledge or other encumbrances on the Consideration Shares held by the company that are still subject to the lock-up period or yet to be unlocked during the 12-month lock-up period and after the expiry of the aforesaid lock-up period until they are unlocked in accordance with the phased unlocking agreement.	From the date of acquisition of shares in JINGCHENG MAC until the expiry of the lock-up period	Yes	From the date of acquisition of shares in JINGCHENG MAC until the expiry of the lock-up period	Yes		
	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Undertaking for maintaining the independence of JINGCHENG MAC Jingcheng Machinery Electric undertakes: Before the Transactions, JINGCHENG MAC is independent of the company. After the completion of the Transactions, the company will continue to maintain the independence of JINGCHENG MAC, follow the five-division and five independence (五分局、五獨立) principles in business, assets, personnel, finance, and organisation and comply with the relevant regulations of the Chinese Securities Regulatory Commission. The company will not cause JINGCHENG MAC to provide unlawful guarantees, will not use the capital of JINGCHENG MAC, and will not form peer competition with JINGCHENG MAC. Once the letter of undertaking is signed, it constitutes an irrevocable legal obligation of the company. If damage is caused to the rights and interests of JINGCHENG MAC and its small and medium shareholders as a result of the company's breach of such undertakings, the company will bear the compensation liabilities by law accordingly.	Long term	Yes	Long term	Yes		

SECTION 6 IMPORTANT MATTERS

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

SECTION 6 IMPORTANT MATTERS

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

SECTION 6 IMPORTANT MATTERS

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

SECTION 6 IMPORTANT MATTERS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe plans in next steps
	Others	Directors, supervisors and senior management of JINGCHENG MAC	Undertaking regarding reduction and regulation of related party transactions Directors, supervisors and senior management of JINGCHENG MAC undertake: During the period when I act as a director/supervisor/senior management staff of JINGCHENG MAC, I will not illegally appropriate funds and any other assets of JINGCHENG MAC by any reason and way, and will try my best to avoid having related party transactions between me and enterprises directly or indirectly controlled by me (if any) and JINGCHENG MAC. For unavoidable related party transactions, I will strictly abide by laws and regulations and the provisions on related party transactions in the "Articles of Association" of JINGCHENG MAC, and through the corporate governance and legal decision-making procedures such as the approval at the Board of Directors/general meeting. I will reasonably procure the enterprises directly or indirectly controlled by me (if any) to strictly abide by the "Company Law of the People's Republic of China", the "Articles of Association of Beijing Jingcheng Machinery Electric Company Limited" and other relevant requirements, and follow the general market transactional rules to conduct related party transactions with JINGCHENG MAC, in accordance with laws.	Long term	Yes	Long term	Yes		
	Others	Counterparties of Reorganisation (Huang Xiaofeng, Li Hong)	Undertaking regarding reduction and regulation of related party transactions Counterparties of Reorganisation (Huang Xiaofeng, Li Hong) undertake: After the completion of the Transactions, other companies and other related parties effectively controlled or significantly influenced by me and I will try to avoid to have related party transactions with JINGCHENG MAC and its controlled subsidiaries (including BYTQ which is to be turned into a subsidiary controlled by JINGCHENG MAC). For related party transactions that are necessary and unavoidable, they will be conducted in accordance with the principles of fairness, justice, and price equality. The consideration shall be determined at a price generally accepted as reasonable by the market, and shall perform transaction approval procedures and information disclosure obligations in accordance with relevant laws, regulations, rules and regulatory documents to effectively protect the interests of JINGCHENG MAC and its small and medium shareholders. If I breach the above-mentioned undertakings to enter into transaction with JINGCHENG MAC and its controlled subsidiaries, and incurs losses to JINGCHENG MAC and its shareholders and the subsidiaries of JINGCHENG MAC, I will bear the compensation liabilities in accordance with laws accordingly.	Long term	Yes	Long term	Yes		



SECTION 6 IMPORTANT MATTERS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe plans in next steps
Others	Huang Xiaofeng, Li Hong, Xu Bingjie, Yang Lunsheng, Ying Rukai	Huang Xiaofeng, Li Hong, Xu Bingjie, Yang Lunsheng, Ying Rukai undertake: Unless otherwise agreed in writing by JINGCHENG MAC, Huang Xiaofeng, Xu Bingjie, Yang Lunsheng and Ying Rukai shall continue to work for the Target Company or JINGCHENG MAC and perform their due diligence obligations during the performance undertaking period (i.e. the five accounting years of 2020, 2021, 2022, 2023 and 2024, the same below) and for a period of two years from the expiry date of the performance undertaking period as stipulated in the "Share Issue and Cash Payment for Assets Purchase Agreement", "Performance Compensation Agreement" and the supplemental agreements thereto. If I leave my employment with the Target Company on my own initiative without the written consent of JINGCHENG MAC before the expiry of the term of office, or if I am dismissed by the Target Company or JINGCHENG MAC in accordance with the law due to misconduct or malpractice or other intentional acts prejudicial to the interests of the Target Company or JINGCHENG MAC, JINGCHENG MAC shall be entitled to hold Party B and Party C liable for the following: (I) Term of employment requirements of Huang Xiaofeng and related undertakings 1. If Huang Xiaofeng leaves his employment on his own initiative before the expiry of the performance undertaking period, or if his employment is terminated by the Target Company or JINGCHENG MAC in accordance with the law due to misconduct or malpractice or other acts prejudicial to the interests of the Target Company or JINGCHENG MAC, then Huang Xiaofeng and Li Hong shall compensate JINGCHENG MAC for 100% of the consideration received through the transaction. 2. If Huang Xiaofeng's employment is terminated by the Target Company or JINGCHENG MAC in accordance with the law due to dereliction of duty or malpractice or other acts detrimental to the interests of the Target Company or JINGCHENG MAC, resulting in his term of office being less than one year from the date of expiry of the performance pledge period, Huang Xiaofeng and Li Hong shall compensate JINGCHENG MAC at 40% of the consideration received through the transaction. 3. If Huang Xiaofeng or Li Hong has been dismissed by the Target Company or JINGCHENG MAC in accordance with the law due to dereliction of duty or malpractice or other acts detrimental to the interests of the Target Company or JINGCHENG MAC, resulting in his term of office being more than 1 year but less than 2 years after the expiry date of the performance undertaking, Huang Xiaofeng and Li Hong shall compensate JINGCHENG MAC at 20% of the consideration received through the transaction. (II) Term of employment requirements of Xu Bingjie, Yang Lunsheng and Ying Rukai and related undertakings 1. If Xu Bingjie, Yang Lunsheng or Ying Rukai leave the Company on their own initiative before the expiry of the Performance Pledge Period, or if they are dismissed by the Target Company or JINGCHENG MAC in accordance with the law due to misconduct or malpractice or other intentional acts detrimental to the interests of the Target Company or JINGCHENG MAC, they shall compensate JINGCHENG MAC for 100% of the consideration received through the Transaction. 2. If Xu Bingjie, Yang Lunsheng or Ying Rukai resign on their own initiative or are dismissed by the Target Company or JINGCHENG MAC in accordance with the law due to misconduct or malpractice or other acts detrimental to the interests of the Target Company or JINGCHENG MAC, resulting in their term of office being less than one year from the date of expiry of the performance undertaking period, they shall personally compensate JINGCHENG MAC at 40% of the consideration received through the Transaction. 3. If Xu Bingjie, Yang Lunsheng and Ying Rukai leave their positions on their own initiative, or are dismissed by the Target Company or JINGCHENG MAC, in accordance with the law due to misconduct or malpractice or other acts that are detrimental to the interests of the Target Company or JINGCHENG MAC, and as a result, their term of office has expired for over one year but less than two years from the date of expiry of the Performance Pledge Period, they shall compensate JINGCHENG MAC for 20% of the consideration received through the Transaction. If Huang Xiaofeng, Xu Bingjie, Yang Lunsheng and Ying Rukai have caused serious losses to the Target Company or JINGCHENG MAC as a result of malpractice or other acts intentionally prejudicial to the interests of the Target Company or JINGCHENG MAC, they shall, in addition to fulfilling the above compensation obligations, be liable for full compensation for the losses caused.	2 years from the date of issue of the Undertaking to the date of expiry of the Performance Pledge Period	Yes	2 years from the date of issue of the Undertaking to the date of expiry of the Performance Pledge Period	Yes			

SECTION 6 IMPORTANT MATTERS

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



SECTION 6 IMPORTANT MATTERS

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

Applicable Not Applicable

III. ILLEGAL GUARANTEE

Applicable Not Applicable

IV. AUDIT OF INTERIM REPORT

Applicable Not Applicable

(I) Appointment and Dismissal of Accounting Firms

Explanation on appointment and dismissal of accounting firms

Applicable Not Applicable

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

Explanation on change of the accounting firms during the audit period

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

VI. MATTERS RELATING TO BANKRUPTCY AND REORGANISATION

Applicable Not Applicable

VII. MATERIAL LITIGATIONS AND ARBITRATIONS

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

SECTION 6 IMPORTANT MATTERS

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

Applicable Not Applicable

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

Applicable Not Applicable

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

X. MATERIAL CONNECTED TRANSACTIONS

(I) Connected transactions related to daily operation

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

Applicable Not Applicable

Summary of matter	Index for enquiry
Beijing Tianhai, a wholly-owned subsidiary of the Company, intended to acquire 3 sets of precision numerical control machine tools produced by BYJC, a related party, to meet its production needs, and the total price of the 3 sets of precision numerical control machine tools is RMB3.50 million.	SSE website http://www.sse.com.cn ; HKExnews website http://www.hkexnews.hk

Jingcheng Machinery Electric holds 44.87% equity interest in the Company and is the controlling shareholder of the Company. Jingcheng Machinery Electric holds 100% equity interest in BYJC and is the controlling shareholder of BYJC. BYJC is an associate of Jingcheng Machinery Electric and a Connected Person of the Company. In accordance with the relevant provisions of the Rules Governing the Listing of Stocks on the SSE and the Rules Governing the Listing of Securities on The Stock Exchange, this transaction constitutes a connected transaction. On 28 June 2024, the Company convened the eighth extraordinary meeting of the eleventh session of the board of directors and the eleventh meeting of the eleventh session of the supervisory committee respectively, at which the "Resolution in Relation to Connected Transactions Related to the Acquisition of Precision Numerical Control Machine Tools of BYJC by Tianhai Industry" was considered and approved. The independent non-executive directors of the Company expressed their prior approval and independent opinions.

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

Applicable Not Applicable

3. Matters which were not disclosed in provisional announcements

Applicable Not Applicable



SECTION 6 IMPORTANT MATTERS

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

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

Applicable Not Applicable

Summary of matter	Index for equity
-------------------	------------------

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

SSE website
<http://www.sse.com.cn>;

HKExnews website
<http://www.hkexnews.hk>

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

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

Jingcheng Industrial Investment is a wholly-owned subsidiary of Jingcheng Machinery Electric. Since Jingcheng Machinery Electric is the controlling shareholder of the Company, Jingcheng Industrial Investment is an associate of a Connected Person of the Company. Accordingly, the transactions contemplated under the above agreement constitute continuing connected transactions of the Company under the Listing Rules of the Stock Exchange. As all of the applicable percentage ratios (as defined in the Listing Rules of the Stock Exchange) in respect of the transactions contemplated under the agreement are less than 5%, and the annual entrusted management fee is less than HK\$3 million, the agreement and the transactions contemplated thereunder are fully exempt pursuant to Rule 14A.76(1)(c) of the Listing Rules of the Stock Exchange.

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

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

SECTION 6 IMPORTANT MATTERS

- 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 anticipated to be attained 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



SECTION 6 IMPORTANT MATTERS

3. Matters which were not disclosed in provisional announcements

Applicable Not Applicable

Unit: Yuan Currency: RMB

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

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

Applicable Not Applicable

(VI) Other major connected transactions

Applicable Not Applicable

(VII) Others

Applicable Not Applicable

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

- (1) Jingcheng Machinery Electric is the Controlling Shareholder of the Company, holding approximately 44.87% of the equity interest in the Company. As such, Jingcheng Machinery Electric is a Connected Person of the Company.
- (2) Asset Company is a wholly-owned subsidiary of Jingcheng Machinery Electric, the Controlling Shareholder of the Company, and thus the Asset Company is a Connected Person of the Company.
- (3) Jingcheng Industrial Investment is a wholly-owned subsidiary of Jingcheng Machinery Electric, the Controlling Shareholder of the Company, and thus Jingcheng Industrial Investment is a Connected Person of the Company.
- (4) Beiren Equipment is a wholly-owned subsidiary of Jingcheng Machinery Electric, the Controlling Shareholder of the Company, and thus Beiren Equipment is a Connected Person of the Company.
- (5) BYJC is a wholly-owned subsidiary of Jingcheng Machinery Electric, the Controlling Shareholder of the Company, and thus BYJC is a Connected Person of the Company.

SECTION 6 IMPORTANT MATTERS

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

Connected Transactions

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

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

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

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

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

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

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

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

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

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

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

SECTION 6 IMPORTANT MATTERS

Continuing connected transactions

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

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

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

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

XI. MATERIAL CONTRACTS AND THEIR EXECUTION

1. Trust, contracting and leasing matters

Applicable Not Applicable

(1) Trust

Applicable Not Applicable

(2) Contracting

Applicable Not Applicable

(3) Leasing

Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of lessor	Name of lessee	Status of leased assets	Amount of leased assets	Date of commencement of lease	Expiry date of lease	Lease income	Basis of determination of lease income	Impact of lease income on the Company	Related party/connected transaction	Related party relationship
Beijing Jingcheng Haitong Technology and Culture Development Co., Ltd.	Shenzhen Tenglong Holding Co., Ltd.	The Leased area is 45,043.62 square metres	1,100,925,887.91	21 February 2021	18 October 2036	17,084,531.53	Lease Contract	Major operating revenue	No	Other
Beijing Jingcheng Machinery Electric Assets Management Co., Ltd.	Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.	The Leased area is 45,143.62 square metres	445,013,628.70	1 May 2020	18 October 2036	-12,336,532.46	Lease Contract	Major operating cost	Yes	wholly-owned subsidiary of Jingcheng Machinery Electric, the controlling shareholder of the Company

Description on leases

Not Applicable

2. Material guarantee and outstanding material guarantee during the Reporting Period

Applicable Not Applicable

3. Other material contracts

Applicable Not Applicable

SECTION 6 IMPORTANT MATTERS

XII. DESCRIPTION OF THE PROGRESS OF USE OF RAISED FUNDS

Applicable Not applicable

(I) Overview of use of the proceeds raised

Applicable Not applicable

Unit: Yuan Currency: RMB

Source of funds raised	Time of receipt of proceeds	Total proceeds	Net proceeds raised after the deduction of issuance expenses (1)	Total committed investment of funds raised in the prospectus or offering documents (2)	Total amount of over-raised funds (3)=(1)-(2)	Accumulated total amount of funds raised invested as of the end of the Reporting Period (4)	Including: Accumulated total amount of funds over-raised as of the end of the Reporting Period (5)	Progress of Investment of funds raised as of the end of the Reporting period (%) (6)=(4)/(1)	Progress of Investment of funds over-raised as of the end of the Reporting period (%) (7)=(5)/(3)	Invested amount during the year(8)	Proportion of investment during the year(%) (9)=(8)/(1)	Total amount of proceeds raised for the changed purpose
Others	1 July 2020	214,930,000.00	207,305,400.64	207,305,400.64		195,336,611.77		94.23%		1,303,469.41	0.00	
Others	4 August 2022	158,966,094.76	153,305,717.40	153,305,717.40		130,584,044.43		85.18%		0.00	0.00	
Total	/	373,796,094.76	360,611,118.04	360,611,118.04		325,920,656.20		/	/	1,303,469.41	/	

(II) Details of fund raising project

Applicable Not applicable

1.1 Details on use of proceeds

Applicable Not applicable

Unit: Yuan Currency: RMB

Source of funds raised	Name of project	Nature of project	Whether it is a committed investment project in the prospectus or offering documents	Whether involves in change of investment decision	Total planned investment amounts of fund raising projects (1)	Amount invested during the year	Accumulated total amount of funds raised invested as of the end of the Reporting Period (2)	Progress of accumulated investment as of the end of the Reporting Period (%) (3)=(2)/(1)	Date of project reaches scheduled availability	Whether the project has been closed	Whether the progress of investment is in line with planned schedule	Specific reasons for the progress of investment not achieved as planned	Benefits realised during the year	Benefits or R&D results achieved by this project	Whether the feasibility of the project has significant changes and, if so, please provide details	Balance amount
Other	Construction project of the Type M cylinder intelligent digital control production line	Production and construction	Yes	No	52,000,000.00		52,000,000.00	100.00%	30 November 2021	Yes	Yes	N/A	36,465,765.80	59,426,287.05	No	0.00
Other	Repayment of debts owed to controlling shareholder and financial institutions	Resupply current assets and loan repayment	Yes	No	128,020,400.64		128,020,400.64	100.00%	N/A	Yes	Yes	N/A	N/A	N/A	No	0.00
Other	Research and development project of hydrogen energy product	R&D	Yes	No	27,285,000.00	1,303,469.41	15,316,211.13	56.13%	N/A	No	Yes	N/A	N/A	N/A	No	12,216,877.63
Other	Payment of cash consideration for the transaction	Other	Yes	No	67,433,884.40		67,433,884.40	77.13%	N/A	No	Yes	N/A	11,712,119.10	102,511,851.38	No	0.00
Other	Supplementing the liquidity of listed companies, payment of taxes and intermediary agency fees	Other	Yes	No	35,871,833.00		33,150,160.63	92.41%	N/A	No	Yes	N/A	N/A	N/A	No	22,904,998.90
Other	Capital increase to the target company to supplement working capital	Other	Yes	No	30,000,000.00		30,000,000.00	100.00%	N/A	Yes	Yes	N/A	N/A	N/A	No	0.00
Total					360,611,118.04	1,303,469.41	325,920,656.20	/	/	/	/	/	/	/		35,121,478.53

SECTION 6 IMPORTANT MATTERS

1.2 Expected use of the Unutilised fund raised

Unit: Yuan Currency: RMB

Name of project	Nature of project	Total investment amount under the fund-raised scheme	Accumulated total amount of funds raised invested as of the end of the Reporting Period	Total outstanding proceeds as of the end of the Reporting Period	Total portion of outstanding proceeds as of the end of the Reporting Period (%)	The amount of the raised funds for the next investment	The expected timing for the next investment of the raised funds
Research and development project of hydrogen energy product	R&D	27,285,000.00	15,316,211.13	11,968,788.87	43.87	11,968,788.87	Before 30 June 2025
Payment of cash consideration for the transaction	Other	87,433,884.40	67,433,884.40	20,000,000.00	22.87	20,000,000.00	Before 30 June 2025
Supplementing the liquidity of listed companies, payment of taxes and intermediary agency fees	Other	35,871,833.00	33,150,160.03	2,721,672.97	7.59	2,721,672.97	Before 30 June 2025

Note:

1. It is expected that all the remaining funds will be utilised for the three items at the next use of raised funds.
2. The timing for the next use of raised funds for the three items is expected to be roughly the same.

2. Details on use of over-raised funds

Applicable Not applicable

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

Applicable Not Applicable



SECTION 6 IMPORTANT MATTERS

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

1. **Prior investment and replacement of funds raised investment projects**
 Applicable Not Applicable
2. **Temporary replenishment of working capital with the unused raised funds**
 Applicable Not Applicable
3. **Cash management of unused raised funds and investment in related products**
 Applicable Not Applicable
4. **Other**
 Applicable Not Applicable

XIII. DESCRIPTION FOR OTHER MATERIAL MATTERS

Applicable Not Applicable



SECTION 7 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(1) Statement of changes in shares

1. Statement of changes in shares

During the Reporting Period, there was no change in the total number of shares and share capital structure of the Company.

2. Explanation on the changes in shares

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

(2) Changes in shares subject to selling restrictions

Applicable Not Applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares released during the Reporting Period	Increase in number of restricted shares during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for sale restriction	Release date
Li Hong	7,639,826	3,819,913	0	3,819,913	Sale restriction on the acquisition and reorganisation	Unlock the fourth phase on 24 June 2025
Zhao Qing	2,616,314	1,308,157	0	1,308,157	Sale restriction on the acquisition and reorganisation	Unlock the fourth phase on 24 June 2025
Qingdao Eternal Economic Information Consulting Co., Ltd.	1,874,784	937,392	0	937,392	Sale restriction on the acquisition and reorganisation	Unlock the fourth phase on 24 June 2025
Wang Xiaohui	1,615,762	807,881	0	807,881	Sale restriction on the acquisition and reorganisation	Unlock the fourth phase on 24 June 2025
Qian Yuyan	322,419	161,210	0	161,209	Sale restriction on the acquisition and reorganisation	Unlock the fourth phase on 24 June 2025
Total	14,069,105	7,034,553	0	7,034,552	/	/

II. INFORMATION ABOUT SHAREHOLDERS

(1) Total number of shareholders

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

45,516
0

SECTION 7 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

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

Unit: share

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

Shareholding of Top Ten Shareholders not subject to selling restrictions (excluding shares lent through refinancing and locked up shares of senior management)

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

SECTION 7 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

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

Applicable Not Applicable

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

Applicable Not Applicable

Notes:

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



SECTION 7 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

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

√ Applicable □ Not Applicable

Unit: share

No.	Name of Shareholder subject to selling restrictions	Number of Shares held subject to selling restrictions	Conditions of listing and trading of restricted Shares		Conditions for selling restrictions
			Date of being permitted for listing and trading	Number of additional Shares available for listing and trading	
1	Li Hong	3,819,913	24 June 2025	3,819,913	The lock-up period is 12 months and the shares are unlocked in 4 phases and can be listed on the trading day following the expiry of the lock-up period
2	Zhao Qing	1,308,157	24 June 2025	1,308,157	The lock-up period is 12 months and the shares are unlocked in 4 phases and can be listed on the trading day following the expiry of the lock-up period
3	Qingdao Eternal Economic Information Consulting Co., Ltd.	937,392	24 June 2025	937,392	The lock-up period is 12 months and the shares are unlocked in 4 phases and can be listed on the trading day following the expiry of the lock-up period
4	Wang Xiaohui	807,881	24 June 2025	807,881	The lock-up period is 12 months and the shares are unlocked in 4 phases and can be listed on the trading day following the expiry of the lock-up period
5	Qian Yuyan	161,209	24 June 2025	161,209	The lock-up period is 12 months and the shares are unlocked in 4 phases and can be listed on the trading day following the expiry of the lock-up period
6	Zhang Jiheng	150,000	14 November 2025	51,000	The lock-up period is 24 months and the shares are unlocked in 3 phases and can be listed on the trading day following the expiry of the lock-up period
7	Shi Fengwen	100,000	14 November 2025	34,000	The lock-up period is 24 months and the shares are unlocked in 3 phases and can be listed on the trading day following the expiry of the lock-up period
8	Feng Yongmei	100,000	14 November 2025	34,000	The lock-up period is 24 months and the shares are unlocked in 3 phases and can be listed on the trading day following the expiry of the lock-up period
9	Li Xianzhe	100,000	14 November 2025	34,000	The lock-up period is 24 months and the shares are unlocked in 3 phases and can be listed on the trading day following the expiry of the lock-up period
10	Luan Jie	100,000	14 November 2025	34,000	The lock-up period is 24 months and the shares are unlocked in 3 phases and can be listed on the trading day following the expiry of the lock-up period

Explanation on connected relationship or acting in concert among the aforesaid Shareholder

The Company was not aware of any connected relationship among the aforesaid shareholders, nor was the Company aware of any parties acting in concert as defined in the "Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders".

SECTION 7 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

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

Applicable Not Applicable

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Applicable Not Applicable

Other information

Applicable Not Applicable

As at 30 June 2024, Mr. Cheng Lei's spouse held 5,700 A Shares in the Company. As at 30 June 2024, Mr. Zhang Jiheng, a Director of the Company was granted 150,000 restricted A shares, Ms. Feng Yongmei, Mr. Shi Fengwen, Mr. Li Xianzhe, the senior management officers, and Mr. Luan Jie, the secretary to the Board were each granted 100,000 restricted A shares, respectively.

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

Applicable Not Applicable

- (3) **Other descriptions**

Applicable Not Applicable

IV. CHANGES IN CONTROLLING SHAREHOLDERS AND BENEFICIAL CONTROLLER

Applicable Not Applicable

V. THE 2023 RESTRICTED SHARE INCENTIVE SCHEME – DISCLOSURES MADE ACCORDING TO CHAPTER 17 SHARE SCHEMES OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

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

Notes:

- According to the "Certificate of Securities Change Registration" issued by the Shanghai Branch of CSDC, the Company has completed the registration of the first grant of restricted shares under the 2023 Restricted Share Incentive Scheme (the "Incentive Scheme") on 28 December 2023, and 5,400,000 new restricted A shares were granted.
- The initial grant price of the restricted shares shall be RMB7.33 per Share, which means that upon fulfillment of the grant conditions, the participant is entitled to purchase the restricted shares issued to the participants by the Company at the price of RMB7.33 per Share.
- As of the period from 1 January 2024 to 30 June 2024, no restricted shares were cancelled or lapsed.
- As of 1 January 2024 and as of 30 June 2024, 1,350,000 restricted shares were reserved for grant under the Incentive Scheme.
- As of the period from 1 January 2024 to 30 June 2024, the number of restricted shares that may be issued for the grant of awards under the Incentive Scheme divided by the weighted average number of A Shares in issue for the period was 0.30%.

SECTION 7 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

Lock-up Period and Unlocking Arrangement

The lock-up period for the restricted shares granted to the participants of the Incentive Scheme is 24 months from the grant date of the restricted shares to the participants. During the lock-up period, the restricted shares granted to the participants under the Incentive Scheme are restricted from sale, and cannot be transferred, used as security or for repaying debts. The Shares acquired by the participants as a result of the capitalization of capital reserve, payment of share dividends and sub-division of shares as a result of the grant of restricted shares which have not been released from restriction are also subject to lock-up under the Incentive Scheme.

The unlocking periods of the restricted shares under the initial grant of the Incentive Scheme and the schedule of each period are set out below:

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

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



SECTION 8 INFORMATION ABOUT PREFERENCE SHARES

Applicable Not Applicable



SECTION 9 CORPORATE BONDS

I. CORPORATE BONDS, COMPANY BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

Applicable Not Applicable

II. CONVERTIBLE BONDS

Applicable Not Applicable



SECTION 10 FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

June 30, 2024

Unit: Yuan Currency: RMB

Item	Notes	Ending balance	Beginning balance
Current assets:			
Cash at bank and on hand	V. 1	429,452,377.48	502,766,015.92
Financial assets held for trading			
Derivative financial assets			
Notes receivable	V. 2	6,154,690.89	3,590,000.00
Accounts receivable	V. 3	530,188,128.43	385,061,945.72
Receivables financing	V. 4	11,925,667.57	32,346,639.47
Advances to suppliers	V. 5	36,026,245.10	50,416,543.28
Other receivables	V. 6	4,267,041.01	2,887,349.53
Including: interest receivable			
Dividends receivable			
Inventories	V. 7	339,070,542.72	290,385,240.50
Contract assets	V. 8	17,718,610.03	
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	V. 9	45,047,901.96	9,687,325.81
Total current assets		1,419,851,205.19	1,277,141,060.23
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investment	V. 10	109,855,415.64	104,890,267.71
Other equity instruments investments			
Other non-current financial assets			
Investment properties			
Fixed assets	V. 11	619,186,829.52	636,006,382.70
Construction work in process	V. 12	132,374,580.34	74,093,650.27
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V. 13	194,012,886.94	203,292,878.66
Intangible assets	V. 14	177,047,675.44	182,280,480.78
Development expenditures			
Goodwill	V. 15	168,996,039.10	168,996,039.10
Long-term deferred expenses	V. 16	12,303,504.37	13,586,338.18
Deferred income tax assets	V. 17	62,098,987.73	63,662,495.78
Other non-current assets	V. 18	61,978,475.65	88,393,971.47
Total non-current assets		1,537,854,394.72	1,535,202,504.65
Total assets		2,957,705,599.91	2,812,343,564.88

SECTION 10 FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

June 30, 2024

Unit: Yuan Currency: RMB

Item	Notes	Ending balance	Beginning balance
Current liabilities:			
Short-term loans	V.20	200,000,000.00	140,000,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	V.21	124,493,763.74	85,759,357.39
Accounts payable	V.22	375,013,611.47	350,116,028.25
Deposit received			
Contract liabilities	V.23	70,906,715.19	47,451,038.27
Staff salaries payable	V.24	21,822,425.79	31,113,332.96
Taxes payable	V.25	4,465,935.28	18,694,312.91
Other payables	V.26	73,492,237.19	77,468,799.94
Including: interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	V.27	13,806,790.49	15,339,940.56
Other current liabilities	V.28	12,564,904.90	9,200,236.26
Total current liabilities		896,566,384.05	775,143,046.54
Non-current liabilities:			
Long-term loans	V.29	90,000,000.00	70,000,000.00
Bonds payable			
Including: preferred stock			
Perpetual bonds			
Lease liabilities	V.30	227,150,463.58	234,016,247.39
Long-term payables	V.31	253,207,700.00	253,207,700.00
Long-term staff salaries payable	V.32	32,211,691.69	31,730,620.28
Expected liabilities	V.33	7,817,526.58	4,989,719.00
Deferred income	V.34	8,370,294.74	7,998,474.74
Deferred income tax liabilities	V.17	54,166,149.69	56,850,982.85
Other non-current liabilities			
Total non-current liabilities		672,923,826.28	658,793,744.26
Total liabilities		1,569,490,210.33	1,433,936,790.80



SECTION 10 FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

June 30, 2024

Unit: Yuan Currency: RMB

Item	Notes	Ending balance	Beginning balance
Owners' equity (or Shareholders' equity):			
Paid-in capital(or Share capital)	V.35	547,665,988.00	547,665,988.00
Other equity instruments			
Including: preferred stock			
Perpetual bonds			
Capital reserves	V.36	1,190,881,673.86	1,186,456,814.83
Less: treasury shares			
Other comprehensive income	V.37	3,735,570.68	3,094,393.89
Special reserves	V.38	860,558.67	381,371.62
Surplus reserves	V.39	45,665,647.68	45,665,647.68
Undistributed profits	V.40	-720,728,551.19	-717,353,627.48
Total Owners' equity (or Shareholders' equity) attributable to parent company		1,068,080,887.70	1,065,910,588.54
Minority shareholders' equity		320,134,501.88	312,496,185.54
Total Owners' equity (or Shareholders' equity)		1,388,215,389.58	1,378,406,774.08
Total liabilities and Owners' equity (or Shareholders' equity)		2,957,705,599.91	2,812,343,564.88

Legal representative:
Li Junjie

Person in charge of accounting:
Feng Yongmei

Person in charge of accounting firm:
Yang Yue



SECTION 10 FINANCIAL REPORT

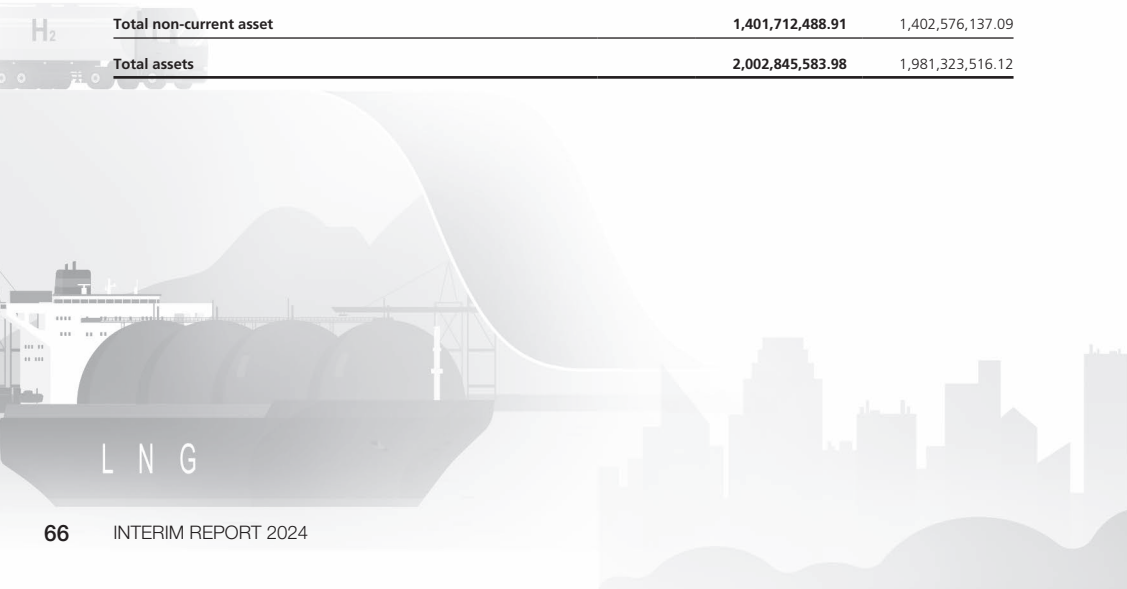
BALANCE SHEET OF THE PARENT COMPANY

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

June 30, 2024

Unit: Yuan Currency: RMB

Item	Notes	Ending balance	Beginning balance
Current assets:			
Cash at bank and on hand		61,945,696.69	62,961,991.24
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	<i>XVII.1</i>	118,236,034.87	104,517,462.87
Receivables financing			
Advances to suppliers			
Other receivables	<i>XVII.2</i>	407,823,683.14	411,267,924.92
Including: Interest receivable		38,427,055.08	44,627,055.08
Dividends receivable			
Inventories			
Contract assets		13,082,945.50	
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		44,734.87	
Total current assets		601,133,095.07	578,747,379.03
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investment	<i>XVII.3</i>	1,400,273,940.36	1,400,273,940.36
Other equity instruments investments			
Other non-current financial assets			
Investment properties			
Fixed assets		98,034.61	110,744.26
Construction work in process			
Productive biological assets			
Oil and gas assets			
Right-of-use assets		756,952.36	1,211,123.74
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses		463,840.60	742,144.96
Deferred income tax assets		119,720.98	238,183.77
Other non-current assets			
Total non-current asset		1,401,712,488.91	1,402,576,137.09
Total assets		2,002,845,583.98	1,981,323,516.12



SECTION 10 FINANCIAL REPORT

BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

June 30, 2024

Unit: Yuan Currency: RMB

Item	Notes	Ending balance	Beginning balance
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		136,595,914.80	108,652,024.80
Deposit received			
Contract liabilities			
Staff salaries payable		3,827,311.75	5,037,249.58
Taxes payable		200,203.69	312,341.09
Other payables		22,173,916.28	23,350,717.43
Including: interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		478,883.92	952,735.10
Other current liabilities			
Total current liabilities		163,276,230.44	138,305,068.00
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: preferred stock			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term staff salaries payable			
Expected liabilities			
Deferred income			
Deferred income tax liabilities		189,238.09	302,780.94
Other non-current liabilities			
Total non-current liabilities		189,238.09	302,780.94
Total liabilities		163,465,468.53	138,607,848.94
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		547,665,988.00	547,665,988.00
Other equity instruments			
Including: preferred stock			
Perpetual bonds			
Capital reserves		1,319,989,066.10	1,319,146,235.48
Less: treasury shares			
Other comprehensive income			
Special reserves			
Surplus reserves		38,071,282.24	38,071,282.24
Undistributed profits		-66,346,220.89	-62,167,838.54
Total Owners' equity (or shareholders' equity)		1,839,380,115.45	1,842,715,667.18
Total liabilities and owners' equity (or shareholders' equity)		2,002,845,583.98	1,981,323,516.12

Legal representative:
Li Junjie

Person in charge of accounting:
Feng Yongmei

Person in charge of accounting firm:
Yang Yue

SECTION 10 FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

January to June in 2024

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
I. Operating revenue		748,773,482.80	625,983,732.52
Including: operating revenue	V.41	748,773,482.80	625,983,732.52
II. Total operating costs		744,744,565.10	649,492,960.84
Including: operating costs	V.41	624,564,969.07	546,091,446.53
Taxes and surcharge	V.42	4,637,296.73	3,215,567.15
Selling expenses	V.43	23,469,294.64	17,906,764.13
Administrative expenses	V.44	57,293,069.41	47,814,777.88
R&D expenses	V.45	30,022,179.68	28,174,206.18
Financial Expenses	V.46	4,757,755.57	6,290,198.97
Including: interest expenses		8,196,990.99	8,830,075.36
Interest income		2,265,545.33	2,177,647.04
Add: other income	V.47	5,950,362.84	1,562,792.50
Investment income (loss to be listed with "-")	V.48	14,916,214.82	4,568,847.96
Including: investment income from associates and joint venture		4,965,147.93	4,568,847.96
Revenue from derecognition of financial assets measured at amortized cost			
Net exposure hedging income (loss to be listed with "-")			
Incomes from fair value changes (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")	V.49	-585,476.58	-3,252,605.18
Asset impairment loss (loss to be listed with "-")	V.50	-13,599,617.75	-12,595,858.77
Income of assets disposal (loss to be listed with "-")	V.51		55,422.47
III. Operating profit (loss to be listed with "-")		10,710,401.03	-33,170,629.34
Add: non-operating revenue	V.52	451,708.67	1,243,897.98
Less: non-operating expenses	V.53	735,051.73	257,935.94
IV. Total profit (total loss to be listed with "-")		10,427,057.97	-32,184,667.30
Less: income tax expenses	V.54	6,801,273.26	6,574,895.30
V. Net profit (net loss to be listed with "-")		3,625,784.71	-38,759,562.60
(I) Classified by going concern basis			
1. Net profit from continuing operation (net losses to be listed with "-")		3,625,784.71	-38,759,562.60
2. Net profit from discontinued operation (net losses to be listed with "-")			
(II) Classification by ownership			
1. Net profit attributable to owners(or shareholders) of the parent company (net losses to be listed with "-")		-3,374,923.71	-29,690,936.02
2. losses and benefits of minority shareholders (net losses to be listed with "-")		7,000,708.42	-9,068,626.58

SECTION 10 FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

January to June in 2024

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
VI. Net after-tax amount of other comprehensive income		710,654.81	2,332,083.51
(I) Net after-tax amount of other comprehensive income attributable to owners(or shareholders) of the parent company		641,176.79	2,119,420.46
(I) Other comprehensive income that cannot be reclassified to profit or loss			
1. Changes arising from re-measurement of the defined benefit plans			
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investments			
4. Changes in fair value of the Company's credit risk			
(II) Other comprehensive income reclassified to profit or loss		641,176.79	2,119,420.46
1. Other comprehensive income that can be reclassified to profit or loss under the equity method			28,657.25
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive incomes			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Currency translation difference in financial statements		641,176.79	2,090,763.21
7. Others			
(II) Net after-tax amount of other comprehensive income attributable to minority shareholders		69,478.02	212,663.05
VII. Total comprehensive income		4,336,439.52	-36,427,479.09
1.Total comprehensive incomes attributable to owners of the parent company		-2,733,746.92	-27,571,515.56
2.Total comprehensive income attributable to minority shareholders		7,070,186.45	-8,855,963.53
VIII. Earnings per share:			
(I) Primary earnings per share (yuan/share)		-0.01	-0.05
(II) Diluted earnings per share (yuan/share)		-0.01	-0.05

Legal representative:

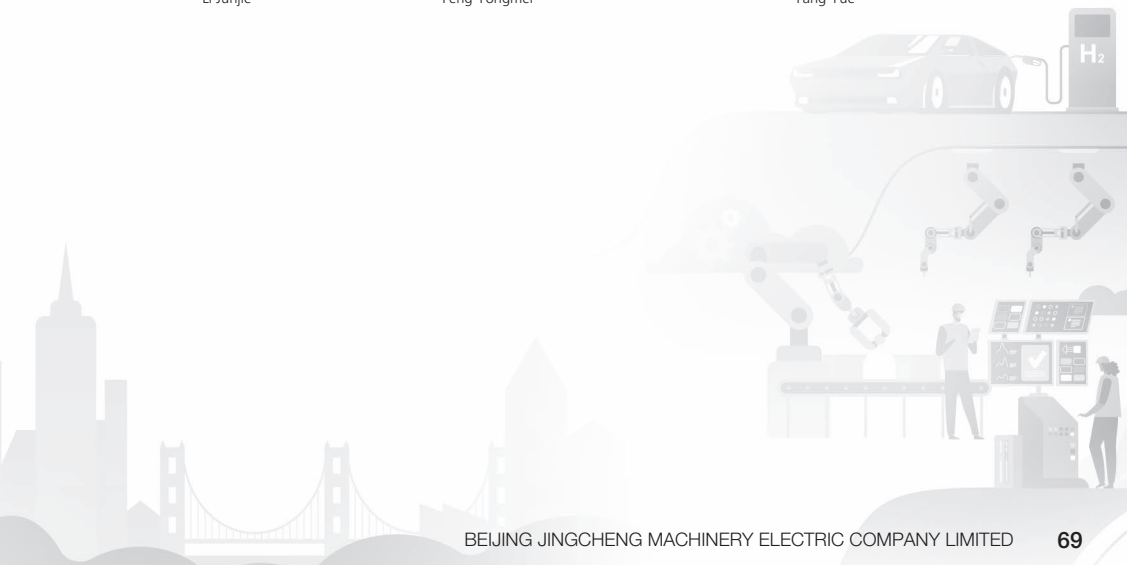
Li Junjie

Person in charge of accounting:

Feng Yongmei

Person in charge of accounting firm:

Yang Yue



SECTION 10 FINANCIAL REPORT

INCOME STATEMENT OF THE PARENT COMPANY

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

January to June in 2024

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
I. Operating revenue	<i>XVII.4</i>	2,368,722.61	454,601.78
Less: operating costs	<i>XVII.4</i>		
Taxes and surcharges		52,436.50	70,915.50
Selling expenses			
Administrative expenses		5,715,878.12	4,702,981.80
R&D expenses			
Financial Expenses		-51,312.11	-31,440.02
Including: interest expenses		15,098.12	
Interest income		69,030.97	74,372.90
Add: other incomes		25,726.06	
Investment income (loss to be listed with "-")			
Including: investment income from associates and joint ventures			
Revenue from derecognition of financial assets measured at amortized cost			
Net exposure hedging income (loss to be listed with "-")			
Incomes from fair value changes (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")		-26,428.00	-1,294,836.91
Asset impairment loss (loss to be listed with "-")		-412,054.50	
Income of assets disposal (loss to be listed with "-")			
II. Operating profit (loss to be listed with "-")		-3,761,036.34	-5,582,692.41
Add: non-operating revenue			
Less: non-operating expenses			
III. Total profit (total loss to be listed with "-")		-3,761,036.34	-5,582,692.41
Less: income tax expenses		417,346.01	-3,569.51
IV. Net profit (net loss to be listed with "-")		-4,178,382.35	-5,579,122.90
(I) Net profit from continuing operation (net loss to be listed with "-")		-4,178,382.35	-5,579,122.90
(II) Net profit from discontinued operation (net loss to be listed with "-")			
V. Net amount of other comprehensive income after tax			
(I) Other comprehensive income that cannot be reclassified to profit or loss			
1. Changes arising from re-measurement of the defined benefit plans			
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investments			
4. Change in fair value of the Company's credit risk			
(II) Other comprehensive income reclassified to profit or loss			
1. Other comprehensive income to be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt instruments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt instruments			
5. Cash flow hedging reserve			
6. Currency translation difference in financial statements			
7. Others			
VI. Total comprehensive income		-4,178,382.35	-5,579,122.90
VII. Earnings per share:			
(I) Primary earnings per share (yuan/share)			
(II) Diluted earnings per share (yuan/share)			

Legal representative:

Li Junjie

Person in charge of accounting:

Feng Yongmei

Person in charge of accounting firm:

Yang Yue

L N G

SECTION 10 FINANCIAL REPORT

CONSOLIDATED CASH FLOW STATEMENT

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

January to June in 2024

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
I. Cash flows from operating activities:			
Cash received from sale of goods and provision of service		474,820,098.98	525,026,772.39
Refund of taxes		464,678.51	1,677.44
Cash received relating to other operating activities	V.55	7,953,513.53	34,019,617.07
Subtotal of cash inflows from operating activities		483,238,291.02	559,048,066.90
Cash paid for purchasing goods and receiving service		355,106,588.03	353,942,773.34
Cash paid to and for employees		120,672,372.54	121,606,211.63
Payments of various taxes		46,442,378.69	47,464,385.67
Cash paid for other operating activities	V.55	104,364,446.22	42,501,594.90
Subtotal of cash outflows from operating activities		626,585,785.48	565,514,965.54
Net cash flows from operating activities		-143,347,494.46	-6,466,898.65
II. Cash flows from investment activities:			
Cash received from withdrawal of investment			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		16,669,004.00	141,620.00
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investment activities			
Subtotal of cash inflows from investment activities		16,669,004.00	141,620.00
Cash paid to purchase fixed assets, intangible assets, and other long-term assets		35,233,357.12	49,090,148.84
Cash paid for investments		9,600,000.00	
Net cash paid for the acquisition of subsidiaries and other business entities			
Cash paid relating to other investment activities			
Subtotal of cash outflows from investment activities		44,833,357.12	49,090,148.84
Net cash flows from investment activities		-28,164,353.12	-48,948,528.84



SECTION 10 FINANCIAL REPORT

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

January to June in 2024

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
III. Cash flows from financing activities:			
Cash received from absorbing investments			
Including: cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings		180,000,000.00	70,000,000.00
Cash received relating to other financing activities	V.56		140,000,000.00
Subtotal of cash inflows from financing activities		180,000,000.00	210,000,000.00
Cash paid for repayment of debts		100,000,000.00	
Cash paid for distribution of dividends, profits or interests		3,707,991.65	1,971,666.67
Including: dividends and profits paid by subsidiaries to minority shareholders			
Cash paid relating to other financing activities	V.55	14,944,529.20	12,268,749.32
Subtotal of cash outflows from financing activities		118,652,520.85	14,240,415.99
Net cash flows from financing activities		61,347,479.15	195,759,584.01
IV. Effects from the change of exchange rate on cash and cash equivalents		1,637,385.13	1,038,246.16
V. Net increase in cash and cash equivalents		-108,526,983.29	141,382,402.68
Add: Beginning balance of cash and cash equivalents		429,848,818.45	263,802,199.98
VI. Ending balance of cash and cash equivalents		321,321,835.16	405,184,602.66

Legal representative:
Li Junjie

Person in charge of accounting:
Feng Yongmei

Person in charge of accounting firm:
Yang Yue



SECTION 10 FINANCIAL REPORT

CASH FLOW STATEMENT OF THE PARENT COMPANY

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

January to June in 2024

Unit: Yuan Currency: RMB

Item	Notes	Sum occurs in current period	Sum occurs in previous period
I. Cash flows from operating activities:			
Cash received from sale of goods and provision of service		84,000,000.00	58,876,400.00
Refund of taxes			
Cash received relating to other operating activities		6,207,308.11	288,572.95
Subtotal of cash inflows from operating activities		90,207,308.11	59,164,972.95
Cash paid for purchasing goods and receiving service		82,534,810.00	56,782,598.40
Cash paid to and for employees		4,049,539.23	5,210,114.33
Payments of various taxes		1,035,865.37	698,619.29
Cash paid for other operating activities		3,070,433.32	4,203,576.50
Subtotal of cash outflows from operating activities		90,690,647.92	66,894,908.52
Net cash flow from operating activities		-483,339.81	-7,729,935.57
II. Cash flow from investment activities:			
Cash received from withdrawal of investment			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investment activities			5,000,000.00
Subtotal of cash inflow from investment activities			5,000,000.00
Cash paid to purchase fixed assets, intangible assets, and other long-term assets			65,000.00
Cash paid for investments			140,000,000.00
Net cash paid for the acquisition of subsidiaries and other business entities			
Cash paid relating to other investment activities			25,000,000.00
Subtotal of cash outflow from investment activities			165,065,000.00
Net cash flow from investment activities			-160,065,000.00
III. Cash flow from financing activities:			
Cash received from absorbing investment			
Cash received from borrowings			
Cash received relating to other financing activities			140,000,000.00
Subtotal of cash inflow from financing activities			140,000,000.00
Cash paid for repayment of debts			
Cash paid for distribution of dividends, profits or interests			
Cash paid relating to other financing activities		532,954.74	
Subtotal of cash outflows from financing activities		532,954.74	
Net cash flow from financing activities		-532,954.74	140,000,000.00
IV. Effects from the change of exchange rate on cash and cash equivalents			0.04
V. Net increase in cash and cash equivalents		-1,016,294.55	-27,794,935.53
Add: Beginning balance of cash and cash equivalents		62,961,991.24	53,043,574.83
VI. Ending balance of cash and cash equivalents		61,945,696.69	25,248,639.30

Legal representative:
Li Junjie

Person in charge of accounting:
Feng Yongmei

Person in charge of accounting firm:
Yang Yue

SECTION 10 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.
January to June, 2024

Unit: Yuan Currency: RMB

Item	Shareholders' equity attributable to the parent company										Total owners equity (shareholders' equity)	
	Current period											
	Paid-in capital (or share capital)	Preferred stock	Other equity instruments	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Subtotal		Minority shareholders' equity
I. Ending balance of the previous year	507,655,988.00			1,186,458,643.83		3,094,333.89	381,371.62	45,665,647.88	-177,335,627.48	1,065,910,538.54	374,861,165.54	1,378,405,774.08
Add: Impact from changes in accounting policies												
Adjustment from correction of prior period errors												
Others												
II. Beginning balance of the current year	507,655,988.00			1,186,458,643.83		3,094,333.89	381,371.62	45,665,647.88	-177,335,627.48	1,065,910,538.54	374,861,165.54	1,378,405,774.08
III. Movements in the current Year (Increase to be listed with "+")				4,424,839.03		641,176.29	475,187.05		3,374,932.71	2,702,289.16	7,683,163.4	9,088,615.99
(I) Total comprehensive income:												
1) Capital (residual) equity owners (shareholders)												
2) Capital (residual) equity owners (shareholders)												
3) Common shares issued by equity owners (shareholders)												
4) Capital contributed by holders of minority equity												
5) Amount of share-based payment included in share-based equity												
6) Others												
(II) Profit distribution												
1) Appropriation of surplus reserves												
2) Distribution to owners (shareholders)												
3) Others												
(III) Merit pay-off with sharehold's equity												
1) Capital reserves transferred into share capital												
2) Surplus reserves transferred into share capital												
3) Surplus reserves to cover losses												
4) Changes in deficit (benefit) per carrying forward to realize earning												
5) Other comprehensive income carried forward to realize earning												
6) Others												
(IV) Special issues												
1) Actual investment year												
2) Withdrawal in current year												
(V) Others												
IV. Ending balance of the current year	507,655,988.00			1,190,883,472.86		3,735,510.68	856,558.67	45,665,647.68	-720,728,551.19	1,068,688,827.70	320,154,591.88	1,388,213,388.58

SECTION 10 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

January to June, 2024

Unit: Yuan Currency: RMB

Item	Periods period										Total owes equity shareholders' equity	
	Shareholders' equity attributable to the parent company											
	Public capital (or share capital)	Preferred stock	Residual bonds	Other equity instruments	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Subtotal		Minority shareholders' equity
I. Ending balance of the previous year	542,252,988.00			1,151,110,052.32		2,102,786.81	124,590.21	45,665,647.68	469,101,286.39	1,072,265,020.63	354,716,434.18	1,426,981,454.81
Add: Impact from changes in accounting policies												
Impact from correction of prior period errors												
Others												
						2,102,786.81			3,491,489.49	3,492,276.29	3,106,716.43	6,598,992.72
II. Beginning balance of the current year	542,252,988.00			1,151,110,052.32		2,102,786.81	124,590.21	45,665,647.68	465,592,775.88	1,075,757,297.12	357,823,150.61	1,433,580,447.73
III. Movements in the current Year (Increase to be listed with "+")						2,119,401.46	544,571.38		-29,690,936.02	-27,062,544.18	-3,735,304.24	-35,735,448.42
(I) Total comprehensive income						2,119,401.46			-29,690,936.02	-27,571,515.36	-3,825,963.33	-36,417,470.19
(II) Capital (residual) issued by owners (shareholders)												
1. Common shares (including treasury shares) issued												
2. Capital contributed by holders of their equity instruments												
3. Amount of state-owned enterprise investment in shareholdings												
4. Others												
(III) Profit distribution												
1. Appropriation of surplus reserves												
2. Distribution to owners (shareholders)												
3. Others												
(IV) Merit pay-one with shareholdings stability												
1. Capital reserves transferred into state capital												
2. Surplus reserves transferred into state capital												
3. Surplus reserves transferred into equity												
4. Changes in deficit (benefit) plan caused forward by cash setting												
5. Other comprehensive incomes caused forward by reclassified												
6. Others												
(V) Special reserves												
1. Accrual current year												
2. Discretionary profit												
(VI) Others												
IV. Ending balance of the current year	542,252,988.00			1,151,110,052.32		4,248,197.77	669,531.59	45,665,647.68	465,292,739.92	1,048,730,607.94	338,576,652.37	1,377,407,260.31

Person in charge of accounting:
Feng Yongmei

Person in charge of accounting firm:
Yang Yue

SECTION 10 FINANCIAL REPORT

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

January to June, 2024

Unit: Yuan Currency: RMB

Item	First half year of 2024							Total owners' equity (shareholders' equity)			
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income		Special reserves	Surplus reserves	Undistributed profits
I. Ending balance of the previous year	547,665,988.00				1,319,146,235.48				38,071,282.24	-62,167,838.54	1,842,715,667.18
Add: Impact from changes in accounting policies											
Impact from correction of prior period errors											
Others											
II. Beginning balance of the current year	547,665,988.00				1,319,146,235.48				38,071,282.24	-62,167,838.54	1,842,715,667.18
III. Movements in the current Year (decrease to be listed with "-")					842,830.62						
(i) Total comprehensive incomes										-4,178,382.35	-3,335,551.73
(ii) Capital invested and reduced by owners (shareholders)					842,830.62					-4,178,382.35	842,830.62
1. Common shares invested by owners (shareholders)											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholder's equity					842,830.62						842,830.62
4. Others											
(iii) Profit distribution											
1. Appropriation of surplus reserves											
2. Distribution to owners (shareholders)											
3. Others											
(iv) Internal carry-over within shareholder's equity											
1. Capital reserves transferred into share capital											
2. Surplus reserves transferred into share capital											
3. Surplus reserves to recover losses											
4. Changes in defined benefit plan carried forward to retained earnings											
5. Other comprehensive incomes carried forward to retained earnings											
6. Others											
(v) Special reserves											
1. Accrual in current year											
2. Utilization in current year											
(vi) Others											
IV. Ending balance of the current year	547,665,988.00				1,319,989,066.10				38,071,282.24	-66,346,220.89	1,839,380,115.45



SECTION 10 FINANCIAL REPORT

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

Prepared by: Beijing Jingcheng Machinery Electric Co., Ltd.

January to June, 2024

Unit: Yuan Currency: RMB

Item	First half year of 2024										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity (shareholders' equity)
I. Ending balance of the previous year	542,265,980.00				1,123,816,744.17				38,071,282.24	-58,436,513.25	1,646,717,501.16
Add: Impact from changes in accounting policies											
Impact from correction of prior period errors											
Others											
II. Beginning balance of the current year	542,265,980.00				1,123,816,744.17				38,071,282.24	-58,436,513.25	1,646,717,501.16
III. Movements in the current Year (decrease to be listed with "-")					137,981,915.31					-5,579,122.90	132,402,792.41
(I) Total comprehensive incomes										-5,579,122.90	-5,579,122.90
(II) Capital invested and reduced by owners (shareholders)											
1. Common shares invested by owners (shareholders)											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholder's equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserves											
2. Distribution to owners (shareholders)											
3. Others											
(IV) Internal carry-over within shareholder's equity					137,981,915.31						137,981,915.31
1. Capital reserves transferred into share capital											
2. Surplus reserves transferred into share capital											
3. Surplus reserves to recover losses											
4. Changes in defined benefit plan carried forward to retained earnings											
5. Other comprehensive incomes carried forward to retained earnings											
6. Others					137,981,915.31						137,981,915.31
(V) Special reserves											
1. Accrual in current year											
2. Utilization in current year											
(VI) Others											
IV. Ending balance of the current year	542,265,980.00				1,261,798,659.48				38,071,282.24	-64,015,636.15	1,778,120,283.57

Legal representative:
Li Junjie

Person in charge of accounting:
Feng Yongmei

Person in charge of accounting firm:
Yang Yue

SECTION 10 FINANCIAL REPORT

I. COMPANY PROFILE

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

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

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

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

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

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

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

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

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

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

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

SECTION 10 FINANCIAL REPORT

I. COMPANY PROFILE (CONTINUED)

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

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

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

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

Approved by the General meeting of shareholders on November 13, 2023 and the Board of Directors on November 14, 2023, the Company implemented a restricted share incentive plan. The number of people who can exercise the right this time was 123, and the number of restricted shares exercisable was 5.88 million. The exercise price was RMB7.33 per share, the actual number of people exercising the right was 115, and the number of restricted shares actually exercised was 5.4 million, all of which were tradable shares subject to lock-up. The number of shares of the Company after this offering is 547,665,988. As of December 11, 2023, the Company has received the exercise payment from the above incentive objects.

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

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

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

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

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

II. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Going concern

The Group has evaluated the going concern ability within 12 months since June 30, 2024 and has not found any event and condition causing serious doubt about the going concern ability. The financial statements were prepared on the basis of going concern.

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of Compliance with Accounting Standards for Business Enterprises

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

2. Accounting period

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

3. Operating cycle

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

4. Standard currency for accounting

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

5. Determination method and selection criteria for significant standards

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

Disclosed events related to importance criteria judgement

Significant receivables with individual provision for bad debts

Recovery or reversal of bad debts reserves for significant receivables

Written-off of significant receivables

Prepayments older than 1 year

Significant construction work in process
Accounts payable older than 1 year

Material changes in the carrying value of contract liabilities

Contract liabilities older than 1 year

Other payable older than 1 year

Significant non-wholly-owned subsidiaries

Significant associates

Significant commitments and contingencies
Significant future events

Affirmation methods for importance criteria and evidence for selection

There is objective evidence showing that credit risk of a single receivable has significantly changed, compared with other receivables in the same portfolio, and the amount is greater than RMB10 million yuan

The single recovery or reversal amount accounts for more than 10% of the total amount of various types of receivables, and the amount is greater than RMB10 million yuan

The single write-off amount accounts for more than 10% of total bad debt reserves for various types of receivables, and the amount is greater than RMB10 million yuan

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

The budget of a single project is greater than 10 million yuan
The amount of accounts payable with a single aging older than 1 year accounts for more than 10% of the total amount of accounts payable, and the amount is greater than RMB10 million yuan

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

Contract liabilities with a single aging older than 1 year account for more than 10% of total contract liabilities, and the amount is greater than RMB10 million yuan

Other payable with a single aging older than 1 year account for more than 10% of the total other payable, and the amount is greater than 10 million yuan
Non-wholly-owned Subsidiaries' income accounts for more than 10% of the Group's income, and the amount is greater than RMB10 million yuan

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

a single amount is greater than RMB10 million yuan

a single amount is greater than RMB10 million yuan

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

(1) Business combination under common control

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

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

(2) Business combination not under common control

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

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

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

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

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

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

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

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

8. Joint arrangement classification and accounting treatments

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

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Cash and cash equivalents

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

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

(1) Foreign currency transactions

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

(2) Foreign currency translation in financial statements

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

11. Financial Instruments

(1) Recognition and derecognition of financial instruments

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

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

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

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

(2) Classification and measurement methods of financial assets

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

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial Instruments (Continued)

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

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

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

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

Subsequent measurement of financial assets depends on their classification:

1) *Financial assets measured at amortized cost*

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

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

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

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

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

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

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

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial Instruments (Continued)

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

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

The subsequent measurement of financial liabilities depends on their classification:

1) *Financial liabilities measured at amortized cost*

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

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

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

(4) Impairment of financial instruments

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

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

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

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial Instruments (Continued)

(4) Impairment of financial instruments (Continued)

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

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

The Group regards an account receivable whose sum is bigger than RMB10 million yuan as a single significant account receivable. If there is objective evidence embodying that credit risk of a single significant account receivable has changed significantly, compared with other receivables in its portfolio, then the Group shall conduct a separate impairment test.

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

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

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

② Portfolio category and determination basis of notes receivable

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

③ Portfolio category and determination basis of other receivables

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

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

Individual instrument level

Individual asset

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

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

Provision for bad debts

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial Instruments (Continued)

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

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

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

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

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

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

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

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

(7) Offsetting of financial assets and financial liabilities

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Inventory

Inventory of our group mainly includes raw materials, goods in process, goods in stock, and shipped goods.

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

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

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

13. Contract assets and contract liabilities

(1) Contract assets

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

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

(2) Contract liabilities

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

14. Assets related to contract costs

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

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

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

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

(2) Amortization of assets related to contract costs

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

(3) Impairment of assets related to contract costs

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Long-term equity investments

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

(1) Judgment of significant impact and joint control

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

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

(2) Accounting treatment methods

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

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

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

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

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

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

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Long-term equity investments (Continued)

(2) Accounting treatment methods (Continued)

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

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

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

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

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

16. Investment property

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

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

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Fixed assets

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

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

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

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

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

18. Construction work in process

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

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

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

Category

Houses and buildings

Machinery and equipment

Standards for transferring fixed assets

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

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



SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Borrowing costs

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

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

20. Intangible assets

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

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

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

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

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

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

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Impairment of long-term assets

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

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

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

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

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

(2) Impairment of goodwill

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

Methods, parameters, and assumptions for impairment tests of goodwill are detailed in Note V, 14.

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

22. Long-term deferred expenses

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



SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Staff salaries

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

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

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

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

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

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

24. Expected liabilities

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

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

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Share-based payment

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

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

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

26. Recognition principles and measurement methods for revenue

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

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

(1) Revenue from selling goods

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

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

1) Domestic sales

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

2) Overseas sales

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

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

SECTION 10 FINANCIAL REPORT

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

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

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

(2) House rental fees and location rental fees

Leasing income of the Group is operating leasing income, refer to Note 3 and 29 for content about leasing.



SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Government subsidies

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

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

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

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



SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Deferred tax assets and deferred tax liabilities

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

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

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

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

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

29. Lease

(1) Identification of lease

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

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

(2) The Group as the lessee

1) Confirmation of lease

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

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

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

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

SECTION 10 FINANCIAL REPORT

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

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

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

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

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

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

1) *Financing lease*

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

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



SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Lease (Continued)

(3) The Group as the lessor (Continued)

2) Operating lease

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

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

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

30. Held for sale

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

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

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

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

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

31. Termination of Operating

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

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

SECTION 10 FINANCIAL REPORT

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Measurement of fair value

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

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

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

Fair value of the third-level value is determined based on the evaluation model of the Group, such as the discounted cash flow model. The Group also takes into account initial transaction prices, recent transactions of the same or similar financial instruments, or third-party transactions of comparable financial instruments. On June 30, 2024, third third-level financial assets measured at fair value were evaluated by significant input values which are not observable, such as discount rates, but their fair value was not significantly sensitive to reasonable changes in these significant input values which are not observable.

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

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

33. Changes in significant accounting policies and estimates

(1) Significant changes in accounting policies

None.

(2) Significant changes in accounting estimates

None.

IV. TAXATION ITEMS

1. Main types and rates of tax

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

SECTION 10 FINANCIAL REPORT

IV. TAXATION ITEMS (CONTINUED)

1. Main types and rates of tax (Continued)

Explanation for taxpayers with different corporate income tax rates:

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

2. Tax preference

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

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

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

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

Minghui Tianhai, a subsidiary of the company, got a high-tech enterprise Certificate GR202311009688 jointly issued by Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance and Beijing Municipal Taxation Bureau of the State Administration of Taxation on December 20, 2023. The certificate is valid for three years. The corporate income tax is calculated at a preferential corporate income tax rate of 15% for the current period.

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

Qingdao BYTQ, a subsidiary of the company, obtained the high-tech enterprise Certificate GR202137100429 issued by Qingdao Science and Technology Bureau, Qingdao Finance Bureau and Qingdao Taxation Bureau of the State Administration of Taxation on November 14, 2021. The certificate is valid for three years. The corporate income tax is calculated at a preferential corporate income tax rate of 15% for the current period.

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

SECTION 10 FINANCIAL REPORT

V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

For the financial statement data disclosed below, unless otherwise specified, “beginning balance” refers to balance on January 1, 2024, “ending balance” refers to balance on June 30, 2024, “current period” refers to from January to June in 2024, and “previous period” refers to from January to June in 2023, and the currency unit is RMB yuan.

1. Cash at bank and on hand

(1) Balance of cash at bank and on hand

Item	Ending balance	Beginning balance
Cash on hand	122,228.72	129,917.68
Deposits in bank	321,199,606.49	429,718,900.77
Other monetary funds	108,130,542.27	72,917,197.47
Deposit in financial companies	0.00	0.00
Total	429,452,377.48	502,766,015.92
In which: the total amount of funds stored overseas	4,213,961.46	14,132,683.45
Total amount of funds with restrictions on use due to mortgage, pledge or freezing	108,130,542.27	72,917,197.47

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

Item	Ending balance	Beginning balance
Security deposit for bank acceptance bill	97,413,107.74	65,688,058.02
Security deposit for letter of credit	8,012,133.96	7,228,638.76
Security deposit for letter of guarantee	1,680,500.69	500.69
Frozen by litigation	1,024,799.88	
Total	108,130,542.27	72,917,197.47

2. Notes receivable

(1) Classification and presentation of notes receivable

Item	Ending balance	Beginning balance
Bank acceptance bill	4,426,690.89	2,900,000.00
Commercial acceptance bill	1,728,000.00	690,000.00
Total	6,154,690.89	3,590,000.00



SECTION 10 FINANCIAL REPORT

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

2. Notes receivable (CONTINUED)

(2) There are no pledged notes receivable at the end of the period.

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

Item	Derecognized amount at the end of the period	Not derecognized amount at the end of the period
Bank acceptance bill		3,480,000.00
Total		3,480,000.00

(4) At the end of the period, there were no bills that were transferred to accounts receivable due to the drawer's failure to fulfill their obligations.

(5) There are no actual written-off notes receivable in this period.

(6) Aging of notes receivable aforesaid at the end of the period of the Group is from 80 days to 365 days.



SECTION 10 FINANCIAL REPORT

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

3. Accounts receivable

(1) Accounts receivable are listed by aging

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	468,973,389.91	323,622,147.25
1-2 years	60,655,288.43	58,056,494.92
2-3 years	11,808,639.48	16,705,104.02
Over 3 years	57,901,162.85	54,998,218.36
In which: 3-4 years	10,384,943.78	7,288,015.89
4-5 years	4,958,204.56	2,247,891.13
Over 5 years	42,558,014.51	45,462,311.34
Total	599,338,480.67	453,381,964.55

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

Category	Book balance		Ending balance Bad debt reserves		Book value
	Amount	Percent (%)	Amount	Provision	
				Percent (%)	
Provision for bad debt by individual item	26,430,272.29	4.41	26,430,272.29	100.00	–
Provision for bad debt by portfolio	572,908,208.38	95.59	42,720,079.95	7.46	530,188,128.43
In which: aging portfolio	572,908,208.38	95.59	42,720,079.95	7.46	530,188,128.43
Total	599,338,480.67	100.00	69,150,352.24	11.54	530,188,128.43

(Continued Table)

Category	Book balance		Beginning balance Bad debt reserves		Book value
	Amount	Percent (%)	Amount	Provision	
				percent (%)	
Provision for bad debt by individual item	28,801,960.76	6.35	28,801,960.76	100.00	0.00
Provision for bad debt by portfolio	424,580,003.79	93.65	39,518,058.07	9.31	385,061,945.72
In which: aging portfolio	424,580,003.79	93.65	39,518,058.07	9.31	385,061,945.72
Total	453,381,964.55	100.00	68,320,018.83	15.07	385,061,945.72



SECTION 10 FINANCIAL REPORT

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

3. Accounts receivable (Continued)

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

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

Name	Ending balance		Provision percent (%)	Reasons for provision
	Book balance	Bad debt reserves		
Sichuan Hengruifeng International Trade Co., Ltd.	4,238,181.00	4,238,181.00	100.00	The credit rating of the counterparty declined, and the credit risk increased significantly
Shanghai Qigao Industry and Trade Co., Ltd.	748,726.88	748,726.88	100.00	
Linfen Jinbaifeng New Energy Technology Co., Ltd.	2,013,220.00	2,013,220.00	100.00	
Zhangjiakou Jinhong Liquefied Natural Gas Co., Ltd.	440,000.00	440,000.00	100.00	
Lvliang Dongsen Gas Energy Co., Ltd.	1,660,000.00	1,660,000.00	100.00	
Zhuolu County Jinhong Gas Co., Ltd.	312,000.00	312,000.00	100.00	
Chicheng County Jinhong Gas Co., Ltd.	44,000.00	44,000.00	100.00	
Zhangjiakou Xiahuayuan Jinhong Gas Co., Ltd.	814,000.00	814,000.00	100.00	
Dayun Automobile Co., Ltd.	4,452,641.17	4,452,641.17	100.00	
Shanghai Shenlong Bus Co., Ltd.	250,000.00	250,000.00	100.00	
Tianjin Mingcheng Gas Sales Co., Ltd.	5,073,644.29	5,073,644.29	100.00	
Xuzhou Zhongxin Electromechanical Equipment Co., Ltd.	1,301,929.77	1,301,929.77	100.00	
Xuzhou Xintianhai Electromechanical Equipment Co., Ltd.	587,319.09	587,319.09	100.00	
Baotou Ruiming Chemical Technology Co., Ltd.	2,395,213.90	2,395,213.90	100.00	
Baotou Huafeng Construction and Installation Engineering Co., Ltd. Jianan Branch	586,900.00	586,900.00	100.00	
Guiyang Shengqing Trading Co., Ltd.	613,598.66	613,598.66	100.00	
Lanzhou Rongmei Industry and Trade Co., Ltd.	184,330.54	184,330.54	100.00	
Xinjiang Jinguan Automotive Supplies Co., Ltd.	514,566.99	514,566.99	100.00	
Ningxia Baota Energy Chemical Co., Ltd.	100,000.00	100,000.00	100.00	
Baota Shenghua Trading Group Co., Ltd.	100,000.00	100,000.00	100.00	
Total	26,430,272.29	26,430,272.29	-	



SECTION 10 FINANCIAL REPORT

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

3. Accounts receivable (Continued)

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

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

(Continued Table)

Name	Beginning balance		Provision percent (%)	Reasons for provision
	Book balance	Bad debts reserves		
Tianjin Mingcheng Gas Sales Co., Ltd.	5,073,644.29	5,073,644.29	100.00	The credit rating of the counterparty declined, and the credit risk increased significantly
Dayun Automobile Co., Ltd.	4,452,641.17	4,452,641.17	100.00	
Sichuan Hengruifeng International Trade Co., Ltd.	4,238,181.00	4,238,181.00	100.00	
Baotou Ruiming Chemical Technology Co., Ltd.	2,395,213.90	2,395,213.90	100.00	
Linfen Jinbaifeng New Energy Technology Co., Ltd.	2,113,220.00	2,113,220.00	100.00	
Baotou Huaifeng Construction and Installation Engineering Co., Ltd. Jianan Branch	1,929,000.00	1,929,000.00	100.00	
Lvliang Dongsen Gas Energy Co., Ltd.	1,710,000.00	1,710,000.00	100.00	
Xuzhou Zhongxin Electromechanical Equipment Co., Ltd.	1,301,929.77	1,301,929.77	100.00	
Xuzhou Xintianhai Electromechanical Equipment Co., Ltd.	1,167,319.09	1,167,319.09	100.00	
Xuzhou Xintianhai Electromechanical Equipment Co., Ltd.	814,000.00	814,000.00	100.00	
Shanghai Qigao Industry and Trade Co., Ltd.	748,726.88	748,726.88	100.00	
Guiyang Shengqing Trading Co., Ltd.	613,598.66	613,598.66	100.00	
Xinjiang Jinguan Automotive Supplies Co., Ltd.	528,545.00	528,545.00	100.00	
Lanzhou Rongmei Industry and Trade Co., Ltd.	469,941.00	469,941.00	100.00	
Zhangjiakou Jinhong Liquefied Natural Gas Co., Ltd.	440,000.00	440,000.00	100.00	
Zhuolu County Jinhong Gas Co., Ltd.	312,000.00	312,000.00	100.00	
Shanghai Shenlong Bus Co., Ltd.	250,000.00	250,000.00	100.00	
Ningxia Baota Energy Chemical Co., Ltd.	100,000.00	100,000.00	100.00	
Baota Shenghua Trading Group Co., Ltd.	100,000.00	100,000.00	100.00	
Chicheng County Jinhong Gas Co., Ltd.	44,000.00	44,000.00	100.00	
Total	28,801,960.76	28,801,960.76	-	



SECTION 10 FINANCIAL REPORT

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

3. Accounts receivable (Continued)

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

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

Aging	Ending balance		
	Book balance	Bad debt reserves	Provision percent (%)
Within 1 year	468,973,389.91	5,087,737.01	1.08
1 to 2 years	60,655,288.43	9,093,166.51	14.99
2-3 years	11,808,639.48	3,389,805.54	28.71
3-4 years	9,666,423.78	4,870,699.68	50.39
4-5 years	4,171,304.56	2,645,508.98	63.42
Over 5 years	17,633,162.22	17,633,162.22	100.00
Total	572,908,208.38	42,720,079.94	-

(Continued Table)

Aging	Beginning balance		
	Book balance	Bad debt reserves	Provision percent (%)
Within 1 year	323,622,147.25	3,763,532.04	1.16
1 to 2 years	58,056,494.92	9,030,079.39	15.55
2-3 years	15,986,584.02	4,625,831.01	28.94
3-4 years	7,288,015.89	3,081,513.18	42.28
4-5 years	2,047,891.13	1,438,231.87	70.23
Over 5 years	17,578,870.58	17,578,870.58	100.00
Total	424,580,003.79	39,518,058.07	-

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

Category	Beginning balance	Changed amount in current period				Ending balance
		Provision	Recovery or reversal	Written-off or offsetting	Other	
Bad debt reserves for accounts receivable	68,320,018.83	5,334,679.06	4,504,572.31		-226.66	69,150,352.24

Note: Other means influence of change in exchange rate.

(4) There are no accounts receivable that have been actually written off in this period

(5) Accounts receivable with top five ending balance classified by debtors

Name of entities	Ending book balance	Aging	Percentage of total ending book balance of accounts receivable (%)	Ending balance of bad debt reserves
Qingdao Haier Refrigeration Electric Appliance Co., Ltd.	84,212,500.00	Within 1 year	14.05	1,355,821.25
Shenzhen Tenglong Holdings Co., Ltd.	66,631,081.24	Within 1 year	11.12	613,005.95
Jinlong United Automotive Industry (Suzhou) Co., Ltd.	27,124,603.00	Within 1 year	4.53	249,546.35
Shanghai Shunhua New Energy System Co., Ltd.	26,936,680.55	Within 2 years	4.49	373,080.60
Foshan Feichi Automotive Technology Co., Ltd.	20,702,501.00	Within 2 years	3.45	2,204,284.99
Total	225,607,365.79	-	37.64	4,795,739.14

SECTION 10 FINANCIAL REPORT

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

4. Receivables financing

(1) Classification and presentation of receivables financing

Item	Ending balance	Beginning balance
Notes receivable	11,925,667.57	32,346,639.47

(2) Receivables financing pledged at the end of the period

Item	Pledged amount at the end of the period
Notes receivable	349,000.00

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

Category	Derecognized amount at the end of the period	Not derecognized amount at the end of the period
Bank acceptance bill	355,027,968.07	

5. Advances to suppliers

(1) Aging of advances to suppliers

Item	Ending balance		Beginning balance	
	Amount	Percent (%)	Amount	Percent (%)
Within 1 year	25,433,379.17	70.60	43,379,719.97	86.04
1-2 years	5,805,420.75	16.11	5,025,716.62	9.97
2-3 years	3,327,782.70	9.24	850,894.67	1.69
Over 3 years	1,459,662.48	4.05	1,160,212.02	2.30
Total	36,026,245.10	100.00	50,416,543.28	100.00

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

Name of entities	Ending balance	Aging	Percent in total ending balance of advances to suppliers (%)
Shanghai Shunhua New Energy System Co., Ltd.	4,602,500.00	Within 1 year	12.78
Beijing Qile International Logistics Co., Ltd.	2,993,334.48	Within 3 years	8.31
PERSICO S.p.A	2,375,127.00	Over 1 year	6.59
Central Treasury	1,912,499.46	Within 1 year	5.31
Shi Min Wei De (Taizhou) Technology Co., Ltd.	1,547,752.39	Within 1 year	4.30
Total	13,431,213.33		37.28

SECTION 10 FINANCIAL REPORT

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

6. Other receivables

Item	Ending book balance	Beginning book balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	4,267,041.01	2,887,349.53
Total	4,267,041.01	2,887,349.53

Other receivables

(1) Other receivables classified by nature of funds

Nature of funds	Ending book balance	Beginning book balance
Deposit, security deposit, etc	2,397,528.03	2,098,901.74
Prepayments older than 5 years	1,505,428.64	1,613,937.92
Petty cash	1,801,628.37	1,036,131.87
Current money	875,633.63	696,185.83
Total	6,580,218.67	5,445,157.36

(2) Other receivables presented by aging

Aging	Ending book balance	Beginning book balance
Within 1 year	3,142,201.17	1,593,953.10
1-2 years	505,746.05	464,200.22
2-3 years	180,036.02	434,612.51
Over 3 years	2,752,235.43	2,952,391.53
In which: 3-4 years	247,200.00	530,980.08
4-5 years	523,658.57	448,212.35
Over 5 years	1,981,376.86	1,973,199.10
Total	6,580,218.67	5,445,157.36

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

Category	Ending balance				
	Book balance		Bad debt reserves		Book value
	Amount	Percent (%)	Amount	Provision percent (%)	
Provision for bad debt by portfolio	6,580,218.67	100.00	2,313,177.66	35.15	4,267,041.01
In which: aging portfolio	6,580,218.67	100.00	2,313,177.66	35.15	4,267,041.01
Total	6,580,218.67	100.00	2,313,177.66	35.15	4,267,041.01

(Continued Table)

Category	Beginning balance				
	Book balance		Bad debt reserves		Book value
	Amount	Percent (%)	Amount	Provision percent (%)	
Provision for bad debt by portfolio	5,445,157.36	100.00	2,557,807.83	46.97	2,887,349.53
In which: aging portfolio	5,445,157.36	100.00	2,557,807.83	46.97	2,887,349.53
Total	5,445,157.36	100.00	2,557,807.83	46.97	2,887,349.53

SECTION 10 FINANCIAL REPORT

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

6. Other receivables (Continued)

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

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

Aging	Ending balance		Provision percent (%)
	Other receivables	Bad debt reserves	
Within 1 year	3,142,201.17	44,073.73	1.40
1-2 years	505,746.05	36,196.28	7.16
2-3 years	180,036.02	13,386.46	7.44
3-4 years	247,200.00	27,609.12	11.17
4-5 years	633,658.57	210,535.21	40.20
Over 5 years	1,981,376.86	1,981,376.86	100.00
Total	6,580,218.67	2,313,177.66	-

(Continued Table)

Aging	Beginning balance		Provision percent (%)
	Other receivables	Bad debt reserves	
Within 1 year	1,593,953.10	17,359.85	1.09
1-2 years	464,200.22	40,888.10	8.81
2-3 years	434,612.51	46,237.64	10.64
3-4 years	530,980.08	111,446.42	20.99
4-5 years	448,212.35	368,676.72	82.25
Over 5 years	1,973,199.10	1,973,199.10	100.00
Total	5,445,157.36	2,557,807.83	-

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

Bad debt reserves	Stage one	Stage two	Stage three	Total
	Expected credit loss for the next 12 months	Expected credit loss for the entire existing period (no credit impairment has occurred)	Expected credit loss for the entire existing period (credit impairment has occurred)	
Balance on January 1, 2024	0.00	2,557,807.83	0.00	2,557,807.83
On January 1, 2024, book balance of other receivables in the current period	-	-	-	-
- Transferring into stage two	0.00	0.00	0.00	0.00
- Transferring into stage three	0.00	0.00	0.00	0.00
- Reversal to stage two	0.00	0.00	0.00	0.00
- Reversal to stage one	0.00	0.00	0.00	0.00
Provision in current period	0.00	0.00	0.00	0.00
Reversal in current period	0.00	244,630.17	0.00	244,630.17
Written-off in current period	0.00	0.00	0.00	0.00
Offsetting in current period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance on June 30, 2024	0.00	2,313,177.66	0.00	2,313,177.66

SECTION 10 FINANCIAL REPORT

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

6. Other receivables (Continued)

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

Category	Beginning balance	Change amount in current period			Ending balance	
		Provision	Recovery or reversal	Written-off or offsetting		
Bad debt reserves for other receivables	2,557,807.83		244,630.17	0.00	0.00	2,313,177.66

(5) There are no other receivable that have been actually written-off in current period.

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

Name of entities	Nature of funds	Ending book balance	Aging	Percent in total ending book balance of other receivables (%)	Ending balance of bad debt reserves
Qingdao Hisense Hitachi Air Conditioning System Co., Ltd	Security Deposit	530,000.00	Within 1 year	8.05	27,182.00
Baogang Ganglian Sales Co., Ltd.	Prepayments older than 5 years	400,648.84	More than 5 years	6.09	400,648.84
Taiyuan Heavy Industry Co., Ltd.	Prepayments older than 5 years	350,000.00	More than 5 years	5.32	350,000.00
Tianjin Dawufeng Investment Co., Ltd.	Current money	309,720.46	Within 1 year	4.71	2,601.65
Hefei General Machinery Research Institute Special Equipment Inspection Station Co., Ltd.	Current money	275,000.00	Within 1 year	4.18	2,310.00
Total	—	1,865,369.30		28.35	782,742.49

(7) There are no other receivables reported in current period due to centralized management for funds.

(8) There are no outstanding employee loans at the end of current period.

7. Inventories

(1) Classifications of inventories

Item	Ending balance		
	Book balance	Inventory depreciation reserve	Book value
Raw material	114,784,657.59	4,513,181.13	110,271,476.46
Goods in process	114,040,282.72	27,845,275.04	86,195,007.68
Goods in stock	144,463,437.04	9,600,452.90	134,862,984.14
Shipped goods	7,879,779.42	138,704.98	7,741,074.44
Total	381,168,156.77	42,097,614.05	339,070,542.72

(Continued Table)

Item	Beginning balance		
	Book balance	Inventory depreciation reserve	Book value
Raw material	85,469,611.23	4,603,935.80	80,865,675.43
Goods in process	109,460,740.80	28,081,452.43	81,379,288.37
Goods in stock	128,047,457.86	7,186,647.26	120,860,810.60
Shipped goods	7,594,093.82	314,627.72	7,279,466.10
Total	330,571,903.71	40,186,663.21	290,385,240.50

SECTION 10 FINANCIAL REPORT

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

7. Inventories (Continued)

(2) Inventory depreciation reserve

Item	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision	Other	Written-off	Other	
Raw material	4,603,935.80	1,110,867.65		1,201,622.32		4,513,181.13
Goods in process	28,081,452.43	5,511,136.89		5,747,314.28		27,845,275.04
Goods in stock	7,186,647.26	6,460,595.54		4,046,789.90		9,600,452.90
Shipped goods	314,627.72	29,107.70		205,030.44		138,704.98
Total	40,186,663.21	13,111,707.78		11,200,756.94		42,097,614.05

(3) The ending balance of inventories does not include capitalized borrowing costs included in the current period.

(4) There were no contract performance costs in current period.

(5) Refer to Note “III.12 Inventories” for the provision method of inventory depreciation reserves.

8. Contract assets

(1) Situation about contract assets

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	impairment provision	Book value
Unexpired quality guarantee deposit	18,206,520.00	487,909.97	17,718,610.03			
Total	18,206,520.00	487,909.97	17,718,610.03			

(2) Provision for impairment loss for contract assets

Item	Beginning balance	Provision in current period	Reversal in current period	Written-off or offsetting in current period	Other change	Ending balance	Reasons
Unexpired quality guarantee deposit		487,909.97				487,909.97	
Total		487,909.97				487,909.97	-

9. Other current assets

Items	Ending balance	Beginning balance
Overpaid VAT	44,207,672.07	9,631,121.18
Prepaid corporate income tax	840,229.89	56,204.63
Total	45,047,901.96	9,687,325.81

SECTION 10 FINANCIAL REPORT

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

10. Long-term equity investments

(1) Classification of long-term equity investments

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Investment in associates	104,890,267.71	4,965,147.93	0.00	109,855,415.64
Less: Impairment reserves of long-term equity investments	0.00	0.00	0.00	0.00
Total	104,890,267.71	4,965,147.93	0.00	109,855,415.64

(2) Details of long-term equity investments

Invested entities	Beginning balance (Book balance)	Beginning balance of impairment reserves	Increase and decrease in current period							Ending balance (Book value)	Ending balance of provision for impairment	
			Added investments	Reduced investments	Investment losses and profits recognized by an equity method	Adjustment for other comprehensive income	Change in other equity	Cash dividend or profit announced to be issued	Provision for impairment			Other
Associates												
Jiangsu Tanhai Special Equipment Co., Ltd.	61,453,031.61	0.00	0.00	0.00	6,661,990.53	0.00	0.00	0.00	0.00	0.00	68,115,022.14	0.00
Beijing Bolken Energy Saving Technology Co., Ltd.	24,235,584.15	0.00	0.00	0.00	-514,112.12	0.00	0.00	0.00	0.00	0.00	23,721,472.03	0.00
Hubei Jingyuan Xihai Automobile Industry Co., Ltd.	19,201,651.95	0.00	0.00	0.00	-1,182,730.48	0.00	0.00	0.00	0.00	0.00	18,018,921.47	0.00
Total	104,890,267.71	0.00	0.00	0.00	4,965,147.93	0.00	0.00	0.00	0.00	0.00	109,855,415.64	0.00

11. Fixed assets

Item	Ending book value	Beginning book value
Fixed assets	619,129,220.98	636,006,382.70
Disposal of fixed assets	57,608.54	0.00
Total	619,186,829.52	636,006,382.70

SECTION 10 FINANCIAL REPORT

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

11. Fixed assets (Continued)

Fixed assets

(1) Situation about fixed assets

Item	Houses and buildings	Machine equipment	Transportation equipment	Office equipment	Electrical and gas equipment	Total
I. Cost						
1. Beginning balance	489,695,323.70	771,377,538.23	18,284,925.34	11,716,228.25	15,180,671.21	1,306,254,686.73
2. Increased amount in current period	508,654.74	11,079,816.64	60,884.96	182,792.23	–	11,832,148.57
(1) Purchase	–	77,876.10	60,884.96	130,807.31	–	269,568.37
(2) Transfer from construction work in process	508,654.74	11,001,940.54	–	51,984.92	–	11,562,580.20
(3) Influence of foreign currency translation	–	–	–	–	–	–
3. Decreased amount in current period	–	–	2,102,930.73	–	–	2,102,930.73
(1) Disposal or scrapping	–	–	2,102,930.73	–	–	2,102,930.73
(2) Other	–	–	–	–	–	–
4. Ending balance	490,203,978.44	782,457,354.87	16,242,879.57	11,899,020.48	15,180,671.21	1,315,983,904.57
II. Accumulated depreciation						
1. Beginning balance	134,157,353.37	491,203,590.92	13,159,269.38	8,269,944.96	4,132,103.73	650,922,262.36
2. Increased amount in current period	5,650,098.75	21,310,050.36	887,709.06	448,515.15	202,643.89	28,499,017.21
(1) Provision	5,650,098.75	21,310,050.36	887,709.06	448,515.15	202,643.89	28,499,017.21
(2) Influence of foreign currency translation	–	–	–	–	–	–
3. Decreased amount in current period	–	–	1,892,637.65	–	–	1,892,637.65
(1) Disposal or scrapping	–	–	1,892,637.65	–	–	1,892,637.65
(2) Other	–	–	–	–	–	–
4. Ending balance	139,807,452.12	512,513,641.28	12,154,340.79	8,718,460.11	4,334,747.62	677,528,641.92
III. Impairment reserves						
1. Beginning balance	–	18,840,472.83	158,365.48	207,055.70	120,147.66	19,326,041.67
2. Increased amount in current period	–	–	–	–	–	–
3. Decreased amount in current period	–	–	–	–	–	–
4. Ending balance	–	18,840,472.83	158,365.48	207,055.70	120,147.66	19,326,041.67
IV. Book value						
1. Ending book value	350,396,526.32	251,103,240.76	3,930,173.30	2,973,504.67	10,725,775.93	619,129,220.98
2. Beginning book value	355,537,970.33	261,333,474.48	4,967,290.48	3,239,227.59	10,928,419.82	636,006,382.70

(2) Temporarily idle fixed assets

Item	Cost	Accumulated depreciation	Impairment reserves	Book value	Notes
Machine equipment	63,789,271.88	49,105,120.70	7,811,505.39	6,872,645.79	–
Office equipment and electrical equipment	821,744.62	739,569.95	0	82,174.67	–
Total	64,611,016.50	49,844,690.65	7,811,505.39	6,954,820.46	–

(3) At the end of current period, the Group has no fixed assets leased out through operating leases.

(4) The Group has no fixed assets whose property ownership certificates are not completed.

SECTION 10 FINANCIAL REPORT

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

12. Construction work in process

Item	Ending balance	Beginning balance
Construction work in process	132,374,580.34	74,093,650.27
Engineering materials	-	-
Total	132,374,580.34	74,093,650.27

(1) Situation about construction work in process

Item	Ending balance		
	Book balance	Impairment reserves	Book value
Construction work in process 5	113,228,733.76		113,228,733.76
Construction work in process 1	7,859,713.51		7,859,713.51
Construction work in process 6	9,003,275.60		9,003,275.60
Construction work in process 7	2,282,857.47		2,282,857.47
Total	132,374,580.34	-	132,374,580.34

(Continued Table)

Item	Beginning balance		
	Book balance	Impairment reserves	Book value
Construction work in process 5	52,312,711.57	0.00	52,312,711.57
Construction work in process 1	12,898,154.87	0.00	12,898,154.87
Construction work in process 6	8,882,783.83	0.00	8,882,783.83
Construction work in process 7			
Total	74,093,650.27	0.00	74,093,650.27

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

Name of engineering	Beginning balance	Increase in current period	Decrease in current period		Ending balance
			Transferred to fixed assets	Other decrease	
Construction work in process 5	52,312,711.57	60,916,022.19			113,228,733.76
Construction work in process 7		2,282,857.47			2,282,857.47
Total	52,312,711.57	63,198,879.66			115,511,591.23

(Continued Table)

Name of engineering	Budget (Unit: 10,000 yuan)	Percentage of accumulated input over budget (%)	Progress of engineering (%)	Accumulated amount of capitalized interest	In which: capitalized interest in current period	Interest capitalization rate in current period (%)	Source of funds
Construction work in process 5	40,920.00	70.12%	86.03%	2,402,766.70	1,329,468.48	55.33	Self-raised funds/ funds appropriated by government
Construction work in process 7	15,000.00	1.52	1.52	0.00	0.00	-	Self-raised funds/ funds appropriated by government
Total	55,920.00	-	-	2,402,766.70	1,329,468.48	-	

SECTION 10 FINANCIAL REPORT

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

13. Right-of-Use Assets

Item	Houses and buildings
I. Cost	
1. Beginning balance	257,233,157.62
2. Increased amount in current period	
New lease	
3. Decreased amount in current period	
4. Ending balance	257,233,157.62
II. Accumulated depreciation	
1. Beginning balance	53,940,278.96
2. Increased amount in current period	9,279,991.72
Provision	9,279,991.72
3. Decreased amount in current period	
4. Ending balance	63,220,270.68
III. Impairment reserves	
1. Beginning balance	0.00
2. Increased amount in current period	0.00
Provision	0.00
3. Decreased amount in current period	0.00
4. Ending balance	0.00
IV. Book value	
1. Ending book value	194,012,886.94
2. Beginning book value	203,292,878.66

14. Intangible assets

(1) Details of intangible assets

Item	Land use rights	Patent rights	Software	Trademark rights	Total
I. Cost					
1. Beginning balance	173,223,352.06	11,707,050.00	23,345,327.98	34,048,322.24	242,324,052.28
2. Increased amount in current period					
(1) Purchase					
(2) Other					
3. Decreased amount in current period					
Disposal or scrapping					
4. Ending balance	173,223,352.06	11,707,050.00	23,345,327.98	34,048,322.24	242,324,052.28
II. Accumulated amortization					
1. Beginning balance	34,350,900.40	11,707,050.00	8,874,176.36	5,111,444.74	60,043,571.50
2. Increased amount in current period	1,798,297.38		1,730,693.05	1,703,814.91	5,232,805.34
(1) Provision	1,798,297.38		1,730,693.05	1,703,814.91	5,232,805.34
(2) Other					
3. Decreased amount in current period					
Disposal or scrapping					
4. Ending balance	36,149,197.78	11,707,050.00	10,604,869.41	6,815,259.65	65,276,376.84
III. Impairment reserves					
1. Beginning balance					
2. Increased amount in current period					
3. Decreased amount in current period					
4. Ending balance					
IV. Book value					
1. Ending book value	137,074,154.28	-	12,740,458.57	27,233,062.59	177,047,675.44
2. Beginning book value	138,872,451.66	-	14,471,151.62	28,936,877.50	182,280,480.78

There are no intangible assets formed through internal research and development in the Company at the end of current period.

(2) There are no land use rights whose property ownership certificates are incomplete at the end of current period.

SECTION 10 FINANCIAL REPORT

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

15. Goodwill

(1) Cost of goodwill

Name of invested entities	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Formed from business combination	Other	Disposal	Other	
Tianhai America Company	6,562,344.06	0.00	0.00	0.00	0.00	6,562,344.06
Qingdao BYTQ United Digital Intelligence Co., Ltd.	168,996,039.10	0.00	0.00	0.00	0.00	168,996,039.10
Total	175,558,383.16	0.00	0.00	0.00	0.00	175,558,383.16

(2) Impairment reserves for goodwill

Name of invested entities	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision	Other	Disposal	Other	
Tianhai America Company	6,562,344.06	0.00	0.00	0.00	0.00	6,562,344.06
Qingdao BYTQ United Digital Intelligence Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
Total	6,562,344.06	0.00	0.00	0.00	0.00	6,562,344.06

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

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

SECTION 10 FINANCIAL REPORT

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

15. Goodwill (Continued)

(4) Concrete determination method for recoverable amounts

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

Unit: 10,000 yuan

Item	Book value	Recoverable amount	Impairment amount	Year of prediction periods	Key parameters of prediction periods	Determination basis for key parameters of prediction periods	Key parameters of stable periods	Determination basis for key parameters of stable periods
Qingdao BYTQ United Digital Intelligence Co., Ltd.	25,701.51	30,800.00	0.00	5	Revenue growth rate in prediction periods is 9% in the first year, 5% in the second year, 3% in the third year, 2% in the fourth year, 2% in the fifth year. Gross profit margin is 34%; Discount rate is 12.01%.	Revenue growth rate: confirmed based on the previous annual growth rate of China's industrial robots and industrial automation, and the expected future market growth rate of China's industrial robots and industrial automation in various industries; Gross profit margin: according to gross profit margin of various project types (i.e. final assembly line, suspension chain, robot application and stamping connection, etc.) in previous periods of the Company (2022-2023), combined with the future development direction and order type of the company, comprehensive gross profit in future periods shall be confirmed after comprehensive analysis. Discount rate: the pre-tax interest rate that reflects current time value of money in the market and the specific risks of the underlying asset groups.	Revenue growth rate 0%; Gross profit margin 34%; Discount rate 12.01%.	The perpetual no-growth model

16. Long-term deferred expenses

Item	Beginning balance	Increase in current period	Amortization in current period	Other decrease in current period	Ending balance
Amortization of turnover cylinders	1,543,406.68	0.00	300,092.05	241,501.70	1,001,812.93
House decoration	12,042,931.50	0.00	741,240.06	0.00	11,301,691.44
Total	13,586,338.18	0.00	1,041,332.11	241,501.70	12,303,504.37

Note: Other decreases in current period are due to the sale of turnover cylinders.

SECTION 10 FINANCIAL REPORT

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

17. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets which are not offset

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Operating lease	240,957,254.07	60,239,313.52	249,631,417.31	62,192,838.06
Asset impairment reserves	7,782,913.20	1,228,737.57	6,118,534.51	963,809.69
Depreciation period difference	0.00	0.00	20,809.67	4,370.03
Expected liabilities	4,206,244.25	630,936.64	3,343,186.67	501,478.00
Total	252,946,411.52	62,098,987.73	259,113,948.16	63,662,495.78

(2) Deferred income tax liabilities which are not offset

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Operating lease	194,012,886.94	48,350,321.39	203,292,878.66	50,573,643.88
Appreciation in other asset valuation	37,901,640.60	5,685,246.09	40,978,378.48	6,146,756.76
Inventory appreciation	870,548.07	130,582.21	870,548.05	130,582.21
Total	232,785,075.61	54,166,149.69	245,141,805.19	56,850,982.85

(3) Details of unrecognized deferred income tax assets

Item	Ending balance	Beginning balance
Deductible loss	530,012,528.67	522,968,249.46
Asset impairment reserves	125,592,182.38	130,834,341.09
Expected liabilities	3,611,282.33	1,646,532.33
Total	659,215,993.38	655,449,122.88

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

Year	Ending amount	Beginning amount	Notes
2024	7,596,646.25	24,504,847.50	—
2025	18,035,991.23	10,120,273.81	—
2026	64,715,982.94	—	—
2027	396,541.80	51,241,745.70	—
2028	123,836,874.86	101,082,909.71	—
2029	20,387,531.88	34,314,291.33	—
2030	27,211,263.59	40,186,413.33	—
2031	26,495,879.22	91,211,862.16	—
2032	116,947,279.24	55,297,720.56	—
2033	88,885,084.29	115,008,185.36	—
2034	35,503,453.37	—	—
Total	530,012,528.67	522,968,249.46	—

SECTION 10 FINANCIAL REPORT

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

18. Other non-current assets

Item	Ending balance	Beginning balance
Prepayment for equipment	61,978,475.65	88,393,971.47

19. Assets with restriction on ownership or use rights

Item	Ending of the period			Situations about restriction
	Book balance	Book value	Types of restriction	
Fixed assets	139,823,125.79	77,379,971.27	Pledged houses and buildings	Pledged borrowings
Accounts receivable financing	349,000.00	349,000.00	Pledged notes receivable	Pledge
Cash at bank and on hand	97,413,107.74	97,413,107.74	Frozen by litigation	Frozen by litigation
			Security deposit	Security deposit for bank acceptance bills
	8,012,133.96	8,012,133.96	Security deposit	Security deposit for letter of credit
	1,680,500.69	1,680,500.69	Security deposit	Security deposit for letter of guarantee
	1,024,799.88	1,024,799.88	Frozen by litigation	Frozen by litigation
Total	248,335,058.76	185,891,904.24	–	–

(Continued Table)

Item	Beginning of the period			Situation about restriction
	Book balance	Book value	Types of restriction	
Fixed Assets	139,823,125.79	78,551,161.30	Pledged houses and buildings	Pledged borrowings
Accounts receivable financing	4,928,000.00	4,928,000.00	Pledged notes receivable	Pledge
Cash at bank and on hand	65,688,058.02	65,688,058.02	Security deposit	Security deposit for bank acceptance bills
	7,228,638.76	7,228,638.76	Security deposit	Security deposit for letter of credit
	500.69	500.69	Security deposit	Security deposit for letter of guarantee
Total	217,668,323.26	156,396,358.77	–	–



SECTION 10 FINANCIAL REPORT

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

20. Short-term loans

(1) Classification of Short-term Loans

Category of loans	Ending balance	Beginning balance
Guaranteed loans	190,000,000.00	130,000,000.00
Mortgaged loan	10,000,000.00	10,000,000.00
Total	200,000,000.00	140,000,000.00

- On August 11, 2023, a subsidiary – Beijing Tianhai signed a loan contract for current capital with the Export Import Bank of China, the contract number is HETO2120000132023080000002. The loan amount is RMB100 million yuan, and the loan period is from August 11, 2023 to August 10, 2024. Interest rate of the loan is the one-year Loan Prime Rate (LPR) minus 0.77%. Beijing Jingcheng Machinery Electric Holding Co., Ltd. shall provide repayment guarantee with joint responsibility, and sign another "Guarantee Contract". Up to the reporting date, the bank has issued a loan of RMB30 million yuan.
- On June 26, 2023, a subsidiary – Beijing Tianhai signed a loan contract for current capital with Industrial and Commercial Bank of China Beijing Chaoyang Branch, the contract number is 0020000051-2023 (CY01517), with the loan amount of RMB20 million and the loan period from June 29, 2023 to June 28, 2024. The loan interest rate is 2.60%, which is the one-year Loan Prime Rate (LPR) minus 0.95%. Beijing Jingcheng Machinery Electric Holding Co., Ltd. shall provide repayment guarantee with joint responsibility, and sign another "Guarantee Contract". Up to the reporting date, the bank has issued a loan of RMB20 million yuan. Loans are liquidated in current period.
- On April 13, 2023, a subsidiary – Beijing Tianhai signed a loan contract for current capital with Industrial and Commercial Bank of China Beijing Chaoyang Branch, the contract number is 0020000051-2023 (CY00474), with the loan amount of RMB50 million and the loan period from April 19, 2023 to April 18, 2024. The loan interest rate is 2.60%, which is the one-year Loan Prime Rate (LPR) minus 1.05%. Beijing Jingcheng Machinery Electric Holding Co., Ltd. shall provide repayment guarantee with joint responsibility, and sign another "Guarantee Contract". Up to the reporting date, the bank has issued a loan of RMB50 million yuan. Loans are liquidated in current period.
- On July 31, 2023, Tianjin Tianhai High Pressure Container Co., Ltd., a subsidiary of the Company, signed a loan contract for current capital with China Construction Bank Tianjin Xiqing Branch, with a loan amount of RMB10 million, the contract number is HTZ12079000LDZJ2023N009. The loan period is from July 31, 2023 to July 31, 2024, and the loan interest rate is the one-year Loan Prime Rate (LPR) plus 0.25%. Both parties have separately signed a "Maximum Mortgage Contract", with a maximum guarantee liability of RMB77.97 million yuan. The collateral is the industrial real estate located at No. 306 of Xingang Avenue, Tianjin Bonded Area, with a mortgage period from July 31, 2023 to July 31, 2024. Up to the reporting date, the bank has issued a loan of RMB10 million yuan.
- On March 4, 2024, a subsidiary – Beijing Tianhai signed a loan contract for current capital with Taoran Branch of Bank of Beijing Co., Ltd., the contract number is 0894111. The loan amount is RMB30 million yuan, and the loan period is from March 4, 2024 to March 4, 2025. The loan interest rate is 2.90%, which is the one-year Loan Prime Rate (LPR) minus 0.55%. Beijing Jingcheng Machinery Electric Holding Co., Ltd. shall provide repayment guarantee with joint responsibility, and sign another "Guarantee Contract". Up to the reporting date, the bank has issued a loan of RMB30 million yuan.
- On March 4, 2024, a subsidiary – Beijing Tianhai signed a loan contract for current capital with Jianguo Bank Co., Ltd. Beijing Branch, the contract number is JK173324000036. The loan amount is RMB30 million yuan, and the loan period is from March 26, 2024 to March 24, 2025. The loan interest rate is 2.70%, which is the one-year Loan Prime Rate (LPR) of 3.45% minus 0.75%. Both parties have separately signed a deposit pledge contract, pledging RMB3 million yuan as collateral, with a pledge period from March 25, 2024 to January 25, 2025. Up to the reporting date, the bank has issued a loan of RMB30 million yuan.
- On March 27, 2024, a subsidiary – Beijing Tianhai signed a loan contract for current capital with Beijing Rural Commercial Bank Co., Ltd. Urban Sub center Branch, the contract number is 2024TZ00071, with the loan amount of RMB20 million yuan and the loan period from March 31, 2024 to March 31, 2025. The loan interest rate is 2.70%, which is the one-year Loan Prime Rate (LPR) minus 0.75%. Beijing Jingcheng Machinery Electric Holding Co., Ltd. shall provide repayment guarantee with joint responsibility, and sign another "Guarantee Contract". Up to the reporting date, the bank has issued a loan of RMB20 million yuan.
- On June 25, 2024, a subsidiary – Beijing Tianhai signed a loan contract for current capital with Beijing Rural Commercial Bank Co., Ltd. Urban Sub center Branch, with the loan amount of RMB20 million yuan and the loan period from June 26, 2024 to June 26, 2025, the contract number is 2024TZ00120. The loan interest rate is 2.70%, which is the one-year Loan Prime Rate (LPR) minus 0.75%. Beijing Jingcheng Machinery Electric Holding Co., Ltd. shall provide repayment guarantee with joint responsibility, and sign another "Guarantee Contract". Up to the reporting date, the bank has issued a loan of RMB20 million yuan.

SECTION 10 FINANCIAL REPORT

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

20. Short-term loans (Continued)

(1) Classification of Short-term Loans (Continued)

- 9) On May 20, 2024, a – subsidiary Beijing Tianhai Hydrogen Equipment Co., Ltd. signed a loan contract for current capital with Beijing Rural Commercial Bank Co., Ltd. Urban Sub center Branch, with the loan amount of RMB20 million yuan and the loan period from June 26, 2024 to June 26, 2025, the contract number is 2024TZ00095. The loan interest rate is 3.00%, which is the one-year Loan Prime Rate (LPR) minus 0.45%. Beijing Jingcheng Machinery Electric Holding Co., Ltd. shall provide repayment guarantee with joint responsibility, and sign another “Guarantee Contract”. Up to the reporting date, the bank has issued a loan of RMB20 million yuan. °
- 10) On June 18, 2024, a subsidiary – Beijing Tianhai signed a loan contract for current capital with Industrial and Commercial Bank of China Limited Beijing Chaoyang Branch, with the loan amount of RMB30 million yuan and the loan period from June 20, 2024 to July 20, 2025, the contract number is 0020000051-2024(CY01765). The loan interest rate is 2.85%, which is the one-year Loan Prime Rate (LPR) minus 0.85%. Beijing Jingcheng Machinery Electric Holding Co., Ltd. shall provide repayment guarantee with joint responsibility, and sign another “Guarantee Contract”. Up to the end of the period, the bank has issued a loan of RMB30 million yuan.
- 11) On June 19, 2024, a subsidiary – Beijing Tianhai Hydrogen Equipment Co., Ltd. signed a loan contract for current capital with Taoran Branch of Bank of Beijing Co., Ltd, the contract number is 6103151. with the loan amount of RMB10 million yuan. The loan period is from June 19, 2024 to June 19, 2025, and the loan interest rate is 3.25%, which is the one-year Loan Prime Rate (LPR) minus 0.45%. Beijing Jingcheng Machinery Electric Holding Co., Ltd. shall provide repayment guarantee with joint responsibility, and sign another “Guarantee Contract”. Up to the end of the period, the bank has issued a loan of RMB10 million yuan.

(2) There are no short-term loans that are overdue and outstanding at the end of the period.

21. Notes payable

Category of bills	Ending balance	Beginning balance
Bank acceptance bill	124,493,763.74	85,759,357.39

(1) At the end of the period, there were no overdue and outstanding notes payable.

(2) The aging of the above-mentioned notes payable at the end of the period of the Group is within 6 months.

22. Accounts payable

(1) Accounts payable

Item	Ending balance	Beginning balance
Funds for materials, etc	373,378,100.75	328,585,935.89
Engineering funds	1,635,510.72	21,530,092.36
Total	375,013,611.47	350,116,028.25

(2) Significant accounts payable aging older than 1 year

None.

(3) Accounts payable listed by aging

Aging	Ending balance	Beginning balance
Within 1 year	260,581,599.61	267,500,480.61
1-2 years	54,156,446.02	33,738,963.68
2-3 years	11,475,168.26	35,798,475.90
Over 3 years	48,800,397.58	13,078,108.06
Total	375,013,611.47	350,116,028.25

SECTION 10 FINANCIAL REPORT

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

23. Contract liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Advances on sale	70,906,715.19	47,451,038.27
In which: Over 1 year	13,348,229.20	8,957,038.06

24. Staff salaries payable

(1) Classification of staff salaries payable

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Short-term compensation	28,020,173.62	98,828,882.99	108,004,431.13	18,844,625.48
Post-employment benefits-Defined Contribution Plan	1,301,118.28	12,521,230.61	12,382,164.30	1,440,184.59
Dismissal welfare	23,051.59			23,051.59
Other welfare due within one year	1,768,989.47		254,425.34	1,514,564.13
Total	31,113,332.96	111,350,113.60	120,641,020.77	21,822,425.79

(2) Short-term compensation

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Salary, bonuses, allowances and subsidies	21,933,119.10	80,558,813.52	89,541,233.94	12,950,698.68
Employee welfare expenses	0.00	1,927,345.54	1,909,359.18	17,986.36
Social insurance premium	813,040.57	7,705,299.15	7,792,856.34	725,483.38
In which: Medical insurance premiums	748,456.66	7,029,439.62	7,121,427.63	656,468.65
Employment injury insurance premium	50,359.42	568,271.98	563,841.16	54,790.24
Maternity insurance premium	14,224.49	107,587.55	107,587.55	14,224.49
Housing Provident Fund	287,945.44	6,710,104.00	6,470,258.00	527,791.44
Union funds and employee education funds	4,231,628.51	1,927,320.78	2,290,723.67	3,868,225.62
Housing subsidy	754,440.00			754,440.00
Total	28,020,173.62	98,828,882.99	108,004,431.13	18,844,625.48

(3) Defined Contribution Plan

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

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

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Basic pension insurance	1,272,685.28	12,139,049.75	12,003,585.98	1,408,149.05
Unemployment insurance premium	28,433.00	382,180.86	378,578.32	32,035.54
Total	1,301,118.28	12,521,230.61	12,382,164.30	1,440,184.59

The Group should pay a fund of RMB12,521,230.61 to the Defined Contribution Plan in current period (amount in previous period: RMB11,760,012.45). Up to June 30, 2024, the Group still had a payable of RMB1,440,184.59 (beginning balance: RMB1,301,118.29) which has been paid after the reporting period.

SECTION 10 FINANCIAL REPORT

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

25. Taxes payable

Item	Ending balance	Beginning balance
Value-added tax	435,024.37	8,804,311.14
Corporate income tax	3,506,981.56	7,704,786.76
Stamp tax	95,399.02	636,075.31
Personal income tax	183,502.66	553,328.55
City maintenance and construction tax	16,031.04	524,062.30
Education fees surcharge	7,650.57	244,239.70
Local education fees surcharge	5,100.38	141,527.06
Land use tax	35,133.90	53,358.30
Property tax	16,313.59	16,313.59
Environmental protection Tax	12,601.59	14,113.60
Water resource tax	2,196.60	2,196.60
Employment security fund for disabled persons	150,000.00	
Total	4,465,935.28	18,694,312.91

There is no Hong Kong profits tax payable in taxes payable at the end of the period.

26. Other payables

Item	Ending balance	Beginning balance
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Other payables	73,492,237.19	77,468,799.94
Total	73,492,237.19	77,468,799.94

Other payables

(1) Other payables listed by nature of funds

Nature of funds	Ending balance	Beginning balance
Pre-paid fee, etc	35,828,364.09	30,120,737.61
Investment funds	20,000,000.01	29,600,000.01
Deposit and security deposit	17,415,605.07	16,739,342.41
Current money between related parties	8,268.02	153,851.91
Rental fee	240,000.00	854,868.00
Total	73,492,237.19	77,468,799.94

(2) Significant other payables aging over 1 year

Name of entities	Ending balance	Reasons for non-payment or not carrying forward
Shenzhen Tenglong Holdings Co., Ltd	17,084,531.53	unsettled

SECTION 10 FINANCIAL REPORT

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

27. Non-current liabilities due within one year

Item	Ending balance	Beginning balance	Notes
Lease liabilities due within one year	13,806,790.49	15,339,940.56	–
Total	13,806,790.49	15,339,940.56	–

28. Other current liabilities

Item	Ending balance	Beginning balance
Pending chargeover output tax	9,083,602.02	3,717,419.08
Notes receivable that do not meet derecognition standards	3,480,000.00	3,236,000.00
VAT on advance revenue	1,302.88	2,246,817.18
Total	12,564,904.90	9,200,236.26

29. Long-term loans

(1) Classification of Long-term Loans

Category of loans	Ending balance	Beginning balance
Guaranteed loans	90,000,000.00	70,000,000.00

On October 8, 2023, Beijing Tianhai Hydrogen Equipment Co., Ltd., a subsidiary of the company, signed a medium – to long-term loan contract with the Beijing Branch of the China Development Bank, the contract number was 1100202301100002073. The loan amount is 200 million yuan, and the loan purpose is for the construction of special projects. The loan period is from October 23, 2023 to October 23, 2031, and the loan interest rate is over-five-year loan prime rate (LPR) minus 0.95%. Beijing Jingcheng Machinery Electric Holding Co., Ltd. shall provide repayment guarantee with joint responsibility, and sign another “Guarantee Contract”. Up to the end of the period, the bank has issued a loan of 90 million yuan.

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

Item	Ending balance	Beginning balance
Book value of the above-mentioned loans must be repaid in following periods:		
Within one year	0.00	0.00
More than one year but not more than two years after the balance sheet date	1,650,000.00	1,650,000.00
More than two years but not more than five years after the balance sheet date	88,350,000.00	68,350,000.00
More than five years after the balance sheet date	0.00	0.00
Less: Amounts due within one year under current liabilities	0.00	0.00
Amount shown under non-current liabilities	90,000,000.00	70,000,000.00

30. Lease liabilities

Category of funds	Ending balance	Beginning balance
Amount of lease payment	315,001,602.27	328,819,964.83
Less: Unrecognized financing expenses	74,044,348.20	79,463,776.88
Non-current liabilities reclassified as due within one year	13,806,790.49	15,339,940.56
Net lease liabilities	227,150,463.58	234,016,247.39
Book value of the aforementioned lease liabilities must be repaid in following periods:		
Within one year	13,806,790.49	15,339,940.56
More than one year but not more than two years after the balance sheet date	14,248,776.92	13,928,997.72
More than two years but not more than five years after the balance sheet date	86,292,939.02	46,717,708.40
More than five years after the balance sheet date	126,608,747.65	173,369,541.27
Less: Lease liabilities due within one year under current liabilities	13,806,790.49	15,339,940.56
Lease liabilities shown under non-current liabilities	227,150,463.58	234,016,247.39

SECTION 10 FINANCIAL REPORT

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

31. Long-term payables

Item	Ending balance	Beginning balance
Long-term accounts payable	0.00	0.00
Special accounts payable	253,207,700.00	253,207,700.00
Total	253,207,700.00	253,207,700.00

Special accounts payable

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance	Reasons for forming
Research and industrialization of advanced hydrogen technology products	30,000,000.00			30,000,000.00	Note1
Leading projects	23,207,700.00			23,207,700.00	Note2
Industrial development projects of advanced hydrogen energy	200,000,000.00			200,000,000.00	Note3
Total	253,207,700.00			253,207,700.00	–

Note 1: On October 27, 2021, the State owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government issued A Notice to Jingcheng Machinery Electric on the Allocation of the 2021 State-Owned Capital Operating Budget Funds(JFA [2021] No. 1886) to Jingcheng Machinery Electric, appropriating RMB30 million yuan for the research and industrialization of hydrogen energy advanced technology products. The company received above-mentioned funds in December 2021.

Note 2: According to the "14th Five-Year Plan" strategic plan, combined with relevant technology research and development projects of Jingcheng Machinery Electric, the Company applied for an appropriation for Leading projects with the amount of RMB23.2077 million yuan. The Company received the above-mentioned funds in March 2022.

Note 3: In September 2022, the State owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government issued A Notice to Jingcheng Machinery Electric on the Allocation of the 2022 State-Owned Capital Operating Budget Funds(JFA [2022] No. 2030) to Jingcheng Machinery Electric, appropriating RMB200 million yuan for the development of hydrogen energy advanced technology industry projects. The company received RMB60 million yuan in November 2022 and the remaining RMB140 million yuan on April 12, 2023.

32. Long-term staff salaries payable

(1) Classification of long-term staff salaries payable

Item	Ending balance	Beginning balance
Post-employment benefits – defined benefit plan net liability	32,211,691.69	31,730,620.28



SECTION 10 FINANCIAL REPORT

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

32. Long-term staff salaries payable (Continued)

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

Item	Amount occurs in current period	Amount occurs in previous period
Beginning balance	33,499,609.75	32,647,909.68
Defined benefit plan costs recorded in current loss or profit	628,117.69	1,690,645.60
1. Costs of current service	0.00	466,348.99
2. Costs of past service	0.00	0.00
3. Settlement gains (losses to be listed by “-”)	0.00	0.00
4. Net interest	628,117.69	1,224,296.61
Defined benefit plan costs recorded in other comprehensive income	0.00	0.00
Actuarial gains (losses to be listed by “-”)	0.00	0.00
Other movement	-401,471.62	-838,945.53
1. Liabilities eliminated by settlement	0.00	0.00
2. Paid benefits	-401,471.62	-838,945.53
Ending balance	33,726,255.82	33,499,609.75
Less: Benefits due within 1 year	1,514,564.13	1,768,989.47
Ending balance after deducting amount due with one year	32,211,691.69	31,730,620.28

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

Item	Amount occurs in current period	Amount occurs in previous period
Beginning balance	33,499,609.75	32,647,909.68
Defined benefit plan costs recorded in current loss or profit	628,117.69	1,690,645.60
Defined benefit plan costs recorded in other comprehensive income	0.00	0.00
Other movement	-401,471.62	-838,945.53
Ending balance	33,726,255.82	33,499,609.75

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

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

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

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

33. Expected liabilities

Item	Ending balance	Beginning balance	Reason of forming
Product quality guarantee	7,817,526.58	4,989,719.00	Security deposit for quality

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

SECTION 10 FINANCIAL REPORT

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

34. Deferred income

(1) Classification of deferred income

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance	Reason of forming
Government subsidy	7,998,474.74	371,820.00		8,370,294.74	Note 1 to Note 5

(2) Government subsidy projects

Government subsidy projects	Beginning balance	Increased amount of subsidy in current period	Amount recorded into non-operating revenue in current period	Amount recorded into other income in current period	Amount for offsetting costs in current period	Ending balance	Related to assets/related to income
Storage and supply system development and vehicle supporting engineering technology research projects	4,000,000.00	0.00	0.00	0.00	0.00	4,000,000.00	related to income
Beijing special fund for development of advanced and sophisticated industries	3,452,752.03	0.00	0.00	0.00	0.00	3,452,752.03	Related to assets and income
Commercial vehicle technical standard system research and key standard development projects	300,000.00	0.00	0.00	0.00	0.00	300,000.00	related to income
Gas cylinder development projects	245,722.71	0.00	0.00	0.00	0.00	245,722.71	related to income
Consistency guarantee technology projects for batch manufacturing of vehicle IV hydrogen storage cylinders		371,820.00				371,820.00	related to income
Total	7,998,474.74	371,820.00	0.00	0.00	0.00	8,370,294.74	-

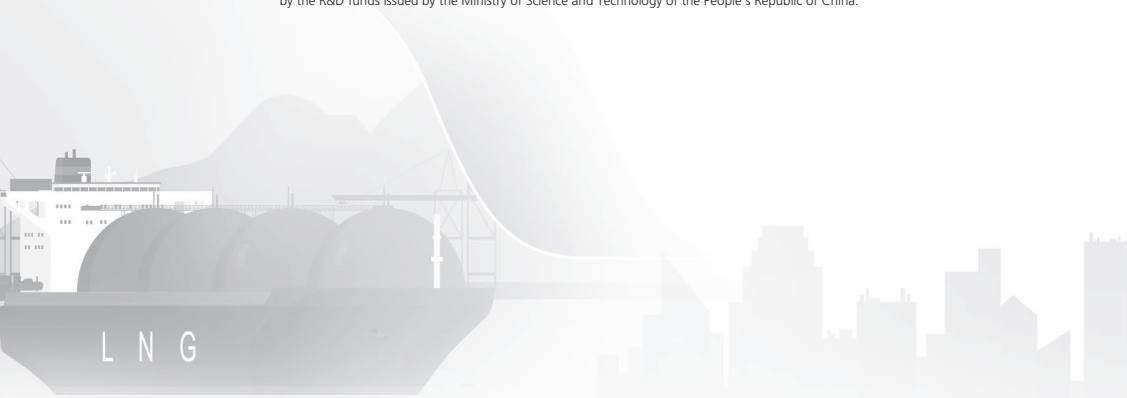
Note 1: The storage and supply system development and vehicle supporting engineering technology research projects are supported by the R&D funds issued by Beijing Science and Technology Commission and Zhongguancun Science and Technology Park Management Committee.

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

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

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

Note 5: The technical projects for consistency guarantee of batch manufacturing of vehicle IV hydrogen storage cylinders are supported by the R&D funds issued by the Ministry of Science and Technology of the People's Republic of China.



SECTION 10 FINANCIAL REPORT

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

35. Share capital

Below is movement of the Company's statutory, issued and fully-paid share capital. All shares of the Company are common shares whose par value is 1 RMB/share.

Unit: 1,000 yuan

Item	Beginning amount	Changes in the current period				Subtotal	Ending amount
		Issuance of new shares	Bonus shares	Capital reserves transfer in	Other		
Total limited share	125,665.9880	0.00	0.00	0.00	0.00	0.00	125,665,98.80
Unlimited shares	-	-	-	-	-	-	-
RMB common shares	322,000.00	0.00	0.00	0.00	0.00	0.00	322,000.00
Foreign shares listed overseas	100,000.00	0.00	0.00	0.00	0.00	0.00	100,000.00
Total unlimited shares	422,000.00	0.00	0.00	0.00	0.00	0.00	422,000.00
Total shares	547,665.9880	0.00	0.00	0.00	0.00	0.00	547,665,98.80

36. Capital reserves

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Share premium	1,053,669,299.69			1,053,669,299.69
Other capital reserves	132,787,515.14	4,424,859.03		137,212,374.17
Total	1,186,456,814.83	4,424,859.03		1,190,881,673.86

Note 1: Increase in other capital reserves is due to implementation of the limited share incentive plan by the Company, so as to grant 5.4 million shares of the Company's equity to employees of the Company and subsidiaries, a total expense of RMB27,594,000.00 shall be recognized, which shall be recognized in installments in proportion to lifting of the restriction during corresponding periods, and an increase in capital reserves shall be recognized in the amount of RMB4,424,859.03 for the current period.

37. Other comprehensive income

Item	Beginning balance	Amount occurs in current period				Ending balance
		Amount before income tax in current period	Less: Amounts recorded in other comprehensive income in previous period are transferred to current loss or profit	Less: Income tax expense	Amounts attributable to the parent company after tax	
(1) Other comprehensive income that cannot be reclassified into loss or profit in the future Among them: changes arising from recalculation of net liabilities and net assets of defined benefit plans	160,000.00					160,000.00
(2) Other comprehensive income that will be reclassified into loss or profit in the future Among them: other comprehensive income that can be reclassified to loss or profit under the equity method	2,934,393.89	710,654.81			641,176.79	3,575,570.68
Difference arising from foreign currency translation in financial statements	6,609.52					6,609.52
	2,927,784.37	710,654.81			641,176.79	3,568,961.16
Total other comprehensive income	3,094,393.89	710,654.81			641,176.79	3,735,570.68

SECTION 10 FINANCIAL REPORT

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

38. Special reserves

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Cost of safety production	381,371.62	540,037.14	60,850.09	860,558.67

39. Surplus reserves

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Statutory surplus reserves	41,838,334.73	0.00	0.00	41,838,334.73
Discretionary surplus reserves	2,906,035.91	0.00	0.00	2,906,035.91
Reserve Funds	460,638.52	0.00	0.00	460,638.52
Enterprise Development Funds	460,638.52	0.00	0.00	460,638.52
Total	45,665,647.68	0.00	0.00	45,665,647.68

40. Undistributed profits

Item	Current period	Previous period
Undistributed profits before adjustment at the end of previous period	-717,353,627.48	-665,538,796.90
Total adjustment of undistributed profits at the beginning of the period	0.00	0
Among them: retroactive adjustment pursuant to "Accounting Standards for Business Enterprises" and related new provisions	0.00	0
Beginning undistributed profits after adjustment	-717,353,627.48	-665,538,796.90
Add: Net profit attributable to owners of the parent company in current period	-3,374,923.71	-51,814,830.58
Less: Appropriation of statutory surplus reserves	0.00	0
Appropriation of discretionary surplus reserves	0.00	0
Appropriation of general risk reserves	0.00	0
Common stock dividends payable	0.00	0
Common stock dividends converted into share capital	0.00	0
Ending balance of current period	-720,728,551.19	-717,353,627.48

41. Operating revenue and operating costs

(1) Situation about operating revenue and operating costs

Item	Amount occurs in current period		Amount occurs in previous period	
	Revenue	Costs	Revenue	Costs
Main business	734,332,349.67	620,327,287.00	614,550,420.76	537,560,528.53
Other business	14,441,133.13	4,237,682.07	11,433,311.76	8,530,918.00
Total	748,773,482.80	624,564,969.07	625,983,732.52	546,091,446.53

(2) Disaggregated information of operating revenue and operating costs

	Gas storage and transportation products branch		Automation manufacturing equipment system integration branch		Other		Total	
	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs
Classification by operating area								
Among them:								
Domestic	255,846,849.41	222,693,223.72	102,599,646.03	75,740,216.76	31,867,697.88	8,200,219.98	390,314,193.32	306,633,660.46
Overseas	344,018,156.35	313,693,626.54			-		344,018,156.35	313,693,626.54
Total	599,865,005.76	536,386,850.26	102,599,646.03	75,740,216.76	31,867,697.88	8,200,219.98	734,332,349.67	620,327,287.00

L N G

SECTION 10 FINANCIAL REPORT

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

41. Operating revenue and operating costs (Continued)

(3) Information related to the performance of obligations

The Group usually fulfills obligations within 3 months, and the Group acts as a main responsible person to sell goods. Generally, products are delivered to a location designated by customers, or are delivered in the factory, therefore control of the products is transferred, and there are usually three situations for paying: If a customer has a line of credit, the company can deliver goods whose price is lower than the line of credit. Customer without a line of credit shall pay the whole price of goods before shipment, or the company can arrange shipment after receiving a certain percentage of payment in accordance with relevant terms of the contract. At the same time of shipment or delivering goods to the destination designated by the customer, control of goods will be transferred to the customer, and the Group will obtain an unconditional right to collect payment. The Group does not assume obligations to return money to customers or similar obligation, and its product quality is assured in accordance with the statutory product quality requirements.

(4) Information relating to the transaction price apportioned to the remaining performance obligation

The Group evaluates the contract on the contract commencement date, and deems that commitment to transfer goods to customers is not separable from the other commitments in the contract, and that each contract as a whole should be considered as a single performance obligation.

(5) The total operating revenue of the top five customers of the Group in current period is RMB121,735,735.90 yuan, accounting for 16.26% of the total operating revenue of current period (previous period: 24.61%), the details are as follows:

Name of entities	Operating revenue	Percent in total business revenue (%)
Shenzhen Tenglong Holding Co., Ltd	31,867,697.88	4.26
Barker Liwei (Tianjin) Hydraulic Equipment Co., Ltd	25,981,879.00	3.47
Westport Fuel Systems Canada Inc-IT	25,481,553.67	3.40
Jinlong United Automobile Industry (Suzhou) Co., Ltd	20,905,560.22	2.79
Jiangsu Tianhai Special Equipment Co., Ltd.	17,499,045.13	2.34
Total	121,735,735.90	16.26

42. Taxes and surcharges

Item	Amount occurs in current period	Amount occurs in previous period
Property tax	1,416,375.00	1,196,538.52
City maintenance and construction tax	563,716.42	607,607.99
Stamp tax	1,782,247.77	455,867.65
Education fees surcharge (including local education fees surcharge)	497,934.20	482,855.23
Land use tax	283,141.93	437,942.03
Environmental protection tax	34,333.91	28,298.27
Vehicle and vessel use tax	6,902.34	6,152.34
Other	52,645.16	305.12
Total	4,637,296.73	3,215,567.15

43. Selling expenses

Item	Amount occurs in current period	Amount occurs in previous period
Staff salaries	12,805,041.31	12,123,376.86
After-sales service fee	5,526,664.02	1,618,015.36
Travel expenses	1,239,681.36	964,965.90
Expenses for business	673,344.39	810,973.56
Exhibition fee	1,612,963.73	1,166,923.98
Share-based payment	509,403.24	
Other	1,102,196.59	1,222,508.47
Total	23,469,294.64	17,906,764.13

SECTION 10 FINANCIAL REPORT

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

44. Administrative expenses

Item	Amount occurs in current period	Amount occurs in previous period
Staff salaries	27,088,338.12	29,727,107.23
Depreciation cost	6,346,032.61	1,341,357.69
Fees for hiring agencies	1,986,287.65	4,104,268.64
– Fees for audit services	614,988.95	116,947.53
– Tax service fees	13,861.39	202,830.19
– Other service charges	537,342.11	1,725,314.03
– Lawyer service fee	820,095.20	2,059,176.89
Amortization of intangible assets	2,856,617.11	2,898,281.83
Office expenses	2,300,808.64	1,391,680.97
Energy cost	284,859.92	105,686.66
Vehicle expense	1,290,874.03	993,636.64
Repair charge	68,468.79	275,585.99
Travel expense	854,776.53	441,286.87
Share-based payment	3,741,797.40	
Business entertainment expense	448,582.67	327,927.94
Other	10,025,625.94	6,207,957.42
Total	57,293,069.41	47,814,777.88



SECTION 10 FINANCIAL REPORT

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

45. R&D expenses

Item	Amount occurs in current period	Amount occurs in previous period
Research and development costs	30,022,179.68	28,174,206.18

46. Financial expenses

Item	Amount occurs in current period	Amount occurs in previous period
Interest expense	8,196,990.99	8,830,075.36
Less: Interest income	2,265,545.33	2,177,647.04
Income from currency translation	1,383,644.89	736,402.81
Add: Loss from currency translation	11,807.44	61,255.74
Other expenses	198,147.36	312,917.72
Total	4,757,755.57	6,290,198.97

47. Other income

Sources that generate other income	Amount occurs in current period	Amount occurs in previous period
Government subsidies	716,681.72	1,435,127.51
Deferred income carry-over	-	18,289.09
Additional deduction of input tax	5,173,021.56	103,889.12
Refund of service charge for individual income tax	60,659.56	5,486.78
Total	5,950,362.84	1,562,792.50



SECTION 10 FINANCIAL REPORT

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

48. Investment income

Item	Amount occurs in current period	Amount occurs in previous period
Income from long-term equity investments calculated by the equity method	4,965,147.93	4,568,847.96
Income from debt restructuring	9,951,066.89	
Total	14,916,214.82	4,568,847.96

49. Credit impairment loss

Item	Amount occurs in current period	Amount occurs in previous period
Bad debt loss of accounts receivable	-830,106.75	-3,020,425.58
Bad debt loss for other receivables	244,630.17	-232,179.60
Total	-585,476.58	-3,252,605.18



SECTION 10 FINANCIAL REPORT

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

50. Asset impairment loss

Item	Amount occurs in current period	Amount occurs in previous period
Loss from inventory depreciation, and impairment loss on contract performance costs	-13,111,707.78	-12,595,858.77
Impairment loss on contract assets	-487,909.97	
Total	-13,599,617.75	-12,595,858.77

51. Income of assets disposal

Item	Amount occurs in current period	Amount occurs in previous period
Income of non-current assets disposal		55,422.47
Among them: Income of fixed assets disposal		55,422.47



SECTION 10 FINANCIAL REPORT

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

52. Non-operating revenue

Item	Amount occurs in current period	Amount occurs in previous period	Amount to be included in non-recurring gain or loss in current period
Income from destruction and scrapping of non-current assets	33,117.30		33,117.30
Among them: income from destruction and scrapping of fixed assets	33,117.30		33,117.30
Payable approved not to be paid		537,006.01	
Income from compensation for contract breach	240,442.00		240,442.00
Compensation income		191,900.00	
Other	178,149.37	514,991.97	178,149.37
Total	451,708.67	1,243,897.98	451,708.67

53. Non-operating expenses

Item	Amount occurs in current period	Amount occurs in previous period	Amount to be included in non-recurring gain or loss in current period
Loss from destruction and scrapping of non-current assets		104,547.65	
Among them: Loss from destruction and scrapping of fixed assets		104,547.65	
Compensation payout	727,699.12		727,699.12
Compensation for contract breach, fine, overdue payment	4,852.24	152,588.29	4,852.24
Donation for others			
Other	2,500.37	800.00	2,500.37
Total	735,051.73	257,935.94	735,051.73



SECTION 10 FINANCIAL REPORT

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

54. Income tax expenses

(1) Income tax expenses

Item	Amount occurs in current period	Amount occurs in previous period
Current income tax calculated in accordance with the tax law and relevant regulations	7,922,598.37	8,836,567.38
– Corporate income tax in Chinese Mainland	5,628,433.00	6,343,202.11
– Profits tax in China Hong Kong	–	–
– Other regions (USA)	2,294,165.37	2,493,365.27
Deferred income tax expense	-1,121,325.11	-2,261,672.08
Total	6,801,273.26	6,574,895.30

As the Group has no taxable income in Hong Kong during the reporting period (previous period: none), so there is no Hong Kong profits tax.

(2) Adjustment process of accounting profit and income tax expenses

Item	Amount occurs in current period
Total consolidated profit in current period	10,427,057.97
Income tax expense calculated by a statutory applicable tax rate	2,606,764.49
Influence of different tax rates applied to subsidiaries	-91,384.79
Influence of adjustment of income tax for previous periods	-122,598.19
Influence of non-deductible costs, expenses and losses	1,371,953.62
Influence of non-taxable income	-684,500.91
Influence of using deductible losses of unrecognized deferred tax assets in previous periods	-1,749,451.69
Influence of deductible temporary differences and deductible losses of recognized deferred income taxes in previous periods	–
Influence of deductible temporary differences and deductible losses of unrecognized deferred income taxes in current period	9,701,078.38
Additional deduction for research and development expenses and other expenses	-4,075,790.59
Other	-154,797.07
Total	6,801,273.26

55. Other comprehensive income

For details, see “V. 37 Other Comprehensive Income” in this notes.



SECTION 10 FINANCIAL REPORT

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

56. Items of cash flow statements

(1) Cash related to operating activities

1) Cash received relating to other operating activities

Item	Amount occurs in current period	Amount occurs in previous period
Recovery of security deposits, deposits and petty cash	2,157,909.12	6,381,165.84
Government subsidy	1,088,501.72	6,815,127.51
Interest income	2,265,545.33	1,918,756.05
Fine	96,785.11	25,030.00
Current money and other	2,344,772.25	18,879,537.67
Total	7,953,513.53	34,019,617.07

2) Cash paid for other operating activities

Item	Amount occurs in current period	Amount occurs in previous period
Security deposit, deposit	69,398,697.34	20,118,898.70
Various expenses	27,397,330.66	21,347,121.50
Service charge	198,147.36	225,843.78
Fine	2,500.37	157,142.06
Current money and other	7,367,770.49	652,588.86
Total	104,364,446.22	42,501,594.90



SECTION 10 FINANCIAL REPORT

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

56. Items of cash flow statements (CONTINUED)

(2) Cash related to financing activities

1) Cash received relating to other financing activities

<u>Item</u>	<u>Amount occurs in current period</u>	<u>Amount occurs in previous period</u>
Special fund for hydrogen energy advanced science and technology industry development projects		140,000,000.00
Total		140,000,000.00

2) Cash paid relating to other financing activities

<u>Item</u>	<u>Amount occurs in current period</u>	<u>Amount occurs in previous period</u>
Rent of operating lease	14,944,529.20	12,268,749.32
Total	14,944,529.20	12,268,749.32



SECTION 10 FINANCIAL REPORT

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

56. Items of cash flow statements (Continued)

(2) Cash related to financing activities (Continued)

3) Movement in liabilities arising from financing activities

Item	Beginning balance	Increase in current period	
		Change of cash	Change of non-cash items
Long-term payable	253,207,700.00		
Lease liabilities	234,016,247.39		14,945,623.86
Lease liabilities due within one year	15,339,940.56		6,866,878.47
Long-term loan	70,000,000.00	20,000,000.00	
Short-term loan	140,000,000.00	160,000,000.00	
Total	712,563,887.95	180,000,000.00	21,812,502.33

(continued table)

Item	Decrease in current period		
	Change of cash	Change of non-cash items	Ending balance
Long-term payable			253,207,700.00
Lease liabilities	14,944,529.20	6,866,878.47	227,150,463.58
Lease liabilities due within one year		8,400,028.54	13,806,790.49
Long-term loan			90,000,000.00
Short-term loan	100,000,000.00		200,000,000.00
Total	114,944,529.20	15,266,907.01	784,164,954.07



SECTION 10 FINANCIAL REPORT

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

57. Supplementary information to the consolidated cash flow statement

(1) Supplementary information to the cash flow statement

Item	Amount in current period	Amount in previous period
1. Adjust net profit into cash flow from operating activities:	-	-
Net profit	3,625,784.71	-38,759,562.60
Add: Asset impairment loss	13,599,617.75	12,595,858.77
Credit impairment loss	585,476.58	3,252,605.18
Depreciation of fixed assets	28,499,017.21	26,140,318.81
Depreciation of right-of- use assets	9,279,991.72	9,049,214.62
Amortization of intangible assets	5,232,805.34	5,282,430.08
Amortization of long-term deferred expenses	1,041,332.11	1,311,950.58
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")	-	-55,422.47
Loss from destruction and scrapping of fixed assets (income is listed with "-")	-33,117.30	104,547.65
Loss from changes in fair value (income is listed with "-")	-	0.00
Financial expenses(income is listed with "-")	6,825,153.54	7,791,829.20
Investment loss(income is listed with "-")	-14,916,214.82	-4,568,847.96
Decrease in deferred income tax assets (increase is listed with "-")	1,563,508.05	427,447.95
Increase in deferred income tax liabilities (decrease is listed with "-")	-2,684,833.16	-2,689,120.03
Decrease in inventory (increase is listed with "-")	-50,596,253.06	-61,221,744.97
Decrease in operating receivables (increase is listed with "-")	-211,365,078.67	-39,120,986.13
Increase in operating payable (decrease is listed with "-")	60,993,902.93	63,184,564.31
Other	5,001,412.62	10,808,018.36
Net cash flow from operating activities	-143,347,494.45	-6,466,898.65
2. Major investments and financing activities that do not involve receipt and payment of cash :		
Debt is converted into capital	-	0.00
Convertible corporate bonds maturing within one year	-	0.00
Fixed assets acquired from financial lease	-	0.00
3. Net changes in cash and cash equivalents :		
Ending balance of cash	321,321,835.16	405,184,602.66
Less: Beginning balance of cash	429,848,818.45	263,802,199.98
Add: Ending balance of cash equivalents	-	0.00
Less: Beginning balance of cash equivalents	-	0.00
Net increase in cash and cash equivalents	-108,526,983.29	141,382,402.68

(2) Cash and cash equivalents

Item	Ending balance	Beginning balance
Cash	321,321,835.16	429,848,818.45
Among them: Cash on hand	122,228.72	129,917.68
Unrestricted bank deposits	321,199,606.44	429,718,900.77
Unrestricted other monetary funds	-	0.00
Cash equivalents	-	0.00
Ending balance of cash and cash equivalents	321,321,835.16	429,848,818.45
Among them: Restricted cash and cash equivalents of the parent company or subsidiaries within the Group	-	0.00

(3) There is no restricted funds who belong to cash and cash equivalents in current period.

SECTION 10 FINANCIAL REPORT

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

57. Supplementary information to consolidated statements of cash flow (Continued)

(4) Cash at bank and on hand that does not belong to cash and cash equivalents

Item	Amount in current period	Amount in previous period	Reasons why not belonging to cash and cash equivalents
Security deposit for bank acceptance bill	97,413,107.74	65,688,058.02	A situation exists that payment and withdrawal can not be made at will due to pledge and freezing
Security deposit for letter of credit	8,012,133.96	7,228,638.76	A situation exists that payment and withdrawal can not be made at will due to pledge and freezing
Security deposit for letter of guarantee	1,680,500.69	500.69	A situation exists that payment and withdrawal can not be made at will due to pledge and freezing
Frozen by litigation	1,024,799.88		
Total	108,130,542.27	72,917,197.47	-

58. Monetary items in foreign currency

(1) Monetary items in foreign currency

Item	Ending balance of foreign currency	Exchange rate	Ending balance in RMB
Cash at bank and on hand			19,102,943.18
Of which: USD	2,678,679.92	7.1268	19,088,561.57
Euro	15,782.00	0.9168	14,381.53
HK Dollar	0.01	7.6617	0.08
Accounts receivable			105,112,498.21
Of which: USD	11,582,633.07	7.1268	82,543,543.75
Euro	2,945,684.96	7.6617	22,568,954.46
Accounts payable			5,799,677.34
Of which: USD	812,323.51	7.1268	5,786,046.72
Euro	1,779.06	7.6617	13,630.62
Other payable			8,268.01
Of which: USD	1,160.83	7.1268	8,268.01

(2) Overseas business entities

BTIC America Corporation, a subsidiary of the Company, is registered in Houston, United States, and BTIC America Corporation uses US dollars as its accounting standard currency. Jingcheng Holding (Hong Kong) Co., Ltd., a subsidiary of the Company, is registered in Hong Kong, and Jingcheng HK uses the US dollar as its accounting standard currency.



SECTION 10 FINANCIAL REPORT

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

59. Lease

(1) The Group as the lessee

Item	Amount occurs in current period	Amount occurs in previous period
Interest expense of lease liabilities	692,887.15	11,445,315.03
Short-term lease expenses recorded in current loss or profit with simplified treatment	1,158,169.56	3,003,183.01
Lease expenses for low-value assets (other than short-term lease) recorded in current loss or profit with simplified treatment	0.00	0.00
Variable lease payments not included in the measurement of lease liabilities	0.00	0.00
Among them: parts of leaseback transaction	0.00	0.00
Income from sublease of right-of-use assets	31,877,074.03	63,735,395.76
Total cash outflow related to lease	16,102,698.76	30,203,148.67
Related loss or profit arising from leaseback transaction	0.00	0.00
Cash inflow from leaseback transaction	0.00	0.00
Cash outflow from leaseback transaction	0.00	0.00

(2) The Group as the lessor

Operating leases in which the Group acts as a lessor

Item	Lease income	In which: Income related to variable lease payments not included in lease income
Operating lease	31,867,697.88	0.00

VI. R&D EXPENDITURE

Item	Amount occurs in current period	Amount occurs in previous period
Direct input material	10,068,365.68	10,831,056.81
Expenditures of staff	13,852,951.74	12,598,593.12
Depreciation expense	187,468.13	60,340.01
Test fee	4,840,054.48	2,590,152.66
Other	1,073,339.65	2,094,063.58
Total	30,022,179.68	28,174,206.18
Among them: Expensed research and development expenditure	30,022,179.68	28,174,206.18

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combination not under common control

There is no business combination not under common control in current period.

2. Business combination under common control

There is no business combination under common control in current period.

SECTION 10 FINANCIAL REPORT

VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES

1. Rights and interests in subsidiaries

(1) The composition of enterprise group

Name of subsidiaries	Main business location	Registration place	Nature of business
Beijing Tianhai Industry Co., Ltd.	Chaoyang District, Beijing	Chaoyang District, Beijing	Production
Tianjin Tianhai High Pressure Container Co., Ltd.	Bonded Area in Tianjin Port	Bonded Area in Tianjin Port	Production
Shanghai Tianhai Composite Cylinders Co., Ltd.	Songjiang District, Shanghai	Songjiang District, Shanghai	Production
Beijing Tianhai Cryogenic Equipment Co., Ltd.	Tongzhou District, Beijing	Tongzhou District, Beijing	Production
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	Tongzhou District, Beijing	Tongzhou District, Beijing	Production
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd	Tongzhou District, Beijing	Tongzhou District, Beijing	Production
BTIC America Corporation	Houston, United States	Houston, United States	Selling
Kuancheng Tianhai Pressure Container Co., Ltd.	Chengde, Hebei Province	Chengde, Hebei Province	Production
Jingcheng Holding (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Trading and investment
Qingdao BYTQ United Digital Intelligence Co., Ltd.	Qingdao	Qingdao	Production
Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.	Chaoyang District, Beijing	Chaoyang District, Beijing	Property service, lease

(continued table)

Name of subsidiaries	Registered capital	Shareholding ratio(%)		Method of acquisition
		Direct	Indirect	
Beijing Tianhai Industry Co., Ltd.	548,759,761.19 yuan	100.00		Business combination under common control
Tianjin Tianhai High Pressure Container Co., Ltd.	225,578,400 yuan		55.00	Establishment
Shanghai Tianhai Composite Cylinders Co., Ltd.	\$ 2,650,090		87.84	Business combination under common control
Beijing Tianhai Cryogenic Equipment Co., Ltd.	40,000,000 yuan		75.00	Establishment
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	20,000,000 yuan		100.00	Business combination under common control
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	545,225,228 yuan		38.51	Establishment
BTIC America Corporation	680.00 shares		90.00	Business combination not under common control
Kuancheng Tianhai Pressure Container Co., Ltd.	81,584,000 yuan		61.10	Establishment
Jingcheng Holding (Hong Kong) Co., Ltd.	1,000 HKD	100.00		Business combination under common control
Qingdao BYTQ United Digital Intelligence Co., Ltd.	21,418,633 yuan	81.45		Business combination not under common control
Beijing Jingcheng Haitong Technology Culture Development Co., Ltd	80,000,000 yuan		51.00	Business combination not under common control

Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd. was established on November 27, 2012, with a registered capital of RMB10 million yuan, all funded by Beijing Tianhai. After two times of capital increases, on June 30, 2024, the registered capital of Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd. was RMB545,225,228 yuan, of which Beijing Tianhai contributed RMB210,000,000 yuan, accounting for 38.51% of the registered capital. Beijing Jinguofa Equity Investment Fund (Limited Partnership) contributed RMB170,412,703.00 yuan, accounting for 31.26% of the registered capital, and Beijing Bus Media Co., Ltd. contributed RMB164,812,525.00 yuan, accounting for 30.23% of the registered capital.

According to regulations of Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.: Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd. has a total of 5 directors, of which 3 directors are nominated by Beijing Tianhai. And 1 director is respectively nominated by Beijing Jinguofa Equity Investment Fund (Limited Partnership) and Beijing Bus Media Co., Ltd. Except for significant matters such as the sale of all assets of the company, which requires more than two-thirds of the board of directors to vote, checking of the company's business plans and investment plans, and the decision on the establishment of the company's internal management organization shall be approved by more than half of all directors. Management shall be dispatched by Beijing Tianhai. Beijing Tianhai can exercise control over Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd., so it is included in the scope of consolidated statements.

SECTION 10 FINANCIAL REPORT

VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Rights and interests in subsidiaries (Continued)

(2) Significant non-wholly-owned subsidiaries

Name of subsidiaries	Minority shareholders' shareholding ratio(%)	Current loss or profit attributable to minority shareholders	Other comprehensive income attributable to minority shareholders in current period	Change in capital reserve in current period	Decreased investment from minority shareholders in current period	Dividends paid to minority shareholders in current period	Current ending balance of minority shareholders' equity
Qingdao BYTQ United Digital Intelligence Co., Ltd.	18.55	1,688,450.38	0.00	49,824.26	0.00	0.00	52,539,568.94
BTIC America Corporation	10.00	858,127.48	69,478.02	6,483.31			6,203,772.44
Tianjin Tianhai High Pressure Container Co., Ltd.	45.00	4,417,821.41		191,720.82			76,771,842.33

2. Principal financial information of significant non-wholly-owned subsidiaries

Name of subsidiaries	Ending balance					Total liabilities
	Current assets	Non-current assets	Total assets	current liabilities	Non-current liabilities	
Qingdao BYTQ United Digital Intelligence Co., Ltd	388,160,287.80	75,433,780.81	463,594,068.61	156,863,633.49	10,232,915.96	167,096,549.45
BTIC America Corporation	88,322,705.70	52,221.92	88,374,927.62		21,254,805.40	21,254,805.40
Tianjin Tianhai High Pressure Container Co., Ltd.	166,583,631.55	159,107,553.95	325,691,185.50	152,074,897.60		152,074,897.60

(Continued Table 1)

Name of subsidiaries	Beginning balance					Total liabilities
	Current assets	Non-current assets	Total assets	current liabilities	Non-current liabilities	
Qingdao BYTQ United Digital Intelligence Co., Ltd	374,142,694.45	77,755,377.13	451,898,071.58	154,813,430.09	9,957,875.10	164,771,305.19
BTIC America Corporation	62,658,647.45	63,746.00	62,722,393.45	4,943,159.39	0.00	4,943,159.39
Tianjin Tianhai High Pressure Container Co., Ltd.	141,805,045.78	159,064,320.81	300,869,366.59	132,680,632.03	0.00	132,680,632.03



SECTION 10 FINANCIAL REPORT

VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Principal financial information of significant non-wholly-owned subsidiaries (Continued)

(continued Table 2)

Name of subsidiaries	Amount occurs in current period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Qingdao BYTQ United Digital Intelligence Co., Ltd	102,599,646.03	9,102,158.39	9,102,158.39	-25,806,836.24
BTIC America Corporation	145,620,426.90	8,581,274.81	625,302.21	-9,918,721.99
Tianjin Tianhai High Pressure Container Co., Ltd.	230,701,430.84	5,001,507.08	9,276,055.04	-7,230,240.68

(continued Table 3)

Name of subsidiaries	Amount occurs in previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Qingdao BYTQ United Digital Intelligence Co., Ltd	45,062,474.42	-646,469.51	-646,469.51	4,402,087.39
BTIC America Corporation	119,053,431.54	9,383,433.05	11,510,063.58	1,439,254.60
Tianjin Tianhai High Pressure Container Co., Ltd.	257,525,371.91	1,360,123.90	1,360,123.90	10,035,472.09

3. Share of owner's equity in subsidiaries changes, but still controls such subsidiaries.

None.

4. Rights and interest in joint ventures or associates

(1) Joint ventures or associates

Name of joint ventures or associates	Main operating area	Registration place	Nature of business	Shareholding ratio(%)		Accounting methods for investment in joint ventures or associates
				Direct	Indirect	
Jiangsu Tianhai Special Equipment Co., Ltd	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Production		27.461	Equity method
Beijing Bolken Energy Saving Technology Co., Ltd.	Beijing	Beijing	Production		9.93	Equity method
Hubei Jingyuan Xihai Automobile Industry Co., Ltd	Shiyan	Shiyan	Production		24.00	Equity method



SECTION 10 FINANCIAL REPORT

VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

4. Rights and interest in joint ventures or associates (Continued)

(1) Joint ventures or associates (Continued)

- 1) Jiangsu Tianhai was established on April 27, 2015, with a registered capital of RMB80 million yuan, it is jointly funded by Beijing Tianhai and Nanjing Bibo Industry and Trade Co., Ltd. (hereinafter referred to as Nanjing Bibo), and Beijing Tianhai invests RMB28 million yuan and holds 35% equity.

Beijing Tianhai made an investment of RMB9.85558 million yuan of welded cylinders and acetylene cylinders (please refer to an estimated price of RMB9.85558 million yuan for equipment by Beijing Fangxin Asset Evaluation Co., Ltd, in a document named "Asset Evaluation Report for the Machine Equipment Investment Project of Beijing Tianhai Industrial Co., Ltd.", with a document number of FPBZ2015011), and a patent for welded cylinders and acetylene cylinders worth RMB18.1442 million yuan, use right for patent technology (Please refer to "Asset Evaluation Report for Beijing Tianhai Industry Co., Ltd.'s external Investment, Intangible Assets Project" made by Beijing Fangxin Asset Evaluation Co., Ltd., the document number was FPBZ2015010). Total investment was RMB28 million yuan, accounting for 35% of the shares, and Nanjing BiBo contributed 52 million yuan in cash, accounting for 65% of the shares.

In 2021, the new shareholder of Jiangsu Tianhai – Yucheng Entrepreneurship made an investment of RMB21,962,938.00 yuan to Jiangsu Tianhai, and the shareholding ratio of Beijing Tianhai in Jiangsu Tianhai was passively diluted from 35.00% to 27.4610%.

The board of directors of Jiangsu Tianhai is composed of 5 directors, including: 1 director nominated by Beijing Tianhai, 3 directors nominated by Nanjing Bibo, and 1 director nominated by Yucheng Entrepreneurship; Jiangsu Tianhai does not set up a board of supervisors, but sets up 2 supervisors, of which: Beijing Tianhai and Nanjing Bibo nominated 1 supervisor separately; Jiangsu Tianhai has a general manager, nominated by Nanjing Bibo; 1 manager in charge of administration and personnel is set up, nominated by Nanjing Bibo; 1 financial officer is nominated by Beijing Tianhai; 1 manager in charge of technique and quality, nominated by Beijing Tianhai. The daily management of Jiangsu Tianhai is mainly made by personnel sent by Nanjing Bibo. Beijing Tianhai has a significant impact on Jiangsu Tianhai, and an equity method is adopted.

- 2) Bolken Energy Saving was established in March 2005 with a registered capital of RMB63 million yuan. On July 29, 2015, it was listed in the National SME Share Transfer System with the code 833077. On August 15, 2018, Shaanxi Aerospace Science and Technology Group Co., Ltd. (hereinafter referred to as Aerospace Science and Technology) transferred the 10.91% equity (6,876,000 shares) of Bolken Energy Saving. On September 6, 2018, Beijing Tianhai received aforementioned equity through an agreement, and paid the full price on October 30. On November 7, 2018, the equity change registration was completed in China Securities Registration and Clearing Co., Ltd., and the industrial and commercial change registration procedures were completed on February 22, 2019.

In 2022, Bolken Energy Saving issued 6,250,000 shares, and Beijing Tianhai's shareholding ratio in Bolken Energy Saving was diluted from 10.91% to 9.93%.

Beijing Tianhai appoints representatives in the board of directors of Bolken Energy Saving, participating in the formulation of financial and operating policies of Bolken Energy Saving, which has a significant influence on Bolken Energy Saving, and an equity method shall be adopted for accounting.

- 3) Hubei Jingyuan Company was established on February 24, 2023 by the Company's subsidiary –Beijing Tianhai, Hubei Juxi Automobile Technology Co., Ltd., and Shiyuan Kechuang Investment Management Co., Ltd. The legal representative is Wei Jun, with a registered capital of RMB 80.00 million, of which Beijing Tianhai subscribed RMB 19.20.00 million, holding 24% of shares. Up to the end of the current period, Beijing Tianhai has paid RMB19.20 million yuan. Hubei Jingyuan Company set up a board of directors, the board has 5 directors, Beijing Tianhai sends a director. Beijing Tianhai has a significant influence on Hubei Jingyuan Company and adopts the equity method for accounting.

SECTION 10 FINANCIAL REPORT

VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

4. Rights and interest in joint ventures or associates (Continued)

(2) Major financial information of significant joint ventures and associates

1) Jiangsu Tianhai (Associate)

Item	Ending balance/ Amount occurs in current period	Beginning balance/ Amount occurs in previous period
Current assets	128,241,192.65	97,190,809.89
Among them: cash and cash equivalents	30,267,787.64	28,720,525.52
Non-current assets	557,945,964.96	498,234,528.29
Total assets	686,187,157.61	595,425,338.18
Current liabilities	214,761,015.82	169,001,535.48
Non-current liabilities	213,531,078.66	194,400,000.00
Total liabilities	428,292,094.48	363,401,535.48
Minority shareholders' equity	0.00	0.00
Shareholders' equity attributable to parent company	257,895,063.13	232,023,802.70
Share of net assets calculated by shareholding ratio	70,820,563.29	63,716,056.46
Adjusted items	-2,705,541.15	-2,263,024.85
– Goodwill	0.00	0.00
– Unrealized profits from internal transactions	-2,705,541.15	-2,263,024.85
– Other	0.00	0.00
The carrying value of an equity investment in an associate	68,115,022.14	61,453,031.61
The fair value of equity investments with an open price in associates	0.00	0.00
Operating revenue	109,460,716.31	70,974,660.11
Financial expenses	1,046,490.42	187,010.96
Income tax expenses	13,719.68	152,885.39
Net profit	21,205,483.07	17,434,413.84
Net profit from discontinued operations	0.00	0.00
Other comprehensive income	0.00	0.00
Total comprehensive income	21,205,483.07	17,434,413.84
Dividends received from associates in current period	0.00	0.00

(3) Aggregated financial information of insignificant associates

Item	Ending balance/ Amount occurs in current period	Beginning balance/ Amount occurs in previous period
Associates :	–	–
Total book value of investments	41,740,393.50	43,437,236.10
Aggregates of following items calculated by shareholding ratio	–	–
– Net profit	-1,696,842.60	-524,323.81
– Other comprehensive income		28,657.25
– Total comprehensive income	-1,696,842.60	-495,666.56

(4) The Group does not have significant limitations on the ability of joint ventures or associates to transfer funds to the Company.

(5) The Group has no excessive losses incurred by its associates.

(6) The Group has no unrecognized commitments relating to investments in joint ventures.

(7) The Group has no contingent liabilities related to investments in joint ventures or associates.

SECTION 10 FINANCIAL REPORT

IX. GOVERNMENT SUBSIDIES

1. Government subsidies recognized at the end of the period according to the amount receivable

Ending balance of receivables is 0.00 yuan.

2. Liability items involving government subsidies

Accounting items	Beginning balance	Increased subsidy in current period	Amount recorded into non-operating revenue in current period	Amount transferred into other income in current period	Other change in current period	Ending balance	related with assets/income
Deferred income	7,998,474.74	371,820.00			0.00	8,370,294.74	related with assets/income

3. Government subsidies recorded into current loss or profit

Accounting items	Amount occurs in current period	Amount occurs in previous period
Other income	716,681.72	1,435,127.51

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group will face various risks about financial instruments in its daily activities, mainly including market risks (such as exchange rate risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The management of the Group manages and monitors these risk exposure to ensure that the aforementioned risks are limited within a scope.

1. Objectives and policies of various risk management

The objective of the Group's risk management is to obtain an appropriate balance between risk and return, minimize negative impact of risk on the Group's operating revenue and maximize benefits of shareholders and other equity investors. Based on this objective of risk management, the basic risk management strategy of the Group is to identify and analyze various risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control risks within a limited scope.

(1) Market risk

1) Exchange rate risk

The Group's exposure to exchange rate risks is mainly related to US dollar and Euro. Except for the Company's subsidiaries ---BTIC America Corporation and Jingcheng Holdings (Hong Kong) Limited, which conduct purchases and sales in US dollars, the Group's other major business activities are denominated and settled in RMB. On June 30, 2024, assets and liabilities of the Group were shown in RMB, except for the balance of assets and liabilities in US dollars and few balances in Euro and Hong Kong dollars as described in the table below. The exchange rate risk arising from assets and liabilities of these foreign currency balances may have an impact on the Group's operating revenue.

The amounts of financial assets shown in foreign currency and financial liabilities shown in foreign currency, which are held by the Group on June 30, 2024 and December 31, 2023 were converted into RMB, as follows:

Item	June 30, 2024	December 31, 2023
Cash at bank and on hand – USD	19,088,561.57	42,491,943.95
Cash at bank and on hand – HK Dollars	14,381.53	14,301.02
Cash at bank and on hand – Euro	0.08	11,667,585.52
Accounts receivable – USD	82,543,543.75	31,750,152.97
Accounts receivable – Euro	22,568,954.46	17,920,514.20
Accounts payable – USD	5,786,046.72	5,729,802.45
Accounts payable – Euro	13,630.62	222.65
Accounts payable – Sterling		201,408.86
Other payable – USD	8,268.01	8,221.81

The Group closely monitors impact of exchange rate movements on the Group.

SECTION 10 FINANCIAL REPORT

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Objectives and policies of various risk management (Continued)

(1) Market risk (Continued)

2) Interest rate risk

The Group's interest rate risk arises from bank borrowings. Financial liabilities with a floating interest rate expose the Group to interest rate risk of cash flow, while financial liabilities with a fixed interest rate expose the Group to interest rate risk of fair value. The Group determines the relative percentage between contracts with a fixed interest rate and contracts with a floating interest rate, based on current market environment. On June 30, 2024, the Group's interest-bearing debt was mainly RMB-denominated fixed-rate contracts, the amount is 0.00 yuan (on December 31, 2023: RMB 110,000,000.00). In contracts with a floating interest rate in RMB, the total amount is RMB 290,000,000.00 (on December 31, 2023: RMB 100,000,000.00).

For the Group's risk on fair value change of financial instruments due to change on the interest rate, it mainly is related to bank borrowings with a fixed interest rate and bank borrowings with a floating interest rate. For borrowings with a fixed interest rate, policies of the Group are to keep the floating interest rate of those borrowings, so as to eliminate risks on fair value due to interest rate change.

3) Price risk

Price risk means that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, except exchange rate risk and interest rate risk, mainly due to changes in commodity prices, stock market indexes, equity instrument prices and other risk variables. The Group sells its products at market prices and is therefore subject to these price fluctuations.

(2) Credit risk

The Group manages credit risk on a portfolio basis. Credit risks mainly arise from Cash at bank and on hand, notes receivable, accounts receivable, receivables financing, other receivables, etc.

On June 30, 2024, the maximum credit risk exposure that could give rise to the Group's financial loss is mainly due to losses on the Group's financial assets arising from failure of other parties to perform its obligations under the contract, including:

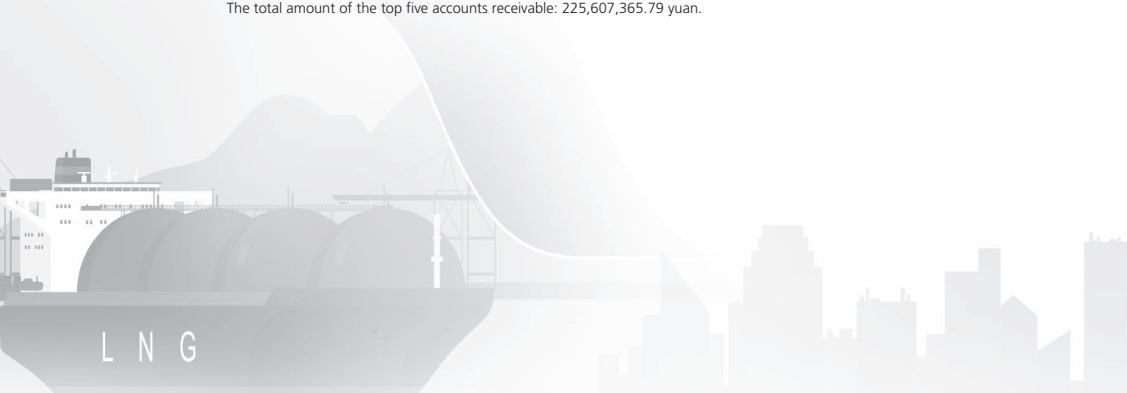
The carrying amounts of recognized financial assets in the consolidated balance sheet; for financial instruments measured at fair value, the carrying value reflects its risk exposure, but not its maximum risk exposure, which will change as fair value changes in the future.

To mitigate credit risk, the Group establishes a special department to determine a credit line and conduct credit approvals, and makes other monitoring procedures to assure that necessary measures are taken to retrieve overdue creditor's rights. In addition, the Group checks the recovery of each individual receivable on each balance sheet date, so as to ensure that adequate provisions are made for funds cannot be collected. As a result, the Group's management deems that the Group's credit risk exposure has been substantially reduced.

The Group's current capital is hoarded in banks with a higher credit rating and therefore the credit risk of current capital is pretty low.

As the Group's risk exposure is spread across myriad participants to a contract and myriad customers, on June 30, 2024, 13.64% (previous period: 11.04%) and 36.53% (previous period: 37.39%) of the Group's accounts receivable balances were from the Group's largest and top five customers, respectively. The largest account receivable balance at the end of the period is from Qingdao Haier Refrigeration Electric Appliance Co., Ltd., which is a high-quality customer, so the Group has no significant credit risk.

The total amount of the top five accounts receivable: 225,607,365.79 yuan.



SECTION 10 FINANCIAL REPORT

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Objectives and policies of various risk management (Continued)

(2) Credit risk (Continued)

1) *Standards to judge whether credit risk significantly increases*

On each balance sheet date, the Group determines whether the credit risk of financial instruments has increased significantly after initial recognition, by comparing the probability of default during the estimated existing period of financial instruments as determined at the initial recognition, with the probability of default during the estimated existing period of such instruments as determined at the balance sheet date. However, if the Group believes that a financial instrument has only a low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Group's main criteria for determining a significant increase in credit risk are as follows: more than 30 days overdue, or significant changes in one or more of the following indicators: serious adverse changes in the debtor's operating environment, internal and external credit ratings, actual or expected operating revenue, etc.

2) *Definition of assets that have suffered credit impairment*

If one or more events that adversely affect the expected future cash flows of a financial asset happen, then the financial asset will become a financial asset that has suffered a credit impairment. The Group's primary standard for determining that a credit impairment has happened is the number of overdue days exceeding 90 days, but in some cases the Group also regards credit impairment as having occurred if internal or external information demonstrates that the contract amount may not be recovered in full before considering any credit enhancement. The credit impairment of financial assets may be engendered by the combination of multiple events, not necessarily by individual identifiable events.

Evidence that a credit impairment of a financial asset has happened incorporates the following observable information: the debtor undergoes serious financial difficulties; breach of contracts by the debtor, such as default or delay in payment of interest or principal; The Group gives concessions to the debtor that it would not have made in any other circumstances for economic or contractual reasons relating to the debtor's financial difficulties; The debtor is likely to become insolvent or undergo other financial restructuring; The debtor's financial difficulties will make an active market for the financial asset disappear.

3) *Credit risk exposure*

On June 30, 2024, maximum credit exposure that could cause the Group's financial loss is mainly because another party of the contract can not fulfill his obligation, as well as financial guarantee assumed by the Group, so loss of financial assets of the Group occurs. It includes: the carrying amount of recognized financial assets in the consolidated balance sheet; for financial instruments measured at fair value, the carrying value reflects its risk exposure, but not its maximum risk exposure, which will change as fair value changes in the future.

(3) Liquidity risk

Liquidity risk means the Group will not be able to perform its financial obligations on the maturity date. The Group's method to managing liquidity risk is to assure that there is sufficient liquidity to fulfill obligations as they mature, without incurring unacceptable losses or causing damage to the company's reputation. The Group regularly analyses the structure and maturity of its liabilities to ensure adequate funding. The Group's management supervise the use of bank borrowings and ensures compliance with the borrowing agreements. Meanwhile, the Group shall conduct financing consultations with financial institutions to maintain a certain credit line and reduce liquidity risks.

The Group regards bank borrowings as its main source of funding. On June 30, 2024, the Group's unused bank borrowings and bank acceptances amount are RMB586,500,000 yuan (on December 31, 2023: RMB304,240,000 yuan), all of them are short-term bank borrowings.

SECTION 10 FINANCIAL REPORT

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Objectives and policies of various risk management (Continued)

(3) Liquidity risk (Continued)

The financial assets and financial liabilities held by the Group are analyzed by the maturities of the remaining contract obligations which are not discounted as follows:

Amount on June 30, 2024 :

Item	Within one year	One to two years	Two to five years	More than five years	Total
Financial assets					
Cash at bank and on hand	429,452,377.48	0.00	0.00	0.00	429,452,377.48
Notes receivable	6,154,690.89	0.00	0.00	0.00	6,154,690.89
Accounts receivable	530,188,128.43	0.00	0.00	0.00	530,188,128.43
Contract assets	17,718,610.03				17,718,610.03
Receivables financing	11,925,667.57	0.00	0.00	0.00	11,925,667.57
Other receivables	4,267,041.01	0.00	0.00	0.00	4,267,041.01
Financial liability					
Short-term loan	200,000,000.00	0.00	0.00	0.00	200,000,000.00
Notes payable	124,493,763.74	0.00	0.00	0.00	124,493,763.74
Accounts payable	375,013,611.47	0.00	0.00	0.00	375,013,611.47
Other payable	73,492,237.19	0.00	0.00	0.00	73,492,237.19
Non-current liabilities due within one year	13,806,790.49	0.00	0.00	0.00	13,806,790.49
Long-term loan	1,650,000.00	0.00	88,350,000.00	0.00	90,000,000.00
Lease liabilities		14,248,776.92	86,292,939.02	126,608,747.64	227,150,463.58

XI. DISCLOSURE OF FAIR VALUE

1. Ending fair value of assets measured at fair value

Item	Ending fair value			Total
	First level fair value measurement	Second level fair value measurement	Third level fair value measurement	
I. Recurring fair value measurement				
Receivables Financing	0.00	0.00	11,925,667.57	11,925,667.57

2. For recurring and non-recurring items in third level fair value hierarchy, the adopted valuation techniques and quantity and quality information of principal inputs

Receivables financing represents the best estimate of the fair value of this kind of financial assets, by a discount rate (with a period of over one year) or an amount equivalent to expected credit losses over the entire duration.

SECTION 10 FINANCIAL REPORT

XII. THE RELATED PARTIES AND TRANSACTIONS

1. Relationship of related parties

(1) Controlling shareholder and ultimate controlling party

1) Controlling shareholder and ultimate controlling party

Name of controlling shareholder and ultimate controlling party	Registration place	Nature of business	Registered capital (Unit: 10,000 yuan)	Shareholding ratio of the Company(%)	Voting ratio of the Company(%)
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	Beijing Economic and Technological Development Zone	Business service	235,563.71	44.87	44.87

2) Registered capital of controlling shareholders and its change (unit: 10,000 yuan)

Controlling shareholder	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	235,563.71	0.00	0.00	235,563.71

3) Controlling shareholder's shares or interests and their changes (unit: 10,000 yuan)

Controlling shareholder	Amount of shares		Shareholding ratio	
	Ending balance	Beginning balance	Ending ratio	Beginning ratio
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	24,573.5052	24,573.5052	44.87	44.87

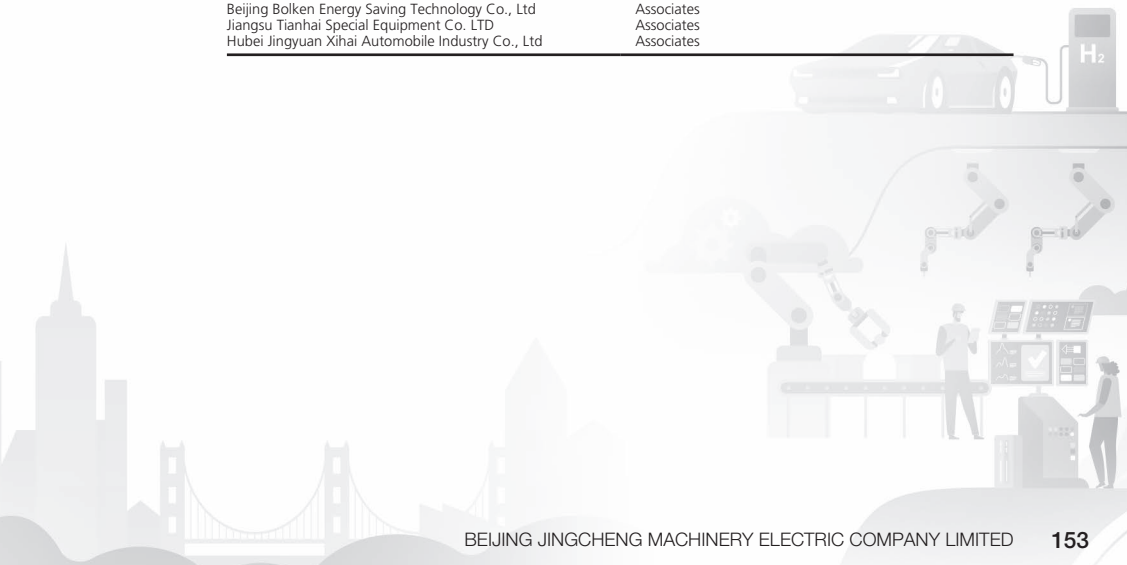
(2) Subsidiaries

For details of subsidiaries, please refer to the relevant contents of "VIII. 1. (1) Composition of Enterprise Group" in the Notes.

(3) Joint ventures and associates

The Group's significant associates and joint ventures are detailed in the relevant contents of "VIII. 4. (1) significant associates and joint ventures" in this Notes. Other associates and joint ventures that have related transactions with the Group in current period, or the balance of related party transactions with the Group in the previous period, are as follows:

Name of associates and joint ventures	Relationship with the Company
Beijing Bolken Energy Saving Technology Co., Ltd	Associates
Jiangsu Tianhai Special Equipment Co. LTD	Associates
Hubei Jingyuan Xihai Automobile Industry Co., Ltd	Associates



SECTION 10 FINANCIAL REPORT

XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

1. Relationship of related parties (Continued)

(4) Other related parties

Name of other related parties	Relationship with the Company
Beijing Mechanical Electronical Technology Research Institute. LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing First Machine Tool Factory	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Industrial Logistics Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Machinery Electric Asset Management Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Beiren Printing Machinery Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Golden Sun Energy Technology Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhejiang Jingcheng Renewable Resources Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Training Center of Beijing Jingcheng Machinery Electric Holding Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Tianjin Dawufeng Investment Co., Ltd	Minority shareholders of a subsidiary
Kuancheng Shenghua Pressure Container Manufacturing Co., Ltd	Minority shareholders of a subsidiary
Li Hong	Minority shareholders of a subsidiary
Beijing Lantianda Automotive Clean Fuel Technology Co., Ltd	A wholly-owned subsidiary of an associate

2. Related party transactions

(1) Related party transactions about purchase of goods/receiving services and sales of goods/providing services

1) Purchasing goods/receiving services

Related party	Content of related party transaction	Amount occurs in current period	Transaction amount approved	Whether the trading limit is exceeded	Amount occurs in previous period
Jiangsu Tianhai Special Equipment Co. LTD	Purchasing goods	41,079,415.43			
Beijing Jingcheng Golden Sun Energy Technology Co., Ltd	Purchasing goods	196,172.96			52,781,509.01
Beijing Jingcheng Zhitong Robot Technology Co., Ltd	Purchasing goods	38,800.00			
Total	-	41,314,388.39			52,781,509.01

2) Sales of goods/providing services

Related party	Content of related party transaction	Amount occurs in current period	Amount occurs in previous period
Jiangsu Tianhai Special Equipment Co. LTD	Sales of goods/providing services	17,499,045.13	4,793,397.33
Beijing Lantianda Automobile Clean Fuel Technology Co., Ltd	Sales of goods	4,412,830.80	105,405.32
Total	-	21,911,875.93	4,898,802.65

SECTION 10 FINANCIAL REPORT

XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(2) Situation about related party leases

Situation about lease

Name of lessors	Category of leased assets	Rental of short-term lease and low-value assets lease with simplified treatment		Rental paid	
		Amount occurs in current period	Amount occurs in previous period	Amount occurs in current period	Amount occurs in previous period
Beijing Jingcheng Machinery Electric Asset Management Co., Ltd	Houses and buildings			12,336,532.47	12,268,749.32
Beijing Beiren Printing Machinery Co., Ltd	Houses and buildings			532,954.74	522,898.98
Total	-	-	-	12,869,487.21	12,791,648.30

(Continued table)

Name of lessors	Category of leased assets	Interest paid for lease liabilities		Increased right-of-use assets	
		Amount occurs in current period	Amount occurs in previous period	Amount occurs in current period	Amount occurs in previous period
Beijing Jingcheng Machinery Electric Asset Management Co., Ltd	Houses and buildings	5,374,534.50	5,643,615.48		
Beijing Beiren Printing Machinery Co., Ltd	Houses and buildings	15,098.12	39,830.46		
Total	-	5,389,632.62	5,683,445.94		

(3) Situation about related party guarantee

As the guaranteed party

Name of Guarantor	Guaranteed Amount	Beginning date of guarantee	Ending date of guarantee	If guarantee is completed
Beijing Jingcheng Machinery Electric Holding Co., Ltd	100,000,000.00	2023/8/11	2024/8/10	No
Beijing Jingcheng Machinery Electric Holding Co., Ltd	200,000,000.00	2023/10/23	2031/10/23	No
Beijing Jingcheng Machinery Electric Holding Co., Ltd	50,000,000.00	2023/4/19	2027/4/19	Yes
Beijing Jingcheng Machinery Electric Holding Co., Ltd	30,000,000.00	2023/5/22	2024/1/18	Yes
Beijing Jingcheng Machinery Electric Holding Co., Ltd	20,000,000.00	2023/6/28	2027/6/28	Yes
Beijing Jingcheng Machinery Electric Holding Co., Ltd	100,000,000.00	2024/3/4	2025/3/4	No
Beijing Jingcheng Machinery Electric Holding Co., Ltd	70,000,000.00	2024/3/25	2025/1/25	No
Beijing Jingcheng Machinery Electric Holding Co., Ltd	20,000,000.00	2024/3/31	2025/3/31	No
Beijing Jingcheng Machinery Electric Holding Co., Ltd	30,000,000.00	2024/6/20	2025/6/20	No
Beijing Jingcheng Machinery Electric Holding Co., Ltd	20,000,000.00	2024/6/26	2025/6/26	No

SECTION 10 FINANCIAL REPORT

XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(4) Financing activities with related parties

None.

(5) Interest expenses/interest income of related parties

None.

(6) Remuneration of key management personnel

Name of item	Amount occurs in current period	Amount occurs in previous period
Total remuneration	2,455,160.41	2,157,497.73

3. Balance of receivables due from and payables due to related parties

(1) Receivable items

Name of item	Related parties	Ending balance		Beginning balance	
		Book balance	Bad debt reserves	Book balance	Bad debt reserves
Accounts Receivable	Beijing Lantianda Automotive Clean Fuel Technology Co., Ltd	5,161,382.11	244,023.78	2,987,203.28	205,810.69
Accounts Receivable	Kuancheng Shenghua Pressure Container Manufacturing Co., Ltd	649,698.50	131,432.84	649,698.50	142.60
Accounts Receivable	Zhejiang Jingcheng Renewable Resources Co., Ltd	182,400.00	1,678.08	0.00	0.00
Accounts Receivable	Jiangsu Tianhai Special Equipment Co. LTD	8,585,598.62	78,987.51	47,137.62	433.67
Other receivables	Training Center of Beijing Jingcheng Machinery Electric Holding Co., Ltd	2,520.00	21.15	0.00	0.00
Other receivables	Jiangsu Tianhai Special Equipment Co. LTD	61,329.52	870.88	51,802.95	735.60
Other receivables	Beijing Beiren Printing Machinery Co., Ltd	107,513.88	12,740.40	107,513.88	1,526.70
Other receivables	Tianjin Dawufeng Investment Co., Ltd	309,720.46	4,398.03	0.00	0.00
Prepayment	Training Center of Beijing Jingcheng Machinery Electric Holding Co., Ltd	280.00	0.00	0.00	0.00
Prepayment	Jiangsu Tianhai Special Equipment Co. LTD	8,172.74	0.00	0.00	0.00



SECTION 10 FINANCIAL REPORT

XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

3. Balance of receivables due from and payables due to related parties (Continued)

(2) Payable items

Payable items	Related parties	Ending balance	Beginning balance
Accounts payable	Beijing Lantian Automotive Clean Fuel Technology Co., Ltd	10,492,652.22	10,492,652.22
Accounts payable	Jiangsu Tianhai Special Equipment Co. LTD	11,210,780.01	6,737,612.55
Accounts payable	Beijing Jingcheng Machinery Electric Holding Co., Ltd	902,227.27	902,227.27
Accounts payable	Tianjin Dawufeng Investment Co., Ltd	2,137,736.84	153,461.91
Accounts payable	Beijing Jingcheng Golden Sun Energy Technology Co., Ltd	156,412.36	199,463.71
Accounts payable	Beijing Zhitong Robot Technology Co., Ltd	1,831,300.00	1,203,000.00
Contract liability	Beijing Lantian Automotive Clean Fuel Technology Co., Ltd	0.00	1,009,722.37
Contract liability	Jiangsu Tianhai Special Equipment Co. LTD	217,256.64	2,728.56
Contract liability	Jiangsu Tianhai Special Equipment Co. LTD	88,495.58	0.00
Other payable	Li Hong	10,860,433.38	10,860,433.38
Other payable	Hubei Jingyuan Xihai Automobile Industry Co., Ltd		9,600,000.00
Other payable	Tianjin Dawufeng Investment Co., Ltd		153,461.91
Other payable	Beijing Jingcheng Machinery Electric Holding Co., Ltd	8,268.02	8,221.81
Other payable	Beijing First Machine Tool Factory	7,359.09	7,359.09
Non-current liabilities due within one year	Beijing Beiren Printing Machinery Co., Ltd	478,883.92	952,735.10
Non-current liabilities due within one year	Beijing Jingcheng Machinery Electric Asset Management Co., Ltd	13,108,285.46	12,297,200.45

4. Commitment with related parties

None.



SECTION 10 FINANCIAL REPORT

XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Remuneration of directors, supervisors and employees

(1) Details about remuneration of directors and supervisors are as follows

Item	Salaries and allowances	Contribution to retirement benefit scheme	Bonus	Share-based payments	Total
Amount occurs in current period					
Executive director					
Li Junjie					
Zhang Jiheng	112,398.00	125,483.52	66,000.00	138,928.13	442,809.65
Supervisor					
Li Zhe	115,698.00	125,483.52	56,100.00	–	297,281.52
Wen Jinhua	64,509.00	93,669.54	46,964.00	205,142.54	
Total	292,605.00	344,636.58	169,064.00	138,928.13	945,233.71
Amount occurs in previous period					
Executive director					
Li Junjie	110,514.00	117,668.99	33,000.00	0.00	261,182.99
Zhang Jiheng	112,398.00	118,912.44	66,000.00	0.00	297,310.44
Supervisor					
Li Zhe	121,200.00	118,912.44	59,400.00	0.00	299,512.44
Wen Jinhua	60,635.00	92,686.02	44,374.00	0.00	197,695.02
Total	404,747.00	448,179.89	202,774.00	0.00	1,055,700.89

Executive directors and non-executive directors do not receive director's emoluments from the Company, and supervisors do not receive Supervisor's emoluments from the Company, executive directors (other than the Chairman) and supervisors are entitled to receive remuneration in accordance with their respective positions in the Company and its subsidiaries (other than director and supervisor positions).

(2) Five individuals with highest salaries

Among five individuals with highest salaries, one of them is a director or supervisor in the current period (previous period: 1 person), whose remuneration is shown in Notes XII, 5. (1), salaries are reflected in the remuneration of directors and supervisors. The salaries of the other 4 persons (previous: 4 persons) are as follows

Item	Amount occurs in current period	Amount occurs in previous period
Salaries and allowances	416,703.00	455,727.00
Contribution to retirement benefit scheme	471,746.70	474,502.00
Year-end bonus	251,002.00	259,800.00
Share-based payment	370,475.00	
Total	1,509,926.70	1,190,029.00

Salary range:

Item	Persons in current period	Persons in previous period
Less than HK \$1,000,000	5	5
HK \$1,000,001 to HK \$1,500,000		
HK \$1,500,001 to HK \$2,000,000		
HK \$2,000,001 to HK \$2,500,000		

SECTION 10 FINANCIAL REPORT

XII. THE RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Remuneration of directors, supervisors and employees (Continued)

(3) In current period, there is no any directors who have waived or consent to waive any remuneration in the Company. In previous period, the Company has not paid any remuneration to any director, supervisor or five individuals with highest salaries, so as to attract them to join the company, or as incentive for joining this company, or as dismissal compensation.

(4) Salaries for main management

Salaries for main management(including amounts paid and payable to directors, supervisors and senior management) are as follows:

Item	Amount occurs in current period	Amount occurs in previous period
Salaries and allowances	709,308.00	830,670.00
Contribution to retirement benefit scheme	816,383.28	873,449.73
Bonus	420,066.00	453,378.00
Share-based payment	509,403.13	
Total	2,455,160.41	2,157,497.73

6. Loans receivable from directors/director-related enterprises

- (1) There is no loans receivable directors/director-related enterprises
(2) There is no guaranteed loans directors/director-related enterprises

XIII. SHARE-BASED PAYMENT

1. General situation of share-based payment

On November 14, 2023, the Board of Directors of the Company approved the Motion on the Adjustment of Matters Related to the 2023 Restricted Stock Incentive Plan and the Motion on the First Grant of Restricted Stock to the recipients of the 2023 Restricted Stock Incentive Plan, and the Board of Directors of the Company have registered such restricted Stock. Such restricted stock granted by the restricted stock incentive plan stems from common A-shares, which are granted by the company to incentive objects. The grant date of this restricted stock is November 14, 2023, the number of granted shares is 5.88 million, the number of granted people is 123, and the grant price is RMB7.33 yuan/share.

After Board of directors confirm the grant date for restricted stock, during the process of payment verification after the grant date, 123 incentive objects actually subscribed for a total of 5.4 million restricted stock shares granted in full or in part, and 8 incentive objects voluntarily relinquished all their granted restricted stock due to personal reasons. Four incentive recipients voluntarily relinquished part of their restricted stock grants for personal reasons, totaling 480,000 shares. Therefore, the actual number of restricted shares granted in the first grant portion of the incentive plan was changed from 123 to 115, and the number of restricted shares granted in the first grant portion was changed from 5.88 million to 5.4 million.

SECTION 10 FINANCIAL REPORT

XIII. SHARE-BASED PAYMENT (CONTINUED)

1. General situation of share-based payment (Continued)

Outstanding stock options or other equity instruments at the end of the period

	Outstanding stock options at the end of the period		Other equity instruments outstanding at the end of the period	
	Price range for exercising rights	Remaining term of the contract (months)	Price range for exercising rights	Remaining term of the contract (months)
Managerial personnel	7.33 yuan/share	34.5 · 46.5 · 58.5	—	—
Production personnel	7.33 yuan/share	34.5 · 46.5 · 58.5	—	—
Sales staff	7.33 yuan/share	34.5 · 46.5 · 58.5	—	—
R&D personnel	7.33 yuan/share	34.5 · 46.5 · 58.5	—	—

Other notes:

The period of validity of the incentive plan shall not exceed 72 months, from the date of completion of the registration of the first-granted restricted shares, to the date of release of all restricted shares granted to the incentive objects or the date of repurchase. The restricted shares first-granted according to this incentive plan will be released in three phases after 24 months, from the date of completion of registration of the granting, as shown in the following table:

Arrangement for lifting restriction on selling	Time for lifting restriction on selling	Percent of numbers whose restriction on selling is lifted in numbers granted with rights and interest
First period for lifting restriction on selling	From the first transaction date after 24 months since the first-grant date, to the last transaction date within 36 months since the first-grant date	34.00
Second period for lifting restriction on selling	From the first transaction date after 36 months since the first-grant date, to the last transaction date within 48 months since the first-grant date	33.00
Third period for lifting restriction on selling	From the first transaction date after 48 months since the first-grant date, to the last transaction date within 60 months since the first-grant date	33.00

The company's performance conditions to be met when restriction on stock is lifted:

The performance assessment conditions at the company level, the performance assessment objectives of the plan for the first time and the restricted shares granted during the period of lifting restriction on selling are shown in the following table:

Period of lifting restriction on selling	Performance appraisal objective
First period for lifting restriction on selling	(1) In 2024, the company's cash return rate of net assets will not be less than 7.97%, and based on the company's cash return rate of net assets in 2021, the growth rate of cash return rate on net assets in 2024 will not be lower than the average level of the industry. (2) The year-on-year growth rate of operating revenue in 2024 shall not be less than 16%, and shall not be lower than the average level of the industry. (3) Based on the revenue from transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation projects in 2024 will not be less than 400%. (4) In 2024, the proportion of R&D investment in operating revenue shall not be less than 3.05%.
Second period for lifting restriction on selling	(1) In 2025, the company's cash return rate from net assets will not be less than 9.30%, and based on the company's cash return rate from net assets in 2021, the growth rate of cash return rate from net assets in 2025 will not be lower than the average level of the industry. (2) In 2025, the year-on-year growth rate of operating revenue is not less than 16%, and not lower than the average level of the industry. (3) Based on the revenue of transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation business projects in 2025 will not be less than 450%. (4) The proportion of R&D investment in operating revenue in 2025 shall not be less than 3.10%.
Third period for lifting restriction on selling	(1) In 2026, the company's cash return rate from net assets will not be less than 10.63%, and based on the company's cash return rate from net assets in 2021, the growth rate of cash return rate from net assets in 2026 will not be lower than the average level of the industry. (2) The year-on-year growth rate of operating revenue in 2026 is not less than 16%, and not lower than the average level of the industry. (3) Based on the revenue of transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation business projects in 2026 will not be less than 500%. (4) The proportion of R&D investment in operating revenue in 2026 shall not be less than 3.15%.

SECTION 10 FINANCIAL REPORT

XIII. SHARE-BASED PAYMENT (CONTINUED)

1. General situation of share-based payment (Continued)

Selected appraisal criteria for granting and lifting restriction on selling for enterprises:

This time, the company selects all listed companies under the CSRC industry “CSRC Manufacturing -CSRC special equipment manufacturing” classification. During the effective period of this plan, if the company has major asset reorganization, the corresponding performance indicators shall be adjusted by the Board of Directors of the company according to the approval opinions of the Group and state-owned assets supervision and administration commission of people’s government of Beijing.

Individual assessment of incentive objects:

According to the “Performance Management Regulations” formulated by the company and various internal assessment systems of the company, the incentive object is assessed annually, and the lifting restriction on selling of the incentive object in the current year is determined according to the assessment and evaluation results.

In the case that the assessment conditions of lifting restriction on selling at the company level meet the standard, the actual unlock quota of the incentive object individual in the year = unlock percent x the planned unlock quota of the individual in the year.

Individual unlock percent is determined by appraisal results of individual performance. Different performance appraisal results correspond to different unlock percent.

Scores of individual performance	above 85 points	75 points - 84 points	70 points - 74 points	below 70 points
Unlock percent	100.00%	80.00%	60.00%	0.00%

Note: The party building assessment is a veto indicator, if the party building assessment is not qualified, the incentive object cannot be unlocked.

Restricted shares that fail to be lifted in whole or in part due to the performance assessment at the company level or the assessment at the individual level, shall not be lifted or deferred to the next period, and shall be repurchased by the company according to the lower value of the grant price and the market price at the time of repurchase. “Market price at Repurchase” means the closing price of the Company’s stock on the trading day prior to the date when the Company’s Board of Directors considered repurchasing the restricted stock from the incentive objects.

2. Equity-settled share-based payments

Item	Current period
Methods for determining the fair value of equity instruments on the grant date	Confirmed by deducting the price of granted restricted stock from the closing price of restricted stock on the grant date.
significant parameters of fair value of equity instruments on the grant date	Share price
Basis for determining the number of equity instruments expected to vest	Management’s best estimate
Reasons for material differences between the current estimate and the previous estimate	None
Accumulated amount in capital reserve for equity-settled share-based payments	5,934,785.73

3. Fee paid for share-based payment in current period

Category of granted objects	Equity-settled share-based payments	Cash-settled share-based payments
Managerial personnel	3,396,747.53	—
Production personnel	280,012.40	—
Sales staff	462,542.76	—
R&d personnel	285,556.34	—
Total	4,424,859.03	—

SECTION 10 FINANCIAL REPORT

XIV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Up to June 30, 2024, the Group had no significant commitments.

2. Contingencies

Up to June 30, 2024, the Group had no significant contingencies.

XVI. EVENTS AFTER THE BALANCE SHEET DATE

1. Amounts paid after the balance sheet date

Item	Amount paid
Large accounts payable older than 1 year	0.00
Large other payable older than 1 year	0.00

2. Other than aforementioned disclosure of events after the balance sheet date, the Group has no other material events after the balance sheet date.

XVI. OTHER SIGNIFICANT MATTERS

1. Debt restructuring

Disclosure about debtors

Debt restructuring method	Book value of debt	Income from debt restructuring	Increase in owner's equity, such as capital stock
Liquidating liabilities with cash lower than book value of liabilities	22,019,089.58	9,951,066.89	–

2. Apart from aforementioned events, the Group has no other significant matters up to the audit reporting date.



SECTION 10 FINANCIAL REPORT

VII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable presented by aging

Aging	Ending book balance	Beginning book balance
Within 1 year (including one year)	103,431,800.00	88,491,300.00
1-2 years (including 2 years)	20,062,720.00	21,258,220.00
Total	123,494,520.00	109,749,520.00

(2) Accounts receivable are classified and listed by the provision method for bad debts

Category	Ending balance				
	Book balance		Bad debts reserves		
	Amount	Percent (%)	Amount	Provision percent (%)	Book value
Provision for bad debt by portfolio	123,494,520.00	100.00	5,258,485.13	4.26	118,236,034.87
In which: aging portfolio	123,494,520.00	100.00	5,258,485.13	4.26	118,236,034.87

(continued table)

Category	Beginning balance				
	Book balance		Bad debts reserves		
	Amount	Percent (%)	Amount	Provision percent (%)	Book value
Provision for bad debt by portfolio	109,749,520.00	100.00	5,232,057.13	4.77	104,517,462.87
In which: aging portfolio	109,749,520.00	100.00	5,232,057.13	4.77	104,517,462.87

Provision for bad debt of accounts receivable by aging portfolio

Aging	Ending balance		
	Book balance	Bad debt reserves	Provision percent (%)
Within 1 year (including 1 year)	103,431,800.00	1,665,251.98	1.61
1-2 years (including 2 years)	20,062,720.00	3,593,233.15	17.91
Total	123,494,520.00	5,258,485.13	4.26

SECTION 10 FINANCIAL REPORT

XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(3) Provision, recovery or reversal of bad debt reserves in current period

Category	Beginning balance	Changed amount in current period			Other	Ending balance
		Provision	Recovery or reversal	Written-off or offsetting		
Bad debt reserves for accounts receivable	5,232,057.13	26,428.00	0.00	0.00	0.00	5,258,485.13

(4) Accounts receivable with top five ending balance classified by debtors

Name of entities	Ending balance	Aging	Percent in all ending balance of accounts receivable(%)	Ending balance of bad debt reserves
Qingdao Haier Refrigeration Electric Appliance Co., Ltd	84,212,500.00	Within 1 year	68.19	1,355,821.25
Qingdao Haier HVAC Equipment Co., Ltd	13,736,000.00	Within 1 year	11.12	221,149.60
Chongqing Haier Air Conditioner Co., Ltd	4,700,000.00	Within 2 year	3.81	841,770.00
Chongqing Haier Water Heater Co., Ltd	4,501,040.00	Within 2 year	3.64	787,391.26
Qingdao Mannico Intelligent Technology Co., Ltd	4,339,680.00	Within 2 year	3.51	620,756.69
Total	111,489,220.00	—	90.27	3,826,888.80

2. Other receivables

Item	Ending balance	Beginning balance
Interest receivable	38,427,055.08	44,627,055.08
Dividends receivable		
Other receivables	369,396,628.06	366,640,869.84
Total	407,823,683.14	411,267,924.92

2.1 Interest receivable

(1) Classification of interest receivable

Item	Ending balance	Beginning balance
Interest of loans among related companies	38,427,055.08	44,627,055.08

(2) Provision of bad debt reserves for interest receivable

Interest receivable in the current period is interest on loans among related parties within the scope of consolidation, no credit impairment has occurred, and no provision has been made for bad debts.

SECTION 10 FINANCIAL REPORT

VII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.2 Other receivables

(1) Other receivables classified by nature of funds

Nature of funds	Ending book balance	Beginning book balance
Loans from related parties	365,000,000.00	365,000,000.00
Security deposit	107,513.88	507,513.88
Pre-paid fee	138,157.08	139,946.04
Current money between related parties	4,157,547.18	1,000,000.00
Total	369,403,218.14	366,647,459.92

(2) Other receivables presented by aging

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	2,212,777.18	26,457,018.96
1-2 years	25,107,513.88	190,440.96
2-3 years	2,082,927.08	0.00
Over 3 years	340,000,000.00	340,000,000.00
In which: 3-4 years	-	-
4-5 years	-	-
More than 5 years	340,000,000.00	340,000,000.00
Total	369,403,218.14	366,647,459.92

(3) Other receivables classified and presented by provision methods for bad debt

Category	Ending balance				
	Book balance		Bad debt reserves		Book value
	Amount	Percent (%)	Amount	Provision percent (%)	
Provision for bad debt by portfolio	369,403,218.14	100.00	6,590.08	0.00	369,396,628.06
Among them: aging portfolio	107,513.88	0.03	6,590.08	6.13	100,923.80
Related parties portfolio within consolidation scope	369,295,704.26	99.97	-	-	369,295,704.26
Total	369,403,218.14	100.00	6,590.08	0.00	369,396,628.06

(continued table)

Category	Beginning balance				
	Book balance		Bad debt reserves		Book value
	Amount	Percent (%)	Amount	Provision percent (%)	
Provision for bad debt by portfolio	366,647,459.92	100.00	6,590.08	0.00	366,640,869.84
Among them: aging portfolio	509,347.84	0.14	6,590.08	1.29	502,757.76
Related parties portfolio within consolidation scope	366,138,112.08	99.86	0.00	0.00	366,138,112.08
Total	366,647,459.92	100.00	6,590.08	0.01	366,640,869.84

SECTION 10 FINANCIAL REPORT

VII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(3) Other receivables are classified and shown according to the method for calculating bad debt reserves (Continued)

Provision for bad debt of other receivables by portfolio

1) Aging portfolio

Aging	Ending balance		Provision percent (%)
	Book balance	Bad debt reserves	
Within 1 year			
1 -2 years	107,513.88	6,590.08	6.13
Total	107,513.88	6,590.08	6.13

2) Related parties portfolio

Aging	Ending balance		Provision percent (%)
	Book balance	Bad debt reserves	
Within 1 year	2,212,777.18		
1 -2 years	24,892,486.12		
2- 3 years	2,190,440.96		
More than 5 years	340,000,000.00		
Total	369,295,704.26		

(4) Provision for bad debt reserves by the expected credit loss model for other receivables

Bad debt reserves	Stage one	Stage two	Stage three	Total
	Expected credit losses for the next 12 months	Expected credit losses for all existing period (no credit impairments occur)	Expected credit losses for all existing period (credit impairments have occurred)	
Balance on January 1, 2024	0.00	6,590.08	0.00	6,590.08
Book balance of other receivables in current period on January 1, 2024	-	-	-	-
- Transferring into stage two	0.00	0.00	0.00	0.00
- Transferring into stage three	0.00	0.00	0.00	0.00
- Reversal to stage two	0.00	0.00	0.00	0.00
- Reversal to stage one	0.00	0.00	0.00	0.00
Provision in current period	0.00	0.00	0.00	0.00
Reversal in current period	0.00	0.00	0.00	0.00
Written off in current period	0.00	0.00	0.00	0.00
Offsetting in current period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance on June 30, 2024	0.00	6,590.08	0.00	6,590.08

(5) Provision, recovery or reversal of bad debts for other receivables in current period

Category	Beginning balance	Changes in current period			Ending balance	
		Provision	Recovery or reversal	Written-off or offsetting		
Bad debt reserves for other receivables	6,590.08			0.00	0.00	6,590.08

SECTION 10 FINANCIAL REPORT

VII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(6) There are no other receivables actually written-off in current period.

(7) Other receivables classified by debtors

Name of entities	Nature of funds	Ending book balance	Aging	Percent in total ending book balance of other receivables(%)	Ending balance of bad debt reserves
Beijing Tianhai Industry Co., Ltd.	Lending and borrowing, etc	369,157,547.18	Within 1 year More than 5 years	99.93	0.00
Qingdao BYTQ United Digital Intelligence Co., Ltd.	Pre-paid fee	138,157.08	Within 3 years	0.04	0.00
Beijing Beiren Printing Machinery Co., Ltd.	Security deposit	107,513.88	1-2 years	0.03	6,590.08
Total		369,403,218.14		100.00	6,590.08

(8) No amounts included in other receivables in current period due to centralized management of funds.

(9) No employee loans receivable at the end of the period.

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Ending balance			Beginning balance		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Investment in subsidiaries	1,400,273,940.36	0.00	1,400,273,940.36	1,400,273,940.36	0.00	1,400,273,940.36
Investment in associates or joint ventures	0.00	0.00	0.00	0.00	0.00	0.00
Total	1,400,273,940.36	0.00	1,400,273,940.36	1,400,273,940.36	0.00	1,400,273,940.36

(2) Investment in subsidiaries

Invested entities	Beginning balance (Book balance)	Beginning balance of impairment reserves	Increase and decrease in current period				Other	Ending balance (Book balance)	Ending balance of impairment reserves
			Added investments	Reduced investments	Provision for impairment reserves				
Beijing Tianhai Industrial Co., Ltd.	907,846,112.26	0.00	0.00	0.00	0.00	0.00	907,846,112.26	0.00	
Jingcheng Holding(Hong Kong) Co., Ltd.	142,044,028.10	0.00	0.00	0.00	0.00	0.00	142,044,028.10	0.00	
Qingdao BYTQ United Digital Intelligence Co., Ltd.	338,681,900.00	0.00	0.00	0.00	0.00	0.00	338,681,900.00	0.00	
Beijing Tianhai Cryogenic Equipment Co., Ltd.	1,890,700.00	0.00	0.00	0.00	0.00	0.00	1,890,700.00	0.00	
Kuancheng Tianhai Pressure Container Co., Ltd.	766,500.00	0.00	0.00	0.00	0.00	0.00	766,500.00	0.00	
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	1,481,900.00	0.00	0.00	0.00	0.00	0.00	1,481,900.00	0.00	
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	3,781,400.00	0.00	0.00	0.00	0.00	0.00	3,781,400.00	0.00	
Shanghai Tianhai Composite Cylinders Co., Ltd.	1,073,100.00	0.00	0.00	0.00	0.00	0.00	1,073,100.00	0.00	
Tianjin Tianhai High Pressure Container Co., Ltd.	2,350,600.00	0.00	0.00	0.00	0.00	0.00	2,350,600.00	0.00	
BTC America Corporation	357,700.00	0.00	0.00	0.00	0.00	0.00	357,700.00	0.00	
Total	1,400,273,940.36	0.00	0.00	0.00	0.00	0.00	1,400,273,940.36	0.00	

SECTION 10 FINANCIAL REPORT

VII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Operating revenue and operating costs

Item	Amount occurs in current period		Amount occurs in previous period	
	Revenue	Costs	Revenue	Costs
Main business				
Other business	2,368,722.61		454,601.78	
Total	2,368,722.61		454,601.78	

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

1. Non-recurring loss or profit statements in current period

Item	Amount in current period	Notes
Loss or profit from disposal of non-current assets		V. 47 · 50
Government subsidies recorded in current loss or profit	716,681.72	V. 46
Reversal of impairment reserves whose impairment tests are separately conducted	2,371,688.47	V. 48
Other non-operating revenue and expenditure other than those aforementioned	-283,093.06	V. 51 · 52
Loss or profit from debt restructuring	9,951,066.89	V. 47
Other loss or profit items that meet definition of non-recurring loss or profit	60,659.56	
Subtotal	12,817,003.58	
Less: Influenced amount of income tax	215,243.86	
Influenced amount of minority shareholders' equity (after tax)	2,746,644.22	
Total	9,855,115.50	-

2. Profit margin on net assets, and income per share

Pursuant to provisions of China Securities Regulatory Commission's "Rules No. 9 on Information Disclosure and Reporting of Companies Issuing Securities Publicly – Calculation and Disclosure of Profit Margin on Net Assets and Income Per Share (Revised in 2010)", the weighted average profit margin on net assets, primary earnings per share and diluted earnings per share of the Group are as follows:

Profit in the reporting period	Weighted average profit margin on net assets(%)	Income per share (yuan/share)	
		Primary earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the parent company	-0.3170	-0.0062	-0.0062
Net profit attributable to common shareholders of the parent company after deducting non-recurring loss or profit	-1.2425	-0.0242	-0.0242

3. Dividend

No dividend was paid or declared during the first half of 2024. No dividend was declared after the end of the reporting period (first half of 2023: none).

Beijing Jingcheng Machinery Electric Co., Ltd

August 27, 2024