京城機電股份
JINGCHENG MAC

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)

2026

INTERIM REPORT

IMPORTANT NOTES

I. **The Board, the Directors and senior management of the Company guarantee that the content of this interim report is true, accurate, and complete without any false information, misleading statements or material omissions, and severally and jointly accept legal responsibility for the above.**

II. **All Directors of the Company have attended the meetings of the Board.**

III. **This interim report has not been audited.**

IV. **Mr. Li Zhongbo, the person in charge of the Company, Ms. Feng Yongmei, the person in charge of accounting work and Mr. Yang Yue, the person in charge of the accounting firm (accountant in charge), have declared that they guarantee the authenticity, accuracy and completeness of the financial statements contained in this interim report.**

V. **Resolutions of profit distribution or capitalisation of capital reserves of the Company for the Reporting Period passed by the Board**

Nil

VI. **Declaration on risk from forward-looking statements**

√ Applicable ☐ Not applicable

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

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

No

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

No

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

No

IMPORTANT NOTES

X. Important risk warnings

For details of the principal potential risks and uncertainties that the Company may be facing, please refer to the relevant parts of sub-section V "Other Disclosures" under Section 3 "Management Discussion and Analysis" of this interim report.

XI. Others

☐ Applicable √ Not applicable

CONTENTS

Documents Available for Inspection

1. Original copy of the 2026 interim report, which has been signed by the chairman.
2. The financial statements signed and chopped by the legal representative and the person in charge of accounting work of the Company as well as the person in charge of the accounting firm.
3. The original copies of all documents and announcements of the Company publicly disclosed during the Reporting Period in Shanghai Securities News and the websites of the Shanghai Stock Exchange and HKEXnews website of The Stock Exchange of Hong Kong Limited.
4. The Articles of Association of the Company.
5. The above documents are available for inspection at the office of the Board of Directors of the Company, situated at No.2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, the People's Republic of China.

SECTION 1 DEFINITION

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

	Definition of frequently used terms
Acquisition	the prior investment of Jingcheng Industrial Investment in Shanghai Sunwise and its obtaining the control of Shanghai Sunwise
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)
Beiren Holdings	Beiren Printing Machinery Holdings Limited (the former name of the Company)
Board	the board of directors of the Company
BYTQ	Qingdao BYTQ United Digital Intelligence Co., Ltd., a subsidiary of the Company
CNG	abbreviation of Compressed Natural Gas
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
connected transaction	has the same meaning ascribed to it under the Stock Exchange Listing Rules
construction project of intelligent digital control production line for Type IV Cylinders	the construction project of intelligent digital control production line for plastic tank full-winding compound gas cylinder (塑料內膽纖維全纏繞複合氣瓶)
controlling shareholder(s)	has the same meaning ascribed to it under the Listing Rules
Director(s)	the director(s) of the Company
filling station	the station where automobiles are filled with LNG or CNG
Group	the Company and its subsidiaries
HK$	Hong Kong dollars, the lawful currency of Hong Kong
Jingcheng Assets	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
Jingcheng Haitong	Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.*（北京京城海通科技文化發展有限公司）
Jingcheng Industrial Investment	Beijing Jingcheng Machinery Electric Industrial Investment Co., Ltd.*（北京京城機電產業投資有限公司）
Jingcheng Machinery Electric or Jingcheng Holding (controlling shareholder and beneficial controller)	Beijing Jingcheng Machinery Electric Holding Co., Ltd. (北京京城機電控股有限責任公司), a company established in the PRC and the controlling shareholder of the Company, holding approximately 44.88% equity interest in the Company
Listing Rules	the Rules Governing the Listing on the SSE and the Rules Governing the Listing of Securities on the Stock Exchange
LNG	abbreviation of Liquefied Natural Gas
Qingdao Eternal	Qingdao Eternal Economic Information Consulting Co., Ltd.*（青島艾特諾經濟信息諮詢有限公司）

related party transaction	has the same meaning ascribed to it under the SSE Listing Rules
Reorganisation	the issue of shares and payment of cash to specific targets in consideration of acquiring certain equity interests in BYTQ, and fund raising
Reporting Period	the period from 1 January 2026 to 30 June 2026
RMB	Renminbi, the lawful currency of the PRC
Shanghai Sunwise	Shanghai Sunwise New Energy Systems Co., Ltd.*（上海舜華新能源系統有限公司）
Share(s) of the Company	unless otherwise stated, share(s) of the Company, including A share(s) and H share(s)
Shareholder(s)	the holder(s) of Shares of the Company
SSE	the Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
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
Type IV Cylinders	plastic tank full-winding compound gas cylinder (塑料內膽纖維全纏繞複合氣瓶), mainly used for vehicle fuel storage, for filling natural gas or hydrogen
USD	United States dollars, the lawful currency of the United States of America

* *For identification purposes only*

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

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 Zhongbo

II. CONTACT PERSONS AND CONTACT METHODS

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

III. CHANGES OF BASIC INFORMATION

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

IV. CHANGE OF INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

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

V. INFORMATION OF THE COMPANY'S SHARES

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

VI. OTHER RELATED INFORMATION

√ Applicable ☐ Not Applicable

The accounting firm engaged by the Company (domestic)	Name	WUYIGE Certified Public Accountants LLP
	Office address	Room 2206, 22/F, 1 Zhichun Road, Haidian District, Beijing
	Names of signing accountants	Han Xueyan, Xu Xuefeng
The domestic legal adviser engaged by the Company	Name	Beijing Kangda Law Firm
	Office address	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	Woo Kwan Lee & Lo
	Office address	26/F, Jardine House, 1 Connaught Place, Central, Hong Kong
Sponsor performing continuous supervision duties during the Reporting Period	Name	CSC Financial Co., Ltd.
	Office address	Tower B & E, Metro World Centre, Dongcheng District, Beijing
	Names of signing sponsor representatives	He Liyao, Lu Xingyu
	Period of continuous supervision	Until the fund raised is used up
Financial adviser performing continuous supervision duties during the Reporting Period	Name	CSC Financial Co., Ltd. (中信建投證券股份有限公司)
	Office address	Tower B & E, Metro World Centre, Dongcheng District, Beijing
	Names of signing organizer of financial advisor	He Chengda, Zhou Jing
	Period of continuous supervision	From the date of completion of the asset restructuring to 2026
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)**	For the same period last year	Increase/Decrease comparing the Reporting Period with the same period last year (%)
Operating income	**652,122,001.04**	680,343,762.00	-4.15
Total profit (loss to be listed with "-")	**-76,640,992.42**	-4,795,551.54	–
Net profit attributable to shareholders of the listed company (net loss to be listed with "-")	**-62,633,850.04**	-15,755,703.57	–
Net profit attributable to shareholders of the listed company after extraordinary items (net loss to be listed with "-")	**-67,644,182.66**	-22,602,812.49	–
Net cash flow from operating activities	**-88,643,985.31**	-89,952,567.51	–

	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	**793,880,958.90**	857,444,904.59	-7.41
Total assets	**2,950,188,212.88**	3,133,490,813.13	-5.85

(II) Key financial indicators

Unit: Yuan Currency: RMB

Key financial indicators	For the Reporting Period (January – June)	For the same period last year	Increase/Decrease comparing the Reporting Period with the same period last year (%)
Basic earnings per share (RMB/share)	**-0.10**	-0.03	–
Diluted earnings per share (RMB/share)	**-0.10**	-0.03	–
Basic earnings per share after extraordinary items (RMB/share)	**-0.11**	-0.04	–
Return on net assets on weighted average basis (%)	**-7.58**	-1.46	Decreased by 6.12 percentage points
Return on net assets on weighted average basis after extraordinary items (%)	**-8.19**	-2.10	Decreased by 6.09 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	-20,012.02	
Government subsidies included in current profit or loss, other than on-going government subsidies which are closely related to the Company's normal operation, meet the requirements of government policies and are subject to certain limits or conditions	3,049,627.78	
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	471,065.59	
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	411,740.71	
One-time costs incurred by the enterprise due to the fact that the relevant business activities have been discontinued, such as expenses for relocating employees		
One-time effect of adjustment according to the requirements of tax and accounting laws and regulations on current profit or loss		
One-time share-based payment expense recognized for cancellation and modification of share incentive schemes		
For cash settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the date of exercise of options		
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement		
Gain or loss incurred by transactions with obviously unfair transaction price		
Gain or loss on other contingencies which are not related to the Company's normal operations		
Entrusted fee income from entrusted operations		
Other non-operating income and expenses apart from the aforesaid items	3,039,279.70	
Other gain or loss items falling within the definition of extraordinary items		
Less: Effect of income tax	4,499.95	
Effect of minority interest (after tax)	1,936,869.19	
Total	5,010,332.62	

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

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

XI. OTHERS

☐ Applicable √ Not Applicable

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

(I) Scope of business

Licensed items of operation: general logistics; professional contracting.

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

(II) Main products and applications

(1) Gas Storage and Transportation Segment:

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

(2) Intelligent Manufacturing Segment:

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

(III) Business model

(1) Gas Storage and Transportation Segment:

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

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

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

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

(2) Intelligent Manufacturing Segment:

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

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

(1) Gas Storage and Transportation Segment:

Conventional cylinders industry:

The macroeconomy was showing a steady uptrend. However, given that the recovery in the investment in real estate and conventional infrastructure was relatively slow, and the conventional manufacturing sector underwent adjustments to existing customers, coupled with the continued release of additional capacity of air separation and intense competition in the low-end bulk gas market due to product homogeneity, the recovery in gas demand for basic industries remained limited. Industry demands were significantly divergent: on one hand, the conventional steel cylinders market was under pressure, the photovoltaic power, semiconductor, and new energy sectors drove positive demands for high-purity bulk gases and special gas cylinders; on the other hand, AI and semiconductors fueled rapid growth in special gases for electronics, whereas contracting investment in real estate and subway projects suppressed demands for firefighting gases. In general, the industry faced overcapacity, and homogenous market competition was prominent.

Compound gas cylinders industry:

The hydrogen energy industry currently underwent short-term cost adjustments and was at a critical juncture of policy-driven transformation in the medium to long term: production and sales of fuel cell vehicles declined significantly in the first half of the year, with large-scale promotion facing pressure and market confidence remaining weak. National-level hydrogen energy pilot policies were issued, which will promote multi-scenario applications through metropolitan area pilots combined with central government incentives in lieu of subsidies". Local governments already took the initiative to deploy hydrogen refueling networks, promote hydrogen-powered long-haul vehicles, and construct cross-regional hydrogen corridors, thereby expanding into heavy-duty logistics, green hydrogen chemicals, and hydrogen metallurgy. In the short term, its prospect was still constrained by cost and infrastructure bottlenecks, resulting in slow realisation of revenue. Once pilot projects have been implemented and funding has been secured, accelerated demonstration efforts will drive the cost reduction across the entire industry chain, leading to a structural reshaping of the industry landscape.

Cryogenic Industry:

Against the backdrop of rising global trade barriers and an uneven domestic economic recovery, the cryogenic storage and transportation equipment industry faced both opportunities and risks, with structural market divergence becoming increasingly pronounced. Natural gas demands continued to expand, and the penetration rate of LNG heavy-duty trucks steadily increased. Coupled with support from policies and the urban distribution market, LNG light-duty trucks experienced rapid growth. However, in the traditional manufacturing and chemical sectors, influenced by the macroeconomic environment and corporate efforts to reduce costs and improve efficiency, there were insufficient interest in expanding production, leading to a decline in additional procurement volumes. In general, pricing of upstream stainless steel has been strengthened, and the downstream market experienced structural divergence, with industrial cryogenic cylinder production facing overcapacity and intensifying competition from price slashes.

(2) Intelligent Manufacturing Segment:

Automation equipment industry:

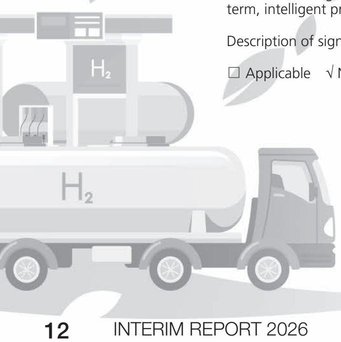
In the first half of 2026, product iteration in the manufacturing sector accelerated. Traditional rigid production lines were gradually phased out, while modular, non-standard production lines capable of rapid changeovers became mainstream in the industry. At the same time, AI machine vision and industrial large models were extensively embedded into equipment. Foreign brands continued to experience a decline in their market share in China, while domestically produced equipment, leveraging its cost-performance advantage, dominated the small and medium-sized factory market. Meanwhile, leading customers expanded overseas to capture market share in overseas markets. In the first half of the year, humanoid robots were deployed at scale in home appliance and automotive assembly scenarios, creating substantial new demand for specialized automation equipment for joints, servos, and assembly inspection, which emerged as the industry's second growth curve.

Home appliances industry:

In the first half of 2026, the home appliance manufacturing industry underwent an upgrade boosted by policies. Industry headed toward standardization, and global branding and technical integration and innovation accelerated. Against the backdrop of smart, green, and scenario-driven trends in the home appliance industry, the productive equipment automation process was extending from "manufacturing automation" to "product intelligence" and "scenario autonomy". In the short term, the intelligent reconstruction at production end served as the foundation for improving competitiveness. In the long term, intelligent products represented by robots will play a decisive role in the future.

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

☐ Applicable √ Not Applicable



II. MANAGEMENT DISCUSSION AND ANALYSIS

The year 2026 marks the beginning of the 15th Five-Year Plan. In the first half of the year, the Company consistently adhered to its corporate development strategies, actively responded to the complex and ever-changing external environment, as well as various pressures and challenges, adopted a range of measures for quality enhancement and efficiency improvement, deepened reforms to overcome difficulties, and strengthened its core functions while enhancing its core competitiveness. The Company remained firmly focused on its annual objectives, namely expanding markets, prioritizing R&D, strengthening management, increasing effectiveness, and controlling risks, with all key initiatives progressing in an orderly manner.

1. Steady progress in market expansion, with continued optimization of the domestic and overseas sales structure

(1) Gas storage and transportation segment:

In the conventional cylinder industry, leveraging advantages such as safety and reliability, the Company has continuously increased its market share through cooperation with major customers, resulting in enhanced overall market recognition. The compound gas cylinders and system integration industry has focused on competitive products and intensified efforts to break into new markets. By implementing targeted promotional strategies, the Company has effectively captured incremental market demand, strengthened long-term partnerships with end customers, and made positive progress in expanding the diverse application scenarios for its products. The cryogenic industry has resolutely advanced reforms. Through innovative sales methods, products were allowed to penetrate end-user markets, thereby establishing a closed-loop service system. Brand recognition has been significantly improved, with sales volume and revenue from core products achieving rapid growth, and the business transformation began to yield results. In the international market, through in-depth market research and customer acquisition efforts, relevant products were precisely integrated into the supply chain systems of the market, thereby successfully disrupting the competitive landscape in certain regions that had long been dominated by other suppliers. Meanwhile, the Company improved product delivery efficiency, continuously kept abreast of customer needs, actively adhered to customer demand and philosophies, and enhanced aftersales customer satisfaction, in order to lay the foundation for further consolidation of overseas market share.

(2) Intelligent manufacturing segment:

In the first half of the year, the intelligent manufacturing business adhered to the principle of seeking progress while maintaining stability and taking proactive measures. Amid the complex and volatile external environment, the Company demonstrated resilience in its development, consolidated its existing partnerships in the traditional home appliance sector, actively expanded strategic collaborations in other production equipment sectors, deepened long-term partnerships with key customers, and broadened the scope for its business development. By strengthening the full-cycle project evaluation and refined cost control, and scientifically assessing order quality and profit margins, the Company effectively responded to fluctuations in the external environment, thus resulting in a steady enhancement of its core operational capabilities.

2. Achieving multiple breakthroughs in technological innovation and accelerating the pace of technology commercialization

(1) Gas storage and transportation segment:

Closely aligned with market demands and customers' pain points, and unwaveringly guided by market needs, the Company made positive progress in new product development, process optimization, and the expansion of application scenarios. The product portfolio across multiple fields was continuously enriched, with core technological capabilities being further strengthened, and the Company's technical influence within the industry was consistently consolidated. Centered on the strategic layout of core business segments, the Company systematically completed products and technology planning in alignment with the "15th Five-Year Plan", thereby providing clear guidance for subsequent R&D efforts. The Company deepened the mechanism of "industry-academia-research-application" for synergistic innovation, resulting in a closer integration between forward-looking technology reserves and industrial applications, while continuously improving the effectiveness of converting technological innovations into value. The Company's digital transformation has advanced in an orderly manner, and the development of digital teams has been further strengthened.

(2) Intelligent manufacturing segment:

BYTQ, a subsidiary of the Company, maintained a high level of R&D investment, thereby providing solid foundation for technological breakthroughs and industrial upgrades. The Company systematically advanced technical research and development for key production processes, thus developing efficient, precise, and intelligent integrated solutions, as well as significantly enhancing production line synergy. For large-scale product manufacturing scenarios, the Company achieved substantial process innovations, thereby significantly reducing the need for manual intervention and further consolidating its competitive advantages. By deepening the integrated innovation of vision technology, robotics applications, and information platforms, the Company has achieved substantial breakthroughs in key process stages, while effectively improving production line efficiency and product consistency, and steadily enhancing business profitability.

3. **Continuous deepening of operational management and steady implementation of key projects**

The procurement, technology, and manufacturing departments were coordinated to continuously advance cost-reduction measures through competitive negotiations, expansion of the high-quality supplier network, optimization of design and processes, and equipment modification, ensuring these initiatives yield tangible results. The Company has initially established a digital procurement platform, resulting in continued improvement in supply chain management efficiency. The management of "two types of funds" (accounts receivable and inventory) has been deepened through the establishment of dynamic early alert and tiered control mechanisms, resulting in a steady improvement in asset turnover efficiency. The quality management system operated smoothly, key certification requirements have been met in an orderly manner, special quality improvement initiatives were vigorously advanced, and long-term quality management mechanisms have been continuously refined. The reform of the remuneration and performance appraisals has been deeply advanced, effectively stimulating the vitality for innovation and entrepreneurship.

4. **Risk control and compliant operations remaining stable, with firm defenses being established and maintained**

The Company has consistently adhered to a bottom-line mindset, performed risk prevention and compliance management throughout the entire operation process, and systematically advanced risk control in key fields. The Company has coordinated the classification and resolution of existing matters alongside compliant governance, while adopting case-specific measures and targeted efforts to effectively safeguard the Company's legitimate rights and interests, as well as continuously strengthening the foundation for compliant operations. The Company has continuously refined its institutional framework and internal control systems, systematically enhanced the standardization of business processes, and strengthened closed-loop management of internal control evaluations and audit oversight, in order to steadily enhance its corporate governance capabilities in compliance with laws and regulations. The Company strictly upheld the bottom line for production safety, reinforced safety responsibilities at every level for all employees, and vigorously advanced safety improvement initiatives. Investment in safety protection measures and the intensity of emergency drills continued to increase, leading to a steady improvement in safety standards.

5. **Enhancing financial management to lay a solid foundation for high-quality development**

The Company optimized its financing structure, reduced interest expenses and financing costs, and continued to improve its financial leverage structure. Based on its actual production and operational needs, the Company completed the corresponding transformation of its financial management system and effectively controlled tax and compliance risks. The Company established a mechanism for monthly analysis of costs and expenses, continuously optimized the corresponding analysis templates, and closely tracked and compared changes in key financial data and indicators to support production and operational decision-making with financial data. By strengthening financial audits, the Company strengthened the organizational safeguards and oversight effectiveness of the finance department.

In the first half of 2026, the Company's business performance remained generally stable, with all key tasks carried out in an orderly manner. In the second half of the year, the Company will conduct in-depth analysis of market conditions and industry trends, closely align with customer needs, leverage its advantages in technological innovation, accelerate the R&D of high-quality products and the commercialization of research outcomes, continuously optimize its product mix and business layout, and comprehensively enhance its market competitiveness and brand influence. Meanwhile, it will continue to refine internal management mechanisms, strengthen the compliant governance system, and energize its talent pool, thereby leveraging lean management to empower the sustainable development of its business. With a strong sense of responsibility and urgency, the Company will take the initiative, actively address various risks and challenges, and strive to achieve new results and reach new heights in its high-quality development.

1. **Market expansion: consolidating existing customers and exploring additional customers**

(1) **Gas storage and transportation segment:**

The Company will further increase its market share in the conventional cylinder industry. By focusing on competitive products, it shall retain existing customers while actively acquiring additional customers. The Company will keep pace with demand of projects to ensure efficient utilization of production capacity. The Company will closely monitor industry policies and changes in the market environment for the compound gas cylinder and system integration sectors, proactively align with customer needs in key regions and diverse application scenarios to drive the implementation of projects and enhance the auxiliary value of products. The Company will deepen its collaborative partnerships in the cryogenic industry, strengthen customer relationships, and increase its market share. In the international market, the Company will remain steadfast in its commitment to development. The Company will accelerate its allocation of production capacity and optimization of product solutions, actively support customers in adapting to product upgrades, and optimize its comprehensive service capabilities, in order to expand growth opportunities in the market. By focusing on customer needs, the Company will advance product certification and delivery, consolidate strategic partnerships with customers, and simultaneously accelerate the promotion of products to open up new growth opportunities. The Company will continuously optimize overseas customer service level, deepen its partnerships, and expand the scale of end-user market.

(2) **Intelligent manufacturing segment:**

The Company will continuously consolidate its core order base, steadily advance the implementation of key projects and ensure high-quality acceptance and delivery, thereby guaranteeing the steady achievement of operational targets. The Company will accelerate its expansion into the non-standard automated equipment sector in related industries, broaden business channels, intensify efforts to master key technologies, and cultivate multiple profit growth drivers. The Company will promote synergy across all business lines to continuously enhance overall competitiveness and market share. The Company will also actively develop new customer resources and deepen business collaboration mechanisms, in order to establish a sustainable order backlog and growth prospects.

2. Innovation-driven development: accelerating R&D breakthroughs and improving transformation efficiency

(1) Gas storage and transportation segment:

The Company will resolutely implement the innovation-driven development strategy by focusing on the deployment of forward-looking technologies and the iteration of core products, while systematically advancing key technological breakthroughs and the commercialization of R&D outcomes. The Company will concentrate efforts on developing original technologies and ensure that R&D investments are prudent and efficient. The Company will meticulously plan science and innovation projects, deepen industry-academia-research collaboration with universities and research institutes, and strengthen the foundation for sustainable innovation. Centering on key priorities, the Company will accelerate the transformation of R&D achievements into tangible productivity, and ensure that technological innovations achievements can rapidly respond to market demands, in order to enrich and optimize its product portfolio. The Company will improve the management mechanism for intellectual property rights and build an innovation ecosystem characterized by openness, synergy, and efficient commercialization. The Company will accelerate the pace of digital transformation driven by data governance and the standardization of master data, in order to comprehensively advance the deep integration of digital technologies with production and operations.

(2) Intelligent manufacturing segment:

Leveraging its in-house R&D capabilities, the Company will continuously consolidate its competitive edge in product structure, intensify efforts to tackle core technological challenges and implement lean supply chain management to effectively reduce overall product costs. Focusing on core products across multiple categories, the Company will achieve continuous breakthroughs in key technologies, advance the iteration and upgrades of production lines, and steadily enhance its overall profitability. The Company will deeply optimize the product structure, extend the service life of core components, and improve equipment operational stability and customer satisfaction. The Company will expand the application of core products into a broader range of industries, and earn market trust through exceptional quality.

3. Operational quality improvement: adhering to lean management to reduce costs and increase revenue

Centered on cost reduction and efficiency improvement alongside lean management, the Company will systematically deepen internal operational controls. By anchoring its efforts to annual cost-reduction targets and implementing precise measures across the entire value chain featuring R&D, production, supply, and sales, the Company will develop its differentiated cost advantage and lay a solid foundation for long-term cost reduction. The Company will deepen the special governance of "two types of funds" (accounts receivable and inventory), implement dynamic oversight and a "one account, one strategy" management mechanism to improve capital utilization efficiency. The Company will strengthen the strict enforcement and dynamic management of the comprehensive budget, strictly control non-productive expenditures, and drive resources towards high-return areas. The Company will strengthen the foundation of quality management by conducting tiered and categorized quality training for all employees, strengthening system audits and on-site verification, thereby establishing a closed-loop management system for continuous improvement in quality and efficiency to effectively enhance product quality and safety standards as well as customer satisfaction.

4. Risk and compliance: moving the defense line forward to safeguard stable operations

The Company will strengthen financial oversight and capital management, coordinate financing management, optimize its financing structure, and effectively prevent and mitigate financial risks. The Company will deepen the development of internal controls and compliance systems, thoroughly conduct internal control evaluations and audit oversight, and ensure that all corrective actions are completed on schedule. The Company will strictly adhere to the red lines requiring production safety, reinforce safety responsibilities at every level for all employees, and regularly conduct hazard identification and rectification. The Company will deepen source-level control, increase the frequency of safety inspections, resolutely prevent all types of safety incidents, and build a solid defense for its stable operations.

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

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

√ Applicable ☐ Not Applicable

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

After years of development, the Company has deeply consolidated its management quality and efficiency and innovation effectiveness amid continuous internal industry transformation, while closely aligning with customer needs and market orientation in the face of intense external market competition. Forging ahead with determination and courage, it has gradually formed the following competitive advantages in terms of scale and brand, technology, sales network and human resources:

1. Scale and Brand Advantages

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

2. Technology Advantages

After continuous technological research and development as well as innovation, the Company and its subsidiaries currently possess the design qualifications for Class B1 seamless cylinders, Class B3 fiber-wound cylinders, and Class B4 cryogenic insulated cylinders, as well as the manufacturing qualifications for Class A2 high-pressure vessels, Class B1 seamless cylinders, Class B3 fiber-wound cylinders, and Class B4 cryogenic insulated cylinders. It can currently produce over 800 types and specifications of seamless steel cylinders, wound cylinders, welded insulated cylinders, aluminum liner carbon fiber full-wound composite cylinders, plastic liner carbon fiber full-wound composite cylinders, vehicle-mounted gas supply systems, and filling stations, among others. The Company's products are widely applied in industries such as automobiles, chemicals, firefighting, medical care, petroleum, energy, urban construction, food, metallurgy, machinery, and electronics.

Meanwhile, with an accurate grasp of the clean energy and green energy markets, the Company is able to provide customers with LNG/CNG/GH2/LH2 system solutions, through integrating different aspects of gas storage and transportation equipment technologies in respect of LNG/CNG cylinders for vehicles, GH2/LH2 cylinders for vehicles, vehicle-mounted gas supply systems, and filling stations.

3. Sales Network Advantages

The Company has established a complete sales network. It has achieved full geographical coverage across the country, providing components to major automobile manufacturers in the domestic automotive industry. It has also set up several overseas sales offices mainly located in the United States, Singapore, South Korea, India, Australia and other countries. Relevant products have been accepted by a number of mainstream global gas companies. To build a bridge between the basic unit and the market, and to increase the vitality of the strategy execution unit and results of operation, the Company carried out transformation and upgrade of the internal management and control so that each of its subsidiaries could establish a business model of unifying research, production, supply and sales, so as to fully unleash the vitality of the organisation, respond flexibly and quickly responses to the changes in the market and effectively enhance the results of operation.

Leveraging advanced technology, outstanding management, reliable product quality and optimized aftersales service system, the Company is progressing towards becoming a globally leading manufacturing and service enterprise of energy gas storage devices.

4. Human Resources Advantages

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

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

The Company closely monitors industry trends and policies, continuously tracks the movements of competitors, and closely aligns with market demands. It continues to deepen its presence in the home appliances industry. Leveraging its highly competitive and innovative product lines, it provides customers with the construction and upgrading of production line automation and informatisation, as well as overall solutions for smart factories. Its main products continue to expand in both depth and breadth within the home appliances industry, equipping the Company with the following advantages:

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, it connects the equipment layer with the control, operation and decision-making layers, and has the ability to provide industrial automation, digitalisation, networking and intelligent products and services to customers.

2. Sales Advantages

The Company has established a strong sales team. It focuses on core customers, deeply understands customer needs, fully unleashes the vitality of the team, and is able to quickly adjust its marketing model in response to market changes. With advanced technology, reliable quality and an excellent sales management team, the Company targets the home appliances business sub-market and steadily expands its market share.

3. Human Resources Advantages

The Company has set up an efficient and professional team of staff, established a performance appraisal and remuneration and welfare system to fully mobilize employees' innovation initiatives, and provided a platform for employees to grow with the Company. The Company cultivates excellent talents with high professional quality in core positions such as technology, production, sales, management and operation.

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

4. Strategic Co-development Advantages

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

IV. PRINCIPAL OPERATION DURING THE REPORTING PERIOD

(I) Analysis of principal business

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

Unit: Yuan Currency: RMB

Item	Current period	Corresponding period of last year	Changes (%)
Operating income	**652,122,001.04**	680,343,762.00	-4.15
Operating cost	**576,406,582.26**	548,694,876.01	5.05
Sales expense	**19,743,802.49**	20,038,057.94	-1.47
Management expense	**49,948,522.00**	54,164,729.47	-7.78
Financial expense	**12,836,549.73**	5,231,447.28	145.37
Research and development expenditure	**45,992,312.89**	42,208,662.39	8.96
Net cash flows from operating activities	**-88,643,985.31**	-89,952,567.51	–
Net cash flows from investing activities	**-20,854,869.08**	-43,121,459.56	–
Net cash flows from financing activities	**-134,855,334.13**	11,929,283.99	–

Reasons for the change in operating income: Operating income decreased by 4.15% as compared with the same period last year, mainly due to the following factors: first, in the gas storage and transportation segment, the export business was affected by international trade frictions, thus resulting in pressure on demand from overseas markets; second, in the intelligent manufacturing segment, the revenue recognised during the current period declined as compared with the same period last year due to the pace of project implementation cycle; third, in other segments, the revenue declined as compared with the same period last year due to rent reductions;

Reasons for the change in operating cost: Operating cost increased by 5.05% as compared with the same period last year, mainly due to the following factors: first, fixed costs such as depreciation of assets increased as compared with the same period last year; second, due to intensified competition in both domestic and international markets, the reduction in selling prices of products outpaced the decline in unit costs, which collectively drove up overall costs;

Reasons for the change in sales expense: Sales expense decreased by 1.47% as compared with the same period last year, mainly due to a decrease in staff salaries during the current period;

Reasons for the change in management expense: Management expense decreased by 7.78% as compared with the same period last year, mainly due to a decrease in cost on employment of intermediary organizations and share-based payment during the current period;

Reasons for the change in financial expense: Financial expense increased by 145.37% as compared with the same period last year, mainly due to an increase in foreign exchange losses during the current period;

Reasons for the change in research and development expenditure: Research and development expenditure increased by 8.96% as compared with the same period last year, mainly due to increased R&D investment during the current period;

Reasons for the change in net cash flows from operating activities: Increased by approximately RMB1.3086 million as compared with the same period last year, mainly due to an increase in cash received from the sales of goods and provision of services during the current period;

Reasons for the change in net cash flows from investing activities: Increased by approximately RMB22.2666 million as compared with the same period last year, mainly due to a decrease in cash paid for the purchase and construction of fixed assets, intangible assets, and other long-term assets and a decrease in cash paid to acquire investments during the current period as compared with the same period last year; and

Reasons for the change in net cash flows from financing activities: Decreased by approximately RMB146.7846 million as compared with the same period last year, mainly due to a decrease in cash received from borrowings during the current period.

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

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

(III) Analysis of assets and liabilities

√ Applicable ☐ Not Applicable

1. Assets and liabilities

Unit: Yuan Currency: RMB

Name of item	Balance at the end of the current period	Balance at the end of the current period over total assets (%)	Balance at the end of the corresponding period last year	Balance at the end of the corresponding period last year over total assets (%)	Change in amount at the end of the current period compared with the end of the corresponding period last year (%)	Description
Monetary funds	394,054,804.83	13.36	622,657,705.19	19.87	-36.71	Mainly due to a decrease in bank deposit of subsidiaries during the current period
Notes receivable	6,504,600.83	0.22	26,051,969.37	0.83	-75.03	Mainly due to a decrease in undue acceptance bills
Receivables financing	6,103,635.16	0.21	9,328,872.99	0.30	-34.57	Mainly due to a decrease in undue acceptance bills
Advances to suppliers	45,751,475.54	1.55	31,566,310.63	1.01	44.94	Mainly due to a decrease in advances from subsidiaries to suppliers during the current period
Construction in progress	36,932,009.19	1.25	14,754,194.27	0.47	150.32	Mainly due to an increase in construction in progress of subsidiaries during the current period
Other non-current assets	1,769,074.36	0.06	4,918,574.34	0.16	-64.03	Mainly due to a decrease in pre-payment for equipment of subsidiaries
Short-term loans	60,000,000.00	2.03	180,000,000.00	5.74	-66.67	Mainly due to a decrease in bank borrowings of subsidiaries during the current period
Employee benefits payable	23,859,090.88	0.81	35,607,575.26	1.14	-32.99	Mainly due to payment of remunerations payable for the previous year during the current period
Taxes payable	6,459,347.84	0.22	17,357,397.31	0.55	-62.79	Mainly due to payment of unpaid taxes at the end of the previous year during the current period
Non-current liabilities due within one year	30,603,340.00	1.04	20,158,264.58	0.64	51.82	Mainly due to an increase in long-term loans of subsidiaries due within one year during the current period
Other current liabilities	11,329,836.59	0.38	21,732,565.26	0.69	-47.87	Mainly due to a decrease in notes receivable of subsidiaries that did not meet the conditions of derecognition during the current period
Deferred income	16,063,222.72	0.54	12,196,070.50	0.39	31.71	Mainly due to an increase in government subsidy received by subsidiaries during the current period
Other comprehensive income	449,307.66	0.02	2,613,676.09	0.08	-82.81	Mainly due to a decrease in translation difference of foreign currency financial statements during the current period

Other descriptions

Nil

2. **Overseas Assets**

√ Applicable ☐ Not Applicable

(1) Size of assets

Including: overseas assets of 122,834,147.78 (Unit: Yuan, Currency: RMB), accounting for 4.16% of the total assets.

(2) Relevant details of a higher proportion 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

		End of the period		
Item	**Book balance**	**Book value**	**Type of restriction**	**Condition of restriction**
Fixed assets	68,549,406.62	45,723,328.79	Pledged property buildings	Security for borrowings and bank acceptance
Intangible assets	18,558,300.00	12,131,310.21	Mortgage of land use rights	Security for borrowings and bank acceptance
Monetary funds	89,860,783.26	89,860,783.26	Margin	Deposits for bank acceptance bills
	6,700,000.00	6,700,000.00	Funds frozen due to litigation	Funds frozen due to litigation
Notes receivable	825,000.00	825,000.00	Pledge of bank acceptance bills	Pledge of bank acceptance bills
Total	184,493,489.88	155,240,422.26	–	–

		Beginning of the period		
Item	**Book balance**	**Book value**	**Type of restriction**	**Condition of restriction**
Fixed assets	140,245,290.33	73,396,224.44	Pledged property buildings	Security for borrowings and bank acceptance
Intangible assets	20,276,098.82	13,364,106.32	Mortgage of land use rights	Security for borrowings and bank acceptance
Monetary funds	71,723,630.05	71,723,630.05	Margin	Deposits for bank acceptance bills
	6,700,000.00	6,700,000.00	Funds frozen due to litigation	Funds frozen due to litigation
Notes receivable	9,333,049.02	9,333,049.02	Pledge of bank acceptance bills	Pledge of bank acceptance bills
Total	248,278,068.22	174,517,009.83	–	–

4. **Other descriptions**

☐ Applicable √ Not Applicable

(IV) Analysis of investments

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

☐ Applicable √ Not Applicable

(1). Material equity investments

☐ Applicable √ Not Applicable

(2). Material non-equity investments

☐ Applicable √ Not Applicable

(3). Financial assets measured at fair value

☐ Applicable √ Not Applicable

(4). Securities investment

☐ Applicable √ Not Applicable

(5). Explanation on securities investment

☐ Applicable √ Not Applicable

(6). Private fund investment

☐ Applicable √ Not Applicable

(7). Derivatives investment

☐ Applicable √ Not Applicable

(V) Material disposal of assets and equity interest

☐ Applicable √ Not Applicable

Save as disclosed in the most recent published annual report of the Company for the year ended 31 December 2025, the Group has not had any significant investments and has not conducted any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period, nor does it have any future plans for material investments or acquisition of capital assets.

(VI) Analysis of major subsidiaries and associates

√ Applicable ☐ Not Applicable

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

√ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB
(Unless otherwise indicated)

Company name	Type of company	Principal business	Registered capital	Total assets	Net assets	Operating income	Operating profit (loss to be listed with "–")	Net profit (net loss to be listed with "–")
Beijing Tianhai Industry Co., Ltd.* (北京天海工業有限公司)	Subsidiary	Production and sale of gas cylinders, accumulator shells, pressure vessels and auxiliary equipment, etc.	748,759,761.19	2,274,465,971.39	788,847,042.90	631,336,577.35	-65,426,816.85	-66,777,362.33
Jingcheng Holding (Hong Kong) Company Limited* (京城控股(香港)有限公司)	Subsidiary	Import and export trade, investment holding and consultancy services, etc.	HK$1,000	84,247,070.32	4,368,968.95	133,382,680.60	990,622.72	990,622.72
Qingdao BYTQ United Digital Intelligence Co., Ltd.* (青島北洋天青數聯智能有限公司)	Subsidiary	Robots and automation equipment etc.	21,418,633	514,850,647.25	368,010,078.60	55,222,107.66	-10,753,666.18	-10,701,336.54

Acquisition and disposal of subsidiaries during the Reporting Period

☐ Applicable √ Not Applicable

Other descriptions

☐ Applicable √ Not Applicable

(VII) Structured entities under the control of the Company

☐ Applicable √ Not Applicable

V. OTHER DISCLOSURES

(I) Potential risks

√ Applicable ☐ Not Applicable

In the first half of 2026, the Company continued to promote high-quality development. At the same time, it was fully aware that it continues to face the following major potential risks in its strategic advancement and business operations which require prudent assessment and proactive response:

1. Complexity of international economic and trade conditions, and market entry risk

Currently, the global economy is generally slowing down, geopolitical conflicts persist and international trade rules and regional economic and trade relationships remain under adjustment, all of which have brought uncertainties to the Company's overseas business expansion. Trade barriers and compliance thresholds remain in place in traditional export markets, while emerging markets face challenges such as economic and political stability, exchange rate fluctuations and differences in localization policies. Pressures on efficiency of international supply chains and transportation costs have not yet been fully mitigated. The Company will increase the resilience of its international businesses by deepening market diversification, expediting the building of overseas localization service capability, reinforcing the compliance management and exchange rate risk hedging, as well as other means.

2. Industry competition intensifying, and profit margin under pressure

The gas storage and transportation equipment sector has a promising outlook, but the market competition is increasingly fierce. Leading enterprises continue expanding their production capacity, while competition based on product homogeneity persists, and price pressure might impact the gross profit level. Meanwhile, as downstream customers place increasingly higher requirements for product performance, cost and services, and material cost fluctuates and rising energy and labour costs, the Company is facing multiple pressures on profitability. The Company will highlight technological innovation and differentiated competition, optimize product structure, increase the percentage of high value-added products, while reducing its cost and increasing its efficiency through refined management and supply chain synergy, in order to consolidate its advantages in critical segments.

3. Policy dependency and market uncertainty risk in new business incubation

Hydrogen energy storage and transportation equipment and system are still in the initial stage of large-scale industrialization, and its development is heavily influenced by policies, infrastructure construction, expanded terminal application and other external factors. The technical paths, industrial standards, and business models continue to evolve, with the timing of a market boom subject to uncertainties, all of which might affect the release of capacity and investment return. In addition, intelligent manufacturing and other new business fields are also facing technology iteration and cross-industry competition. The Company will adhere to the principle of "balancing technological development with market cultivation", strengthen the collaborations with policy makers, industry partners and research institutions, take active part in the development of standards, flexibly adjust its business pace and strictly control investment risks.

In face of the foregoing risks, the Company will adhere to the bottom-line mindset and forward looking layout, continue to refine its risk identification, assessment, response and surveillance full process management system, drive the in-depth integration of risk management and business growth, and lay a solid safety foundation for sustainable development.

(II) Other disclosures

√ Applicable ☐ Not Applicable

1. Analysis of financial position

By implementing prudent financial policies, the Company established a strict risk control system for investment, financing and cash management to maintain a sound capital structure and solid financing channels. The Company kept the scale of its borrowings under strict control so that it could satisfy the capital needs for its operating activities while minimizing its financing costs and preventing financial risks by fully utilizing financial instruments, with a view to achieving sustainable growth and maximizing shareholder value.

Liquidity and capital structure:	End of the period	Beginning of the period
(1) Debt-to-asset ratio	57.12%	57.01%
(2) Quick ratio	158.10%	164.50%
(3) Current ratio	200.39%	197.53%
(4) Gearing ratio (Note)	133.19%	132.59%

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

2. Bank loans

The Company prudently implemented its annual capital budget plan in accordance with changes in the market environment and the requirements of customers to strictly control its scale of bank borrowings. The Company fully utilized financial instruments to reduce its financing cost and prevent financial risks to improve the returns for the Company and shareholders while satisfying the capital needs for the operating activities of the Company. At the end of the Reporting Period, the Company's short-term loans decreased by RMB120,000,000 as compared with the beginning of the period, representing a decrease of 66.67% and its long-term loans decreased by RMB8,028,800 as compared with the beginning of the period, representing a decrease of 5.30%.

3. Foreign exchange risk management

The Company is mainly exposed to foreign exchange risk relating to the US dollars and euros. The main business activities of the Group are denominated and settled in RMB, except for subsidiaries of the Company including Beijing Tianhai, BTIC America Corporation* (天海美洲公司), Jingcheng Holding (Hong Kong) Co., Ltd.* (京城控股(香港)有限公司) and 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), which conduct their procurement and sales in US dollars and euros. Accordingly, it may be exposed to foreign exchange risk arising from changes in exchange rates among US dollars, euros and RMB. The Company actively adopted measures to reduce foreign exchange risk.

4. Principal sources of funds and their use

(1) Cash flows from operating activities

Cash inflows from operating activities of the Company during the Reporting Period were mainly derived from the sale of goods. Cash outflows were mainly used in expenses related to production and operating activities. During the Reporting Period, cash inflows from operating activities amounted to RMB573,979,500, while cash outflows amounted to RMB662,623,500. Net cash flows during the Reporting Period from operating activities amounted to RMB-88,644,000.

(2) Cash flows from investing activities

During the Reporting Period, cash inflows from investing activities of the Company amounted to RMB114,400, which mainly came from net cash received from the disposal of fixed assets, intangible assets and other long-term assets during the current period, while cash outflows from investing activities amounted to RMB20,969,200, which were mainly used in expenses for the purchase and construction of fixed assets and investments. Net cash flows from investing activities during the Reporting Period amounted to RMB -20,854,800.

(3) Cash flows from financing activities

Cash inflows from financing activities during the Reporting Period amounted to RMB13,190,000, which were mainly derived from bank borrowings. Cash outflows from financing activities during the Reporting Period amounted to RMB148,045,300, which were mainly due to the repayment of loan principals, payment of interest and payment of rent for the leasing business. Net cash flows from financing activities during the Reporting Period amounted to RMB-134,855,300.

During the Reporting Period, net cash flows from operating activities increased by approximately RMB1,308,600 as compared with the same period last year, which was mainly due to an increase in the cash received from the sales of goods and provision of services during the current period. Net cash flows from investing activities increased by approximately RMB22,266,600 as compared with the same period last year, which was mainly due to a decrease in cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets as compared with the same period last year and a decrease in cash paid to acquire investments during the current period. Net cash flows from financing activities decreased by approximately RMB146,784,600 compared with the same period last year, which was mainly due to a decrease in cash received from borrowings during the current period.

5. Capital structure

During the Reporting Period, the Company's capital structure consisted of shareholders' equity and liabilities. Shareholders' equity amounted to RMB1,265,140,200, of which minority shareholders' interest amounted to RMB471,259,300, and total liabilities amounted to RMB1,685,048,000. Total assets amounted to RMB2,950,188,200. As at the end of the period, the Company's debt-to-asset ratio was 57.12%.

Capital structure by liquidity

Total current liabilities	RMB727,623,600	Accounting for 24.66% of assets
Total shareholders' equity	RMB1,265,140,200	Accounting for 42.88% of assets
Of which: Minority shareholders' interest	RMB471,259,300	Accounting for 15.97% of assets

6. Contingent liabilities

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

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

Unit: Yuan Currency: RMB

Item	Book balance	Book value	Type of restriction	Condition of restriction
			End of the period	
Fixed assets	68,549,406.62	45,723,328.79	Pledged property buildings	Security for borrowings and bank acceptance
Intangible assets	18,558,300.00	12,131,310.21	Mortgage of land use rights	Security for borrowings and bank acceptance
Monetary funds	89,860,783.26	89,860,783.26	Margin	Deposits for bank acceptance bills
	6,700,000.00	6,700,000.00	Funds frozen due to litigation	Funds frozen due to litigation
Notes receivables	825,000.00	825,000.00	Pledge of bank acceptance bills	Pledge of bank acceptance bills
Total	184,493,489.88	155,240,422.26	–	–

Item	Book balance	Book value	Type of restriction	Condition of restriction
			Beginning of the period	
Fixed assets	140,245,290.33	73,396,224.44	Pledged property buildings	Security for borrowings and bank acceptance
Intangible assets	20,276,098.82	13,364,106.32	Mortgage of land use rights	Security for borrowings and bank acceptance
Monetary funds	71,723,630.05	71,723,630.05	Margin	Deposits for bank acceptance bills
	6,700,000.00	6,700,000.00	Funds frozen due to litigation	Funds frozen due to litigation
Notes receivable	9,333,049.02	9,333,049.02	Pledge of bank acceptance bills	Pledge of bank acceptance bills
Total	248,278,068.22	174,517,009.83	–	–

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 1,328.

(2) Remunerations

Remunerations for employees during the Reporting Period were RMB89,090,000.

(3) Remuneration policies

The Company implemented a diversified remuneration system centered on position-based performance pay. Position-based performance pay is determined by establishing job classifications and staffing levels, assessing the relative value of each position through job evaluation, and setting salary levels with reference to labor market rates, so as to ensure the internal and external fairness of remuneration. On this basis, the remuneration policy is implemented subject to different personnel and different nature of work, adopting tiered, categorized and diversified remuneration policies such as the implementation of skills-based compensation and technological innovation incentives for technicians, the implementation of the sales commission approach for marketing staffs, the implementation of the piecework wage system for production workers, and the implementation of the annual salary system for the senior management.

(4) Training plan

As of the end of the Reporting Period, the Company accumulated 2,889 training attendances, with a total of 12,238 training hours (the average training hours per employee being 9 hours), thereby effectively strengthening the comprehensive performance capabilities of employees.

Training activities during the Reporting Period primarily covered four categories: (1) skills-themed trainings, which included vocation-graded specialized trainings on "6S" workshop management and benchworks, thereby strengthening on-site lean management and frontline practical skills; (2) management-themed trainings, which included specialized sessions focused on the performance capabilities of mid- to senior-level management and directors, compliance requirements for listed companies, and strategic leadership, where key personnel were also selected to participate in specialized trainings targeting senior positions, thereby continuously enhancing governance standards and comprehensive management capabilities; (3) business-themed trainings, which focused on sales team building. Through the teaching on product-specific knowledge and the sharing of real-world case studies, the marketing team's ability to penetrate markets and provide customer service was comprehensively improved; (4) technology-themed trainings, where key technical personnel were arranged to participate in the formulation, revision, and review of national-level gas cylinder standards, while benchmarking against cutting-edge industry standards to optimize technical processes and consolidate core technological advantages. At the same time, the Company concurrently completed trainings on integrity education, occupational health and others, thereby comprehensively strengthening the performance capabilities of all positions and providing a solid talent foundation for the steady and high-quality development of the Company.

9. Corporate governance

During the Reporting Period, the Company effectively ensured that the general meeting, the Board and managers of the Company have well-defined powers and responsibilities, allowing them to maintain checks and balances, coordinate with each other and operate in compliance with requirements. The Board and its strategy committee, audit committee, remuneration and monitoring committee and nomination committee 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) During the Reporting Period, the Company's subsidiaries in China were subject to applicable enterprise income tax rates of 25% and 15% and its subsidiaries outside China were subject to applicable enterprise income tax rates of 16.5% and 21%.

(2) The unaudited 2026 interim report of the Company has been reviewed by the audit committee of the Board.

(3) The Company has been in compliance with the code provisions set out in Part 2 of Appendix C1 Corporate Governance Code of the Listing Rules of the Stock Exchange during the Reporting Period.

(4) During the Reporting Period, in respect of the transactions of securities by its Directors, the Company has adopted a set of code of conduct on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules of the Stock Exchange (the "**Model Code**"). After making specific enquiries with all Directors, the Company confirmed that, each of the Directors has complied with the required standards on securities transactions by directors as set out in the Model Code for the six months ended 30 June 2026.

(5) During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's stocks. The Company does not hold any treasury shares.

(6) There was a change in the scope of the consolidated financial statements as compared to the financial report for the same period of the previous year due to the following reason: On 4 December 2025, the Company received the Civil Ruling ((2025) Jing 01 Po Shen No. 1485) ((2025) 京01破申1485號)) of the Beijing First Intermediate People's Court forwarded by its subsidiary, Beijing Tianhai Cryogenic Equipment Co., Ltd.* (北京天海低溫設備有限公司), ruling to accept the creditor's application for bankruptcy liquidation of Beijing Tianhai Cryogenic Equipment Co., Ltd. In the same month, the court appointed a bankruptcy administrator, and the company transferred its key information to the administrator. Beijing Tianhai Cryogenic Equipment Co., Ltd. entered the liquidation stage, and the Company lost control over it. Accordingly, it is no longer included in the scope of the consolidated financial statements as at the end of 2025. For further details, please refer to the 2025 annual report and other relevant announcements of the Company.

I. CHANGE OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

√ Applicable ☐ Not Applicable

Name	Position	Change	Reasons for change	Description of reasons for change
Man Huiyong	Non-executive Director	Resignation	New session	Expiration of Directors' term of office
Li Chunzhi	Non-executive Director	Resignation	New session	Expiration of Directors' term of office
Zhao Xuguang	Independent non-executive Director	Resignation	New session	Expiration of Directors' term of office
Liu Jingtai	Independent non-executive Director	Resignation	New session	Expiration of Directors' term of office
Luan Dalong	Independent non-executive Director	Resignation	New session	Expiration of Directors' term of office
Li Zhongbo	Chairman and non-executive Director	Election	New session	Election of Directors for the new session of the Board
Zhang Jiheng	Executive Director and general manager	Election	New session	Election of Directors for the new session of the Board
Wang Kai	Non-executive Director	Election	New session	Election of Directors for the new session of the Board
Zhou Yongjun	Non-executive Director	Election	New session	Election of Directors for the new session of the Board
Zhao Xihua	Non-executive Director	Election	New session	Election of Directors for the new session of the Board
Tian Dongqiang	Non-executive Director	Election	New session	Election of Directors for the new session of the Board
Niu Yunjing	Non-executive Director	Election	New session	Election of Directors for the new session of the Board
Chen Junping	Independent non-executive Director	Election	New session	Election of Directors for the new session of the Board
Lu Chenyu	Independent non-executive Director	Election	New session	Election of Directors for the new session of the Board
Zhang Zheng	Independent non-executive Director	Election	New session	Election of Directors for the new session of the Board
Chen Weiyong	Independent non-executive Director	Election	New session	Election of Directors for the new session of the Board
Luan Jie	Secretary to the Board	Appointment	New session	Appointment of senior management
Feng Yongmei	Chief accountant (chief financial officer)	Appointment	New session	Appointment of senior management
Shi Fengwen	Chief engineer	Appointment	New session	Appointment of senior management
Li Xianzhe	General counsel	Appointment	New session	Appointment of senior management

Description of change of directors and senior management of the Company

√ Applicable ☐ Not Applicable

1. On 26 May 2026, the Company convened the seventeenth extraordinary meeting of the eleventh session of the Board, at which the "Resolution in relation to the General Election of the Board" was considered.

   As the term of the eleventh session of the Board has expired at the end of the 2025 annual general meeting, the new session of Directors of the Company has been duly elected at the 2025 annual general meeting. The nomination committee of the eleventh session of the Board fully understood and proposed the recommendations: the controlling shareholder of the Company nominated Mr. Li Zhongbo, Mr. Wang Kai, Mr. Zhou Yongjun, Mr. Zhao Xihua, Mr. Tian Dongqiang and Ms. Niu Yunjing as candidates for non-executive Director of the twelfth session of the Board of the Company. The nomination committee of the Board nominated Mr. Zhang Jiheng as a candidate for executive Director of the twelfth session of the Board of the Company, and nominated Ms. Chen Junping, Mr. Lu Chenyu, Mr. Zhang Zheng and Mr. Chen Weiyong as candidates for independent non-executive Director of the twelfth session of the Board of the Company. The proposed term of office for the new session of Directors commenced from the date of approval at the 2025 annual general meeting until the 2028 annual general meeting. Upon careful consideration, the Directors in attendance unanimously approved the resolution and agreed to submit it to the Company's 2025 annual general meeting for consideration.

2. On 29 June 2026, the Company convened the 2025 annual general meeting, at which the "Resolution in relation to the Election of Directors" and the "Resolution in relation to the Election of Independent Non-executive Directors" were considered and approved.

   The terms of office of Mr. Man Huiyong, Ms. Li Chunzhi, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong, who were Directors of the eleventh session of the Board, expired upon the conclusion of the annual general meeting on 29 June 2026, at which time they retired from their positions as Directors and as members of the relevant Board committees.

   On the same day, the general meeting duly elected Mr. Li Zhongbo, Mr. Wang Kai, Mr. Zhou Yongjun, Mr. Zhao Xihua, Mr. Tian Dongqiang and Ms. Niu Yunjing as non-executive Directors of the twelfth session of the Board of the Company, Mr. Zhang Jiheng as an executive Director of the twelfth session of the Board of the Company and Ms. Chen Junping, Mr. Lu Chenyu, Mr. Zhang Zheng and Mr. Chen Weiyong as independent non-executive Directors of the twelfth session of the Board of the Company. The term of office for the Directors of the twelfth session of the Board commenced from 29 June 2026 until the 2028 annual general meeting of the Company.

   The Company entered into service contracts with each Director. The executive Director of the twelfth session of the Board does not receive directors' fees, but is entitled to remuneration in accordance with the positions he holds within the Company and its subsidiaries (other than the directorship). Non-executive Directors do not receive remuneration from the Company, whilst the annual fee for independent non-executive Directors is RMB80,000, their fees are determined with reference to the responsibilities and workload they undertake.

   Among them, Mr. Tian Dongqiang, Ms. Niu Yunjing, Mr. Lu Chenyu, Mr. Zhang Zheng and Mr. Chen Weiyong are newly appointed Directors. Prior to the commencement of their appointments as Directors, they obtained the legal advice as referred to in Rule 3.09D of the Listing Rules from a firm of solicitors qualified to advise on Hong Kong law on 29 June 2026, and confirmed that they understood their obligations as Directors, all provisions of the Stock Exchange's Listing Rules applicable to them as Directors, and the possible consequences of making false declaration or providing false information to the Stock Exchange.

3. On 30 June 2026, the Company convened the first extraordinary meeting of the twelfth session of the Board, at which the "Resolution to Elect the Chairman of the Twelfth Session of the Board of the Company" and the "Resolution on the Election of Members and Conveners of Each of the Special Committees of the Twelfth Session of the Board of the Company" were considered and approved.

   The Board elected Mr. Li Zhongbo as the chairman of the twelfth session of the Board of the Company and, concurrently, as the legal representative of the Company, for a term of three years from 30 June 2026 until the conclusion of the 2028 annual general meeting;

   The Board elected Mr. Li Zhongbo, Mr. Zhang Jiheng, Mr. Wang Kai, Mr. Lu Chenyu and Mr. Zhang Zheng as the members of the strategy committee of the Board, with Mr. Li Zhongbo serving as the chairman;

   The Board elected Mr. Zhang Zheng, Ms. Chen Junping and Mr. Zhang Jiheng as the members of the nomination committee of the Board, with Mr. Zhang Zheng serving as the chairman;

   The Board elected Ms. Chen Junping, Mr. Chen Weiyong and Ms. Niu Yunjing as the members of the audit committee of the Board, with Ms. Chen Junping serving as the chairlady;

   The Board elected Mr. Lu Chenyu, Mr. Chen Weiyong and Mr. Li Zhongbo as the members of the remuneration and monitoring committee of the Board, with Mr. Lu Chenyu serving as the chairman;

   The term of office for members of each Board committee will be for a period of three years commencing from 30 June 2026 until the conclusion of the 2028 annual general meeting.

4. On 30 June 2026, the Company convened the first extraordinary meeting of the twelfth session of the Board, at which the "Resolution on the Appointment of the General Manager of the Company and the Secretary to the Board as Nominated by the Chairman of the Board" and the "Resolution on the Appointment of the Chief Accountant, Chief Engineer, and General Counsel as Nominated by the General Manager of the Company" were considered and approved.

   Upon the nomination of the chairman of the Board, the Directors in attendance unanimously agreed to appoint Mr. Zhang Jiheng as the general manager of the Company and Mr. Luan Jie as the secretary to the Board of the Company. The terms of office for the general manager and the secretary to the Board will each be for a period of three years commencing from 30 June 2026 until the conclusion of the 2028 annual general meeting.

   Upon the nomination by the general manager, the Directors in attendance unanimously agreed to appoint Ms. Feng Yongmei as the chief accountant (chief financial officer), Mr. Shi Fengwen as the chief engineer, and Mr. Li Xianzhe as the general counsel. The terms of office for the aforementioned individuals will be for a period of three years commencing from 30 June 2026 until the conclusion of the 2028 annual general meeting.

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

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

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

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

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

√ Applicable ☐ Not Applicable

Summary of matter	Index for enquiry
The Company has received the Certificate of Change in Registration of Securities issued by China Securities Depository and Clearing Corporation Limited on 28 December 2023. According to the Certificate of Change in Registration of Securities, the Company has completed the registration of Initial Grant of Restricted Shares under the 2023 Restricted Share Incentive Scheme. According to the provisions of the 2023 Restricted Share Incentive Scheme of Beijing Jingcheng Machinery Electric Company Limited (the "**Incentive Scheme**"), the reserved restricted shares under the Incentive Scheme of the Company were 1,350,000 shares. According to the relevant provisions of the Management Measures for Equity Incentives of Listed Companies and the Incentive Scheme, the participants under the reserved grant will be determined within 12 months after the Incentive Scheme has been considered and approved at the general meeting, A shares class meeting and H shares class meeting of the Company. If the participants are not specified for more than 12 months, the reserved entitlements will lapse. As of the disclosure date of this announcement, as there were 1,350,000 restricted shares reserved under the Incentive Scheme for which no participants have been specified for more than 12 months since the consideration and approval of the Incentive Scheme at the first extraordinary general meeting of 2023, the first A shares class meeting of 2023 and the first H shares class meeting of 2023 (13 November 2023) of the Company, and the reserved entitlements have lapsed.	Website of Shanghai Stock Exchange www.sse.com.cn; HKExnews website of the Hong Kong Stock Exchange www.hkexnews.hk

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

Incentive conditions

☐ Applicable √ Not Applicable

Other descriptions

√ Applicable ☐ Not Applicable

Explanation on the Failure of the Company's Performance for the Second Unlocking Period of the 2023 Restricted Share Incentive Scheme to Meet the Performance Targets and Repurchase and Cancellation of Part of the Restricted A Shares (for details please refer to the relevant announcements of the Company dated 26 May 2026 and 29 June 2026):

On 26 May 2026, the Company convened the seventeenth extraordinary meeting of the eleventh session of the Board, at which the "Resolution in relation to the Failure of the Company's Performance to Meet the Unlocking Conditions for the Second Unlocking Period of the 2023 Restricted Share Incentive Scheme and the Repurchase and Cancellation of Part of Restricted A Shares" was considered and approved.

Given that one of the participants under the initial grant of the Company's Incentive Scheme terminated the employment relationship with the Company due to job transfer, the Company will repurchase and cancel a total of 33,000 restricted A shares held by the participant that have been granted but subject to lock-up. Furthermore, since the performance metrics at the Company level did not meet the unlocking conditions as required for the second unlocking period of the initial grant under the Incentive Scheme, the Company will repurchase and cancel a total of 1,706,100 restricted A shares held by relevant participants that have been granted but subject to lock-up. Based on the above, the Company will repurchase and cancel a total of 1,739,100 restricted A shares held by the participants that have been granted but subject to lock-up. The above-mentioned resolution has been considered and approved by the remuneration and monitoring committee of the Board and the second meeting of the special meeting of independent Directors of the Company in 2026.

On 29 June 2026, the Company convened the 2025 annual general meeting, the first A shares class meeting of 2026 and the first H shares class meeting of 2026, at which the "Resolution in relation to the Repurchase and Cancellation of Part of the Restricted A Shares Granted but Subject to Lock-up" was considered and approved.

Specific details regarding the repurchase and cancellation of the restricted shares are as follows:

1. The reasons for and number of the repurchase and cancellation of part of the restricted shares

(1) According to the relevant provisions of the Incentive Scheme: "if the Participant terminates his/her employment with the Company due to transfer of job, dismissal, retirement, death or incapacity, the exercisable portion (with clear vesting of interests) may be exercised within six months from the date of termination of employment (or when the portion can be exercised) if the exercisable time limit and performance assessment conditions have been met in that year, and the entitlement shall lapse after such six months. Any remaining portion in respect of which the performance assessment conditions for the year are not met will not be released and will be repurchased by the Company at the sum of the Grant Price plus interest earned on time deposits calculated in accordance with the latest benchmark deposit rate issued by the People's Bank of China."

Given that one of the participants under the initial grant of the Incentive Scheme terminated the employment relationship with the Company due to the transfer of job, the Company will repurchase and cancel a total of 33,000 restricted A shares that have been granted but subject to lock-up. The repurchase price shall be the sum of RMB7.33/share plus the interest earned on time deposits calculated in accordance with the latest benchmark deposit rate issued by the People's Bank of China.

(2) In accordance with the relevant provisions of the Incentive Scheme of the Company: "As a result of failing to meet the performance metrics at the Company level or the assessment at the individual level, all or part of the restricted A shares of the Participant that have not been unlocked for the current period shall not be unlocked or shall be deferred to the period that follows for unlocking, and shall be repurchased by the Company at the lower of the Grant Price and the market price at the time of repurchase."

Since the performance metrics at the Company level did not meet the unlocking conditions as required for the second unlocking period of the initial grant under the Incentive Scheme, the Company shall repurchase and cancel a total of 1,706,100 restricted A shares held by relevant participants that have been granted but subject to lock-up at a repurchase price of RMB7.33/share.

Based on the above, the Company hereby repurchases and cancels a total of 1,739,100 restricted A shares held by relevant participants that have been granted but subject to lockup, representing approximately 0.32% of the total share capital of the Company before the repurchase.

2. Total amount of funds and the source of funds for the repurchase

The total amount of funds to be used for the repurchase of restricted shares is approximately RMB12,747,603 (plus interests payable for the time deposits in banks as required), which will be financed by the Company's own funds.

3. Table of Expected Changes in the Company's Shareholding Structure Before and After the Repurchase

	Before the change		Increase/decrease in the change	After the change	
Class of shares	**Number of shares (shares)**	**Proportion (%)**	**Change in quantity (shares)**	**Number of shares (shares)**	**Proportion (%)**
Shares subject to lock-up (A shares)	3,445,200	0.63	-1,739,100	1,706,100	0.32
Shares not subject to lockup (A shares)	444,040,788	81.10	0	444,040,788	81.36
H shares	100,000,000	18.27	0	100,000,000	18.32
Total	547,485,988	100.00	-1,739,100	545,746,888	100.00

Notes: 1. The "proportion" in this table is rounded to two decimal places;

2. The above changes in the structure of share capital are based on the table of the structure of share capital issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited upon the completion of the repurchase and cancellation;

3. The repurchase and cancellation of part of the restricted A shares shall not result in any change in the controlling shareholders of the Company, and the shareholding distribution of the Company still complies with the relevant provisions as specified in the Listing Rules of the SSE and the Stock Exchange. The repurchase and cancellation will not have any substantial impact on the operating results and the financial position of the Company.

4. **Impact of the Repurchase and Cancellation of Part of Restricted Shares on the Performance of the Company**

The repurchase and cancellation of restricted A shares shall not affect the continuation of the Incentive Scheme. The number of interests lapsed due to the repurchase and cancellation of restricted shares will be adjusted for annual fees amortization according to the fair value determined on the grant date. The repurchase and cancellation of restricted shares as well as the adjustment on the repurchase prices shall have no material impact on the financial position and the operating results of the Company, and shall have no impact on the diligence and accountability of the management team of the Company. The management team of the Company will continue to duly perform their duties and responsibilities, while creating values for shareholders.

Employee share scheme

☐ Applicable √ Not applicable

Other incentive measures

☐ Applicable √ Not applicable

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

√ Applicable ☐ Not applicable

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

No.	Name of Enterprise	Index for enquiry for Legal Environmental Information Disclosure Report
1	Tianjin Tianhai High Pressure Container Co., Ltd.* (天津天海高壓容器有限責任公司)	Enterprise Environmental Information Disclosure System (Tianjin) (Relevant enquiry website: https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym)

Other Remarks

☐ Applicable √ Not Applicable

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

√ Applicable ☐ Not applicable

The year 2026 marks a pivotal year for laying a solid foundation for the successful commencement of the "15th Five-Year Plan", and a year of continuous reinforcement for the transformation and development of the capital's support and cooperation initiatives. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company earnestly implements the spirit of the 20th National Congress of the Communist Party of China, and all Plenary Sessions of the 20th CPC Central Committee, while studying in depth the important speeches and instructions of General Secretary Xi Jinping on support and cooperation work. Through multiple initiatives, the Company provides assistance for support and cooperation regions in continuously enhancing their endogenous development capacity, consolidates and expands the achievements of poverty alleviation, effectively aligns them with rural revitalization, improves people's livelihood and well-being, promotes ethnic unity, and contributes to the high-quality development of support and cooperation regions.

As a municipal state-owned enterprise, the Company proactively assumes its social responsibilities, earnestly implements the directives in documents on consumption-based alleviation issued by the Municipal State-owned Assets Supervision and Administration Commission, the Municipal Federation of Trade Unions, the Municipal Support and Cooperation Office, and Jingcheng Machinery Electric, and actively participates in brand initiatives promoted by the Municipal Party Committee, the Municipal Government, and the Municipal State-owned Assets Supervision and Administration Commission, including "Jingcai Western Products* (京彩西品)", "Jing-selected Quality Goods, One County One Product* (京選好物、一縣一品)", "Mongolian Flavour Arrives* (蒙味襲來)", and "Jingcai Mongolian Products* (京彩蒙品)". The Company has organized dedicated campaigns to promote agricultural and sideline products from targeted assistance regions including Inner Mongolia, Tibet, and economically underdeveloped collective villages within Beijing. In the first half of 2026, the Company procured a total of RMB808,170 worth of alleviation products, of which the canteen purchased RMB492,370 worth of alleviation products, including RMB156,325 of poverty alleviation products and RMB336,045 of non-poverty-alleviation products, accounting for 32% of the total poverty alleviation procurement. The labour union purchased RMB315,800 worth of alleviation products (consolation goods), all of which were poverty alleviation products, representing a 100% procurement ratio. These efforts have had a positive effect in consolidating and expanding the achievements of poverty alleviation and promoting rural revitalization.

I. FULFILLMENT OF UNDERTAKINGS

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

√ Applicable ☐ Not Applicable

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

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

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	Resolving defects in land titles and other property rights	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Jingcheng Holding undertakes: If, in the future, the production workshops of Tianhai Industry in Mulin Town is needed to be relocated due to real estate problems in defects of the lease, the Company will fully compensate in cash the Listed Company after the completion of this transaction for all the losses of Tianhai Industry caused by the relocating process.	Long term	Yes	Long term	Yes	–	–
	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Jingcheng Holding undertakes: The Company is fully aware of the existence of the above problems of the Outgoing Assets, and undertakes that when this 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	–	–
	Resolving defects in land titles and other property rights	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Jingcheng Holding undertakes: The Company is fully aware of the existing defects of the Outgoing Assets, and the Company will bear any losses or legal liabilities caused by the defects of the Outgoing Assets, and will not demand Beiren Holdings to bear any losses or legal liabilities due to the defects of the Outgoing Assets, and will not unilaterally refuse to sign or request cessation, termination or change of the "Framework Agreement in relation to the Material Asset 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 Corporation shall bear all relevant obligations, responsibilities and expenses if such creditors declare rights to Beiren Holdings; Beiren Group Corporation shall make full compensation to Beiren Holdings if Beiren Holdings bear any liabilities or incurred any losses due to such liabilities recourse. The Company undertakes: the Company will be jointly liable for the compensation obligations of Beiren Group Corporation.	Long term	Yes	Long term	Yes	–	–
	Resolving defects in land titles and other property rights	Beiren Group	Beiren Group undertakes: The Company is fully aware of the existence of the above problems of the Outgoing Assets, and undertakes that when this 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	–	–
	Resolving defects in land titles and other property rights	Beiren Group	Beiren Group undertakes: The Company is fully aware of the existing defects of the Outgoing Assets, and the Company will bear any losses or legal liabilities caused by the defects of the Outgoing Assets, and will not demand Beiren Holdings to bear any losses or legal liabilities due to the defects of the Outgoing Assets. If the consent for liabilities transfer of the creditors in respect of the relevant liabilities involved in the Outgoing Assets (including the liabilities newly arose from the benchmark date to the delivery date) was not obtained, Company shall bear all relevant obligations, responsibilities and expenses if such creditors declare rights to Beiren Holdings; the Company shall make full compensation to Beiren Holdings if Beiren Holdings bear any liabilities or incurred any losses due to such liabilities recourse.	Long term	Yes	Long term	Yes	–	–

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	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Undertaking for maintaining the independence of the Listed Company 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 (五分開，五獨立) principles in business, assets, personnel, finance, and organization and comply with the relevant regulations of the Chinese Securities Regulatory Commission. The company will not cause JINGCHENG MAC to provide unlawful guarantees, will not use the capital of JINGCHENG MAC, and will not form peer competition with JINGCHENG MAC. Once the letter of undertaking is signed, it constitutes an irrevocable legal obligation of the company. If damage is caused to the rights and interests of JINGCHENG MAC and its small and medium shareholders as a result of the company's breach of such undertakings, the company will bear the compensation liabilities by law accordingly.	Long term	Yes	Long term	Yes	–	–
	Others	Counterparties of Reorganisation (17 natural persons including Li Hong)	Undertaking for not to seek control of Listed Company The Counterparties of Reorganisation (17 natural persons including Li Hong) undertake: 1. Since I became a shareholder of BYTQ, I, as a shareholder of BYTQ, have exercised my voting rights independently and have not acted in concert with other shareholders of BYTQ in respect of their shareholdings in BYTQ, nor have I entered into any concerted action agreement or performed any other acts that may bind shareholders to exercise their rights as shareholders together and effectively control or jointly control BYTQ. 2. I undertake to recognise and respect the status of the controlling shareholder of the Listed Company. I will not seek to increase my shareholding in the Listed Company directly or indirectly, or seek control of the Listed Company individually or jointly with my shareholding in the Listed Company, nor will I influence or seek control of the Listed Company by proxy, solicitation of votes, agreement, cooperation, affiliation, concerted relationship or in any other manner; nor do I have any plan to recommend or nominate directors and senior management to the Listed Company, nor do I have any specific plan to adjust the composition of the board of directors and senior management of the listed company after the completion of the Reorganisation.	Long term	Yes	Long term	Yes	–	–
	Others	Counterparty of Reorganisation (Qingdao Eternal)	Undertaking for not to seek control of Listed Company The Counterparty of Reorganisation (Qingdao Eternal) undertakes: 1. Since the company became a shareholder of BYTQ, the company, as a shareholder of BYTQ, have exercised my voting rights independently and have not acted in concert with other shareholders of BYTQ in respect of their shareholdings in BYTQ, nor have the company entered into any concerted action agreement or performed any other acts that may bind shareholders to exercise their rights as shareholders together and effectively control or jointly control BYTQ. 2. The company undertakes to recognise and respect the status of the controlling shareholder of the Listed Company. Neither the company nor its actual controller, Tao Feng , will seek control of the Listed Company individually or jointly with their shareholdings in the Listed Company by directly or indirectly increasing their shareholdings in the Listed Company or with their shareholdings in the Listed Company, nor will they influence or seek control of the Listed Company by proxy, solicitation of votes, agreement, cooperation, affiliation, concerted relationship or in any other manner, nor does the company have any plan to recommend or nominate directors or senior management to the Listed Company, nor does the company have any specific plans to adjust the composition of the Listed Company's board of directors or senior management following the completion of the Reorganisation.	Long term	Yes	Long term	Yes	–	–

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	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Undertaking for replenishing the diluted immediate return 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 China Securities Regulatory Commission makes other new regulatory requirements on replenishment return measures and its undertakings, and the above-mentioned undertakings cannot meet the requirements of the CSRC, the company undertakes that it will then issue a supplementary undertaking in accordance with the latest regulations of the CSRC. If the company violates or fails to fulfill the above undertakings, the company will: 1. publicly apologize to the shareholders of JINGCHENG MAC and the public investors for not fulfilling the above-mentioned undertakings at the general meeting of JINGCHENG MAC and on the newspapers designated by the China Securities Regulatory Commission; 2. within 5 working days from the date of confirming the breach of the abovementioned undertakings, terminate to receive dividends as a shareholder of JINGCHENG MAC, and JINGCHENG MAC shares held by the company shall not be transferred until the company fulfills effectively its undertaking or its breach of undertaking is eliminated; 3. if the Company fails to perform the above undertakings for reasons other than force majeure, and fails to provide appropriate and reasonable explanations, the gains obtained by the company therefrom will belong to JINGCHENG MAC, and JINGCHENG MAC has the right to require the Company to remit the proceeds generated from the breach of undertaking to the designated account of JINGCHENG MAC within 10 working days from the receiving date of such gains.	Long term	Yes	Long term	Yes	–	–
	Others	Directors and senior management of the Listed Company	Undertaking for replenishing the diluted immediate return Directors and senior management of the Listed Company undertake: 1. Not to transfer benefits to other entities or individuals at nil consideration or under unfair terms, and not to damage the interests of JINGCHENG MAC in other ways; 2. To restrain the duty consumption behavior; 3. Undertake not to utilize the assets of JINGCHENG MAC to engage in investment and consumption activities which are unrelated to the performance of duties; 4. That the remuneration system formulated by the Board of Directors or the remuneration committee will be linked to the implementation of the replenishment return measures of JINGCHENG MAC; 5. That if JINGCHENG MAC implements equity incentives, the exercise conditions for equity incentives of JINGCHENG MAC to be announced will be linked to the implementation of the replenishment return measures of JINGCHENG MAC. If I violate or fail to fulfill the above undertakings, I: 1. will publicly apologize to the shareholders of JINGCHENG MAC and the public investors for not fulfilling the above-mentioned undertakings at the general meeting of JINGCHENG MAC and on the newspapers designated by the China Securities Regulatory Commission; 2. within 5 working days from the date of confirming the breach of the abovementioned undertakings, terminate to receive remuneration, allowance (if any) and bonus (if any) as a shareholder of JINGCHENG MAC, and shares of JINGCHENG MAC (if any) held by me shall not be transferred until I fulfill effectively my undertaking or my breach of undertaking is eliminated; 3. if I fail to perform the above undertakings for reasons other than force majeure, and fail to provide appropriate and reasonable explanations, the gains obtained by me therefrom will belong to JINGCHENG MAC, and JINGCHENG MAC has the right to require me to remit the proceeds generated from the breach of undertaking to the designated account of JINGCHENG MAC within 10 working days from the receiving date of such gains.	Long term	Yes	Long term	Yes	–	–

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	Solving the issues concerning competition in the same industry	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	–	–
	Solving the issues concerning competition in the same industry	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(es) not own and operate any business directly or indirectly competing with the businesses engaged by the Listed Company and BYTQ in terms of business. 2. During the period I directly or indirectly hold the shares of JINGCHENG MAC, the enterprises effectively controlled or influenced significantly by me and I shall not engage in, participate in, or assist others to engage in any business activities that are directly or indirectly in competition with the businesses of JINGCHENG MAC and its subsidiaries by any means (including but not limited to independently operating or jointly operating and cooperating with other parties within or outside China), nor directly or indirectly invest in economic entities which are in direct or indirect competition with the businesses that JINGCHENG MAC and its subsidiaries are engaged in. 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 BYTQ, I 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 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	–	–

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	Solving the issues concerning competition in the same industry	Counterparty of Reorganisation (Qingdao Eternal)	Undertaking regarding avoidance of peer competition Counterparty of Reorganisation (Qingdao Eternal) undertakes: 1. The company and the other enterprises effectively controlled or influenced significantly by the company currently do(es) not own and operate any business directly or indirectly competing with the businesses engaged by the Listed Company and BYTQ in terms of business. 2. During the period the company directly or indirectly holds the shares of JINGCHENG MAC, the enterprises effectively controlled or influenced significantly by the company and the company shall not engage in, participate in, or assist others to engage in any business activities that are directly or indirectly in competition with the businesses of JINGCHENG MAC and its subsidiaries by any means (including but not limited to independently operating or jointly operating and cooperating with other parties within or outside China), nor directly or indirectly invest in economic entities which are in direct or indirect competition with the businesses that JINGCHENG MAC and its subsidiaries are engaged in. The company and the enterprises effectively controlled or influenced significantly by the company have the same or similar business opportunities as those in BYTQ, and those business opportunities may directly or indirectly cause business competition between the enterprises effectively controlled or influenced significantly by the company and the company and BYTQ, the company shall notify BYTQ immediately after noticing those business opportunities and strive to procure the offering of those business opportunities to BYTQ in priority on terms no less favorable than those offered to the company and the enterprises effectively controlled or influenced significantly by the company. 3. If the company breaches the agreement in item 1 and item 2 above, the company shall return the shares of JINGCHENG MAC received from the Transactions to JINGCHENG MAC at nil consideration. JINGCHENG MAC will cancel those shares returned by the company in accordance with its internal decision-making procedures (for shares which have been transferred, the proceeds from the transfer shall be returned); if the company breaches the agreement in item 1 and item 2 above, which causes losses to JINGCHENG MAC and its subsidiaries, the company will also be liable for compensation based on the actual losses to be suffered by JINGCHENG MAC and its subsidiaries at that time. Upon signing of this letter of undertaking, the company's irrevocable legal obligation is formed. This letter of undertaking is valid for a period from the date of signing this letter of undertaking to the date on which the company is no longer a direct or indirect shareholder of JINGCHENG MAC.	Long term	Yes	Long term	Yes	–	–
	Settlement of related party transactions	Beijing Jingcheng Machinery Electric Holding Co., Ltd., a substantial shareholder	Undertaking regarding reduction and regulation of related party transactions 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 China Securities Regulatory Commission, the relevant rules issued by the Shanghai Stock Exchange, and the "Articles of Association of Beijing Jingcheng Machinery Electric Company Limited" to exercise its rights as a shareholder and fulfill its obligations as a shareholder. The company will not seek improper benefits through its position as Controlling Shareholder, and will not damage the legal rights and interests of JINGCHENG MAC and its small and medium shareholders. If the company breaches the above-mentioned undertakings to enter into transaction with JINGCHENG MAC and its controlled subsidiaries, and incurs losses to JINGCHENG MAC and its small and medium shareholders, the company will bear the compensation liabilities in accordance with laws accordingly.	Long term	Yes	Long term	Yes	–	–

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

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	Settlement of related party transactions	Huang Xiaofeng, Li Hong, Xu Binglei, Yang Lunsheng, Ying Rucai	Undertaking regarding reduction and regulation of related party transactions Huang Xiaofeng, Li Hong, Xu Binglei, Yang Lunsheng, Ying Rucai undertake: Unless otherwise agreed in writing by the Listed Company, Huang Xiaofeng, Xu Binglei, Yang Lunsheng and Ying Rucai shall continue to work for the Target Company or the Listed Company and perform their due diligence obligations during the performance undertaking period (i.e. the five accounting years of 2020, 2021, 2022, 2023 and 2024, the same below) and for a period of two years from the expiry date of the performance undertaking period as stipulated in the "Share Issue and Cash Payment for Assets Purchase Agreement", "Performance Compensation Agreement" and the supplemental agreements thereto. If I leave my employment with the Target Company on my own initiative without the written consent of the Listed Company before the expiry of the term of office, or if I am dismissed by the Target Company or the Listed Company in accordance with the law due to misconduct or malpractice or other intentional acts prejudicial to the interests of the Target Company or the Listed Company, the Listed Company shall be entitled to hold Party B and Party C liable for the following: (I) Term of employment requirements of Huang Xiaofeng and related undertakings 1. If Huang Xiaofeng leaves his employment on his own initiative before the expiry of the performance undertaking period, or if his employment is terminated by the Target Company or the Listed Company in accordance with the law due to misconduct or malpractice or other acts prejudicial to the interests of the Target Company or the Listed Company, thereby causing serious losses to the Target Company or the Listed Company, then Huang Xiaofeng and Li Hong shall compensate the Listed Company for 100% of the consideration received through the transaction. 2. If Huang Xiaofeng's employment is terminated by the Target Company or the Listed Company in accordance with the law due to dereliction of duty or malpractice or other acts detrimental to the interests of the Target Company or the Listed Company, thereby causing serious losses to the Target Company or the Listed Company, resulting in his term of office being less than one year from the date of expiry of the performance pledge period, Huang Xiaofeng and Li Hong shall compensate the Listed Company at 40% of the consideration received through the transaction. 3. If Huang Xiaofeng leaves his employment on his own initiative or his employment is terminated by the Target Company or the Listed Company in accordance with the law due to dereliction of duty or malpractice or other acts detrimental to the interests of the Target Company or the Listed Company, thereby causing serious losses to the Target Company or the Listed Company, resulting in his term of office being more than 1 year but less than 2 years after the expiry date of the performance undertaking, Huang Xiaofeng and Li Hong shall compensate the Listed Company at 20% of the consideration received through the transaction. (II) Term of employment requirements of Xu Binglei, Yang Lunsheng and Ying Rucai and related undertakings 1. If Xu Binglei, Yang Lunsheng or Ying Rucai leave the Company on their own initiative before the expiry of the Performance Pledge Period, or if they are dismissed by the Target Company or the Listed Company in accordance with the law due to misconduct or malpractice or other intentional acts detrimental to the interests of the Target Company or the Listed Company, they shall compensate the Listed Company for 100% of the consideration received through the Transaction. 2. If Xu Binglei, Yang Lunsheng or Ying Rucai resign on their own initiative or are dismissed by the Target Company or the Listed Company in accordance with the law due to misconduct or malpractice or other acts detrimental to the interests of the Target Company or the Listed Company, resulting in their term of office being less than one year from the date of expiry of the performance undertaking period, they shall personally compensate the Listed Company at 40% of the consideration received through the Transaction. 3. If Xu Binglei, Yang Lunsheng and Ying Ruicai leave their positions on their own initiative, or are dismissed by the Target Company or the Listed Company in accordance with the law due to misconduct or malpractice or other acts that are detrimental to the interests of the Target Company or the Listed Company, and as a result, their term of office has expired for over one year but less than two years from the date of expiry of the Performance Pledge Period, they shall compensate the Listed Company for 20% of the consideration received through the Transaction. If Huang Xiaofeng, Xu Binglei, Yang Lunsheng and Ying Rucai have caused serious losses to the Target Company or the Listed Company as a result of malpractice or other acts intentionally prejudicial to the interests of the Target Company or the Listed Company, they shall, in addition to fulfilling the above compensation obligations, be liable for full compensation for the losses caused.	2 years from the date of issue of the Undertaking to the date of expiry of the Performance Pledge Period	Yes	2 years from the date of issue of the Undertaking to the date of expiry of the Performance Pledge Period	Yes	–	–

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

☐ Applicable √ Not Applicable

III. ILLEGAL GUARANTEE

☐ Applicable √ Not Applicable

IV. AUDIT OF INTERIM REPORT

√ Applicable ☐ Not Applicable

(I) Appointment and Dismissal of Accounting Firms

Explanation on appointment and dismissal of accounting firms

√ Applicable ☐ Not Applicable

1. On 27 March 2026, the Company convened the eleventh meeting of the eleventh session of the Board, at which the "Resolution in relation to the Re-appointment of WUYIGE Certified Public Accountants LLP as the Auditor of the Company for the year of 2026" was considered and approved.

2. On 29 June 2026, the Company convened the 2025 annual general meeting, at which the "Resolution in relation to the re-appointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for 2026" was considered and approved. The Company officially re-appointed WUYIGE Certified Public Accountants LLP as the auditor of the Company for its financial statements audit and internal control audit for 2026.

Explanation on change of the accounting firms during the audit period

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

VI. MATTERS RELATING TO BANKRUPTCY AND REORGANISATION

☐ Applicable √ Not Applicable

VII. MATERIAL LITIGATIONS AND ARBITRATIONS

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

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

☐ Applicable √ Not Applicable

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

√ Applicable ☐ Not Applicable

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

X. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions related to daily operation

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

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

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

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

3. Matters which were not disclosed in provisional announcements

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

(III) Material related party transactions relating to common external investments

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

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

3. Matters which were not disclosed in provisional announcements

☐ Applicable √ Not Applicable

(IV) Related creditors' rights and debt transactions

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

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

3. Matters which were not disclosed in provisional announcements

√ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Related party	Related party relationship	Provision of funds to related parties			Provision of funds by related parties to the Company		
		Beginning balance	Amount occurred	Ending balance	Beginning balance	Amount occurred	Ending balance
Jiangsu Tianhai Special Equipment Co., Ltd.*	Joint venture	8,307,350.24	4,190,471.56	12,497,821.80	16,387,114.86	-7,724,935.53	8,662,179.33
Beijing Jingcheng Machinery Electric Holding Co., Ltd.*	Controlling shareholder	88,825.79	-88,825.79		910,386.51	-252.92	910,133.59
Beijing Lantianda Vehicle Clean Fuel Technology Co., Ltd.*	Others	2,300,032.77	-390,869.96	1,909,162.81	7,732,652.22	-5,494,780.22	2,237,872.00
Tianjin Seamless Investment Co. Ltd.*	Others	734,993.36	-734,993.36		1,228,073.87	-1,228,073.87	
Beijing Jingcheng Golden Sun Energy Technology Co., Ltd.*	Subsidiary of shareholders				66,271.92	81,483.47	147,755.39
Zhejiang Jingcheng Renewable Resources Co., Ltd.*	Subsidiary of shareholders				14,420.35	-14,420.35	
Beijing Jingcheng Green Energy Co., Ltd.*	Subsidiary of shareholders				250.00	-250.00	
Beijing Peitian Technology Co., Ltd.*	Subsidiary of shareholders				711,331.20	104,000.00	815,331.20
Sunwise Hydrogen Energy Technology (Beijing) Co., Ltd.*	Subsidiary of shareholders	15,870,400.00		15,870,400.00	1,880,400.00		1,880,400.00
Shanghai Sunwise New Energy System Co., Ltd.*	Subsidiary of shareholders	10,535,629.37	32,350.00	10,567,979.37	1,021,755.20	-83,000.00	938,755.20
Guangzhou Sunwise Hydrogen Energy Technology Co., Ltd.*	Subsidiary of shareholders	21,200.00	110,800.00	132,000.00			
Babcock & Wilcox Beijing Company Ltd.*	Subsidiary of shareholders	134,653.00	-134,653.00				
Beijing Jingcheng Yihe Urban Renewal Co., Ltd.*	Subsidiary of shareholders		124,754.74	124,754.74	563,925.40	-563,925.40	
Beijing Jingcheng Machinery Electric Industrial Investment Co., Ltd.*	Subsidiary of shareholders	188,679.25		188,679.25			
Beijing Jingcheng Talents Development Co., Ltd.*	Subsidiary of shareholders		240.00	240.00			
Beijing Tianhai Cryogenic Equipment Co., Ltd.*	Others	220,483,091.69		220,483,091.69			
Hubei Jingyuan Xihai Automobile Industry Co., Ltd.*	Joint venture	59,687,827.34	-5,061,513.24	54,626,314.10		5,092,093.07	5,092,093.07
Shaanxi Haichuang Shengshi Hydrogen Energy Technology Co., Ltd.*	Joint venture	6,417,600.00		6,417,600.00	980,000.00	-490,000.00	490,000.00
Total		324,770,282.81	-1,952,239.05	322,818,043.76	31,496,581.53	-10,322,061.75	21,174,519.78
Reasons for occurrence of related creditors' right and debt transactions		Under normal operation					
Effects of related creditors' rights and debts on the Company's operating results and financial position		None					

Note: Beijing Tianhai Cryogenic Equipment Co., Ltd. has been a subsidiary of the Company within the 12 months preceding the end of the Reporting Period.

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

☐ Applicable √ Not Applicable

(VI) Other major related party transactions

☐ Applicable √ Not Applicable

(VII) Others

√ Applicable ☐ Not Applicable

Continuing connected transactions:

1. Continuing connected transaction in relation to 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, Jingcheng Assets and Jingcheng Haitong would sign an "Agreement on the Change of Party of the Lease" which would transfer all rights and obligations of Beijing Tianhai under the "Lease Agreement" to Jingcheng Asset in general. On 6 July 2022, the Company issued the "Announcement of Completion of the Project of Acquisition of 2% Equity Interest of Jingcheng Haitong by a Subsidiary of the Company Beijing Tianhai Industry Co., Ltd.". Upon completion of the acquisition, the Company held 51% equity interest in Jingcheng Haitong through Beijing Tianhai, and accordingly Jingcheng Haitong became a controlled subsidiary of the Company. In accordance with the listing rules of both stock exchanges, as Jingcheng Machinery Electric is the controlling shareholder of the Company, Jingcheng Asset is a connected person of the Company. Accordingly, the transaction contemplated under the Lease Agreement became a continuing connected transaction of the Company upon completion of the acquisition.

2. Continuing connected transaction with Shanghai Sunwise

On 6 December 2024, Beijing Tianhai and Shanghai Sunwise entered into the Product Sale and Purchase Framework Agreement, pursuant to which Beijing Tianhai and its subsidiaries and Shanghai Sunwise and its subsidiaries will purchase or sell hydrogen energy products from or to each other from time to time, including cylinders and system integration products, valves and other components, and station equipment products, for a term of three years from 1 January 2025 to 31 December 2027.

At the relevant time, Jingcheng Machinery Electric holds 44.87% equity in the Company and is the Company's controlling shareholder, and a connected person of the Company under the listing rules of both stock exchanges. As Jingcheng Machinery Electric holds all the equity interest in Jingcheng Industrial Investment, and Jingcheng Industrial Investment holds approximately 39.77% equity interest in Shanghai Sunwise, Shanghai Sunwise is an associate of Jingcheng Machinery Electric and a connected person of the Company. Accordingly, such transactions constitute continuing connected transactions of the Company under the listing rules of both stock exchanges.

In addition, as the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules of the Stock Exchange in respect of the proposed annual caps for the term of the Product Sale and Purchase Framework Agreement exceed 5% but are less than 25%, such transactions are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules of the Stock Exchange. The Company has established an independent board committee to advise the independent shareholders on such transactions and the adoption of the proposed annual caps. The Company has also appointed Vinco Financial Limited as the independent financial adviser to advise the independent board committee and the independent shareholders in this regard.

On 6 December 2024, the Company convened the ninth extraordinary meeting of the eleventh session of the Board and the fourteenth meeting of the eleventh session of the supervisory committee, at which the "Resolution in relation to the Entering into of the Product Sale and Purchase Framework Agreement and Related Party Transactions between Beijing Tianhai Industry Co., Ltd. and Shanghai Sunwise New Energy System Co., Ltd." was considered and approved. The resolution was considered and passed at the fourth meeting of the special meeting of independent Directors of the Company in 2024, where the independent non-executive Directors of the Company expressed their prior approval opinions and independent opinions. On 28 April 2025, the Company convened the first extraordinary general meeting of 2025, at which the "Resolution in relation to the Entering into of the Renewed Product Sale and Purchase Framework Agreement (including the Proposed Annual Caps) between Beijing Tianhai Industry Co., Ltd. and Shanghai Sunwise New Energy System Co., Ltd." was considered and approved. For details of such continuing connected transaction, please refer to the announcement dated 6 December 2024 and the circular dated 3 April 2025 of the Company.

XI. MATERIAL CONTRACTS AND THEIR EXECUTION

(I) Trust, contracting and leasing matters

√ Applicable ☐ Not Applicable

(1) Trust

☐ Applicable √ Not Applicable

(2) Contracting

☐ Applicable √ Not Applicable

(3) Leasing

√ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Name of lessor	Name of lessee	Details of lease of assets	Amount involved in lease of assets	Starting date of lease	Ending date of lease	Lease revenue	Determining basis for lease revenue	Impact of lease revenue on the Company	Is it a related party transaction	Related party relationship
Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.* (北京京城海通科技文化發展有限公司)	Beijing Aidixi Data Technology Development Co., Ltd.* (北京艾迪希數據科技發展有限公司)	A leased area of 45,043.62 sq.m	22,273,073.82	1 January 2026	30 June 2026	22,273,073.82	Property leasing contract	Main operating income	No	Others
Beijing Jingcheng Machinery Electric Assets Management Co., Ltd.* (北京京城機電資產管理有限責任公司)	Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.* (北京京城海通科技文化發展有限公司)	A leased area of 45,143.62 sq.m.	12,949,058.7	1 January 2026	30 June 2026	-12,949,058.7	Property leasing contract	Main operating cost	Yes	Fellow subsidiaries of the Group
Qingdao BYTQ United Digital Intelligence Co., Ltd.* (青島北洋天青數聯智能有限公司)	Qingdao Jiayishahua Intelligent Equipment Co., Ltd.* (青島佳藝沙華智能裝備有限公司)	A leased area of 910 sq.m.	99,918	1 January 2026	30 June 2026	99,918	Lease contract	Other operating income	No	Others
Qingdao BYTQ United Digital Intelligence Co., Ltd.* (青島北洋天青數聯智能有限公司)	Qingdao Wenyuexing Automation Co., Ltd.* (青島文悦興自動化有限公司)	A leased area of 455 sq.m.	49,959	1 January 2026	30 June 2026	49,959	Lease contract	Other operating income	No	Others
Qingdao BYTQ United Digital Intelligence Co., Ltd.* (青島北洋天青數聯智能有限公司)	Qingdao Xinqihao Precision Machinery Equipment Manufacturing Co., Ltd.* (青島鑫企浩精密機械設備製造有限公司)	A leased area of 602 sq.m.	66,099.6	1 January 2026	30 June 2026	66,099.6	Lease contract	Other operating income	No	Others

Explanation on leases

Nil

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

☐ Applicable √ Not Applicable

(III) Other material contracts

☐ Applicable √ Not Applicable

XII. DESCRIPTION OF THE PROGRESS OF USE OF RAISED FUNDS

√ Applicable ☐ Not applicable

(I) Overview of use of the proceeds raised

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Source of funds raised	Time of receipt of proceeds	Total proceeds	Net proceeds raised (1)	Total committed investment of funds raised in the prospectus or offering documents (2)	Total amount of over-raised funds (3)=(1)-(2)	Accumulated total amount of funds raised invested as of the end of the Reporting Period (4)	Including: Accumulated total amount of funds over-raised invested as of the end of the Reporting Period (5)	Progress of Investment of funds raised as of the end of the Reporting period (%) (6)=(4)/(1)	Progress of Investment of funds over-raised as of the end of the Reporting period (%) (7)=(5)/(3)	Invested amount during the year (8)	Proportion of investment during the year (%) (9)=(8)/(1)	Total amount of proceeds raised for the changed purpose
Others	1 July 2020	214,830,000.00	207,305,400.64	207,305,400.64	0.00	197,341,111.77	0.00	95.19	0.00	140,000.00	0.07	0.00
Toral	/	214,830,000.00	207,305,400.64	207,305,400.64	0.00	197,341,111.77	0.00	/	/	140,000.00	/	0.00

Other descriptions

√ Applicable ☐ Not applicable

During the Reporting Period, the Company had no excess proceeds from its fundraising.

(II) Details of fund raising and investment projects

√ Applicable ☐ Not applicable

1. Details on use of proceeds

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Source of funds raised	Name of project	Nature of project	Whether it is a committed investment project in the prospectus or offering documents	Whether a change of investment decision is involved	Total planned investment amounts of fund raising projects (1)	Amount invested during the year	Accumulated total amount of funds raised invested as of the end of the Reporting Period (2)	Progress of accumulated investment as of the end of the Reporting Period (%) (3)=(2)/(1)	Date of project reaching scheduled availability	Whether the project has been closed	Whether the progress of investment is in line with planned schedule	Specific reasons for the progress of investment not achieved as planned	Benefits realised during the year	Benefits or R&D results achieved by this project	Whether the feasibility of the project has significant changes and, if so, please provide detail	Balance amount
Others	Construction project of intelligent digital control production line for Type IV Cylinders	Production and construction	Yes	No	52,000,000.00	0.00	52,000,000.00	100.00	30 November 2021	Yes	Yes	N/A	33,595,329.46	313,105,592.28	No	0.00
Others	Repayment of debts owed to controlling shareholder and financial institutions	Liquidity replenishment and loan repayment	Yes	No	128,020,400.64	0.00	128,020,400.64	100.00	N/A	Yes	Yes	N/A	N/A	N/A	No	0.00
Others	Research and development project of hydrogen energy products	R&D	Yes	No	27,285,000.00	140,000.00	17,320,711.13	63.48	N/A	Yes	Yes	N/A	N/A	N/A	No	0.00
Total	/	/	/	/	207,305,400.64	140,000.00	197,341,111.77	/	/	/	/	/	33,595,329.46	/	/	0.00

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

☐ Applicable √ Not applicable

3. **Specific circumstances of the re-demonstration of fund raising and investment projects during the Reporting Period**

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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

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

√ Applicable ☐ Not Applicable

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

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

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

Other descriptions

4. **Other**

√ Applicable ☐ Not Applicable

1. Utilization of unused raised funds

During the first half of 2026, the Company had no unused raised funds to utilize.

In January 2026, the non-public issuance fundraising investment project "Research and development project of hydrogen energy products" was completed. In February 2026, the special account for the raised funds was closed, with surplus funds of RMB10,237,000 being permanently replenished to working capital. Pursuant to the provisions of the "Guidelines No. 1 of the Shanghai Stock Exchange on the Self-Regulation of Listed Companies – Standardized Operation", as the surplus raised funds from the non-public issuance project were less than 5% of the net amount of the raised funds, the Company's use of the total surplus raised funds of the fundraising investment project to replenish working capital was exempt from being considered and approved by the Board, and no explicit opinion from the sponsor was required.

2. ***The deposit of raised funds in the special accounts***

As at 30 June 2026, the deposit of raised funds was as follows:

Fund raising from non-public issuance of shares

Unit: Yuan Currency: RMB

Fund raising and investment project	Implementing entity	Deposit bank	Information on corresponding account Opening balance	Account opening date	Account balance as at 30 June 2026	Account number
Construction project of intelligent digital control production line for Type IV Cylinders	Beijing Tianhai Industry Co., Ltd., a subsidiary	Huaxia Bank, Beijing Guanghua Road Branch	52,000,000.00	July 2020	0.00	10262000000869946
Research and development project of hydrogen energy products	Beijing Tianhai Industry Co., Ltd., a subsidiary	Huaxia Bank, Beijing Guanghua Road Branch	27,285,000.00	July 2020	0.00	10262000000869924
Repayment of debts owed to Jingcheng Machinery Electric and financial institutions	Beijing Tianhai Industry Co., Ltd., a subsidiary	Huaxia Bank, Beijing Guanghua Road Branch	128,020,400.64	July 2020	0.00	10262000000869935
Total			**207,305,400.64**	**/**	**0.00**	**/**

Note: As of 30 June 2026, the special accounts for fund raising (10262000000869946, 10262000000869935 and 10262000000869924) have been closed.

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

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not applicable

XIII. DESCRIPTION FOR OTHER MATERIAL MATTERS

☐ Applicable √ Not Applicable

Save as disclosed in this report, there were no important events affecting the Company and its subsidiaries which had occurred since the end of the six months ended 30 June 2026.

Save as disclosed in this report, there were no material changes in the current information of the Company in relation to matters as set out in paragraph 32 of Appendix D2 of the Listing Rules during the six months ended 30 June 2026, as compared with the relevant disclosures in the 2025 annual report of the Company.

SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Statement of changes in shares

1. Statement of changes in shares

During the Reporting Period, there were no changes in the total number of the 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

On 29 June 2026, the Company convened the 2025 annual general meeting, the first A shares class meeting of 2026 and the first H shares class meeting of 2026, at which the "Resolution in relation to the Repurchase and Cancellation of Part of the Restricted A Shares Granted but Subject to Lock-up" was considered and approved.

According to the Incentive Scheme and other relevant provisions, given that one employee terminated the employment relationship with the Company due to the transfer of job, the Company shall repurchase and cancel a total of 33,000 restricted A shares held by such participant that have been granted but subject to lock-up with the repurchase price at the sum of RMB7.33/share plus the interest earned on time deposits calculated in accordance with the latest benchmark deposit rate issued by the People's Bank of China. In addition, since the performance metrics at the Company level did not meet the unlocking conditions as required for the second unlocking period of the initial grant under the Incentive Scheme, the Company shall repurchase and cancel a total of 1,706,100 restricted A shares held by relevant participants that have been granted but subject to lock-up at a repurchase price of RMB7.33/share. Based on the above, the Company repurchases and cancels a total of 1,739,100 restricted A shares held by such participants that have been granted but subject to lock-up, representing approximately 0.32% of the Company's then total share capital.

Upon formal completion of the repurchase and cancellation of certain restricted A shares under the equity incentive scheme, the Company's share capital will change correspondingly. For details, please refer to the relevant content in sub-section III "Share Incentive Scheme, Employee Share Scheme or Other Incentive Measures for Employees of the Company and Their Impacts" under Section 4 "Corporate Governance, Environment and Society" of this interim report, as well as the content of the Company's relevant announcements dated 26 May 2026 and 29 June 2026. The Company will continue to carry out the information disclosure work on the subsequent development of the matter.

(II) Changes in shares subject to selling restrictions

☐ Applicable √ Not Applicable

II. INFORMATION ABOUT SHAREHOLDERS

(I) Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period	37,608
Total number of shareholders of preference shares with restored voting right as at the end of the Reporting Period	0

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

Unit: share

Shareholding of top ten Shareholders (excluding shares lent through refinancing)							
Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to selling restrictions	Pledged, tagged or frozen: Share status	Pledged, tagged or frozen: Number	Shareholder(s) nature
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	0	245,735,052	44.88	0	Nil	–	State-owned legal person
HKSCC NOMINEES LIMITED	0	99,620,827	18.20	0	Unknown	–	Unknown
Xu Hui	4,248,300	4,248,300	0.78	0	Nil	–	Domestic natural person
Qingdao Eternal Economic Information Consulting Co., Ltd.*	0	2,614,760	0.48	0	Nil	–	Domestic nonstate owned legal person
Zhao Qing	-986,900	2,290,484	0.42	0	Nil	–	Domestic natural person
Sun Xiangrong	2,000,000	2,000,000	0.37	0	Nil	–	Domestic natural person
He Yong	-29,115	1,703,461	0.31	0	Nil	–	Domestic natural person
Liu Xingfang	1,300,000	1,300,000	0.24	0	Nil	–	Domestic natural person
Hong Kong Securities Clearing Company Limited	-1,219,504	1,272,636	0.23	0	Unknown	–	Unknown
Liu Xingliang	1,046,800	1,046,800	0.19	0	Nil	–	Domestic natural person

Shareholding of top ten Shareholders not subject to selling restrictions (excluding shares lent through refinancing)			
Name of shareholder	Number of circulating shares held not subject to selling restrictions	Type and number of shares: Type	Type and number of shares: Number
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	245,735,052	RMB ordinary shares	245,735,052
HKSCC NOMINEES LIMITED	99,620,827	Overseas listed foreign shares	99,620,827
Xu Hui	4,248,300	RMB ordinary shares	4,248,300
Qingdao Eternal Economic Information Consulting Co., Ltd.*	2,614,760	RMB ordinary shares	2,614,760
Zhao Qing	2,290,484	RMB ordinary shares	2,290,484
Sun Xiangrong	2,000,000	RMB ordinary shares	2,000,000
He Yong	1,703,461	RMB ordinary shares	1,703,461
Liu Xingfang	1,300,000	RMB ordinary shares	1,300,000
Hong Kong Securities Clearing Company Limited	1,272,636	RMB ordinary shares	1,272,636
Liu Xingliang	1,046,800	RMB ordinary shares	1,046,800
Description of special accounts for repurchase among the top ten Shareholders	N/A		
Description of the proxy voting right, entrusted voting right and waiver of voting right of the aforesaid Shareholders	N/A		
Description of the related party relationship of or the acting in concert among the aforesaid Shareholders	The Company was not aware of any related party relationship among the aforesaid Shareholders, nor was the Company aware of any parties acting in concert as defined in "Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders*(《上市公司股東持股變動信息披露管理辦法》)".		
Description of preferred Shareholders whose voting rights have resumed and their shareholdings	N/A		

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. Beijing Jingcheng Machinery Electric is the substantial shareholder of the Company, no share of which is 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 2026, Mr. Zhang Jiheng, a Director, was granted 150,000 restricted A shares, and Ms. Feng Yongmei, Mr. Shi Fengwen, Mr. Li Xianzhe, senior management officers of the Company, and Mr. Luan Jie, the secretary to the Board, were each granted 100,000 restricted A shares, respectively. Save as disclosed above, as at 30 June 2026, so far as was known to the Directors, the Directors and chief executive of the Company or their respective associates did not have any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code under the Listing Rules of the Stock Exchange, to be notified to the Company and the Stock Exchange.

4. Save as disclosed above, as at 30 June 2026, the Directors were not notified of any person (not being a Director or chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

5. There is no provision for pre-emptive rights under the laws of the PRC and the articles of association of the Company.

6. As of 30 June 2026, the Company did not issue any convertible securities, share options, warrants or any other similar right.

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

√ Applicable ☐ Not Applicable

Unit: share

No.	Name of Shareholder subject to selling restrictions	Number of Shares held subject to selling restrictions	Conditions of listing and trading of restricted Shares: Date of being permitted for listing and trading	Conditions of listing and trading of restricted Shares: Number of additional Shares available for listing and trading	Conditions for selling restrictions
1	Zhang Jiheng	99,000	N/A	0	The lock-up period shall be 24 months and the remaining restricted shares shall be unlocked in 2 phases and may be listed and traded on the trading day following the expiry of the lock-up period. For details on the actual progress regarding the unlocking and repurchase of restricted shares, please refer to the sub-section III "Share Incentive Scheme, Employee Share Scheme or Other Incentive Measures for Employees of the Company and Their Impacts" under Section 4 "Corporate Governance, Environment and Society" and sub-section I "Changes in Share Capital" under Section 6 "Changes in Shares and Information of Shareholders" in this interim report.
2	Shi Fengwen	66,000			
3	Feng Yongmei	66,000			
4	Li Xianzhe	66,000			
5	Luan Jie	66,000			
Description of the related party relationship of or the acting in concert among the aforesaid Shareholders	N/A				

Other information:

1. During the Reporting Period, there were no additional restricted shares available for listing and trading.

2. Except for the persons above, all other Shareholders holding restricted shares of the Company are participants in the Incentive Scheme.

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

☐ Applicable √ Not Applicable

III. DIRECTORS AND SENIOR MANAGEMENT

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

√ Applicable ☐ Not Applicable

Unit: share

Name	Position	Shareholdings at the beginning of the period	Shareholdings at the end of the period	Change in the amount of shareholdings during the Reporting Period	Reason for the change
Li Zhongbo	Chairman and non-executive Director	0	0	0	—
Zhang Jiheng	Executive Director and general manager	150,000	150,000	0	—
Wang Kai	Non-executive Director	0	0	0	—
Zhou Yongjun	Non-executive Director	0	0	0	—
Zhao Xihua	Non-executive Director	0	0	0	—
Niu Yunjing	Non-executive Director	0	0	0	—
Tian Dongqiang	Non-executive Director	0	0	0	—
Chen Junping	Independent non-executive Director	0	0	0	—
Lu Chenyu	Independent non-executive Director	0	0	0	—
Zhang Zheng	Independent non-executive Director	0	0	0	—
Chen Weiyong	Independent non-executive Director	0	0	0	—
Luan Jie	Secretary to the Board	100,000	100,000	0	—
Feng Yongmei	Chief accountant (chief financial officer)	100,000	100,000	0	—
Shi Fengwen	Chief engineer	100,000	100,000	0	—
Li Xianzhe	General counsel	100,000	100,000	0	—
Man Huiyong	Non-executive Director (resigned)	0	0	0	—
Li Chunzhi	Non-executive Director (resigned)	0	0	0	—
Zhao Xuguang	Independent non-executive Director (resigned)	0	0	0	—
Liu Jingtai	Independent non-executive Director (resigned)	0	0	0	—
Luan Dalong	Independent non-executive Director (resigned)	0	0	0	—

Other information

☐ Applicable √ Not Applicable

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

√ Applicable ☐ Not Applicable

Unit: share

Name	Position	Number of restricted shares held as at the beginning of the Reporting Period	Number of new restricted shares granted during the Reporting Period	Shares unlocked during the Reporting Period	Shares locked during the Reporting Period	Number of restricted shares held as at the end of the Reporting Period
Li Zhongbo	Director	0	0	0	0	0
Zhang Jiheng	Director	99,000	0	0	99,000	99,000
Wang Kai	Director	0	0	0	0	0
Zhou Yongjun	Director	0	0	0	0	0
Zhao Xihua	Director	0	0	0	0	0
Niu Yunjing	Director	0	0	0	0	0
Tian Dongqiang	Director	0	0	0	0	0
Chen Junping	Director	0	0	0	0	0
Lu Chenyu	Director	0	0	0	0	0
Zhang Zheng	Director	0	0	0	0	0
Chen Weiyong	Director	0	0	0	0	0
Luan Jie	Senior management	66,000	0	0	66,000	66,000
Feng Yongmei	Senior management	66,000	0	0	66,000	66,000
Shi Fengwen	Senior management	66,000	0	0	66,000	66,000
Li Xianzhe	Senior management	66,000	0	0	66,000	66,000
Total	**/**	**363,000**	**0**	**0**	**363,000**	**363,000**

(III) Other descriptions

☐ Applicable √ Not Applicable

IV. CHANGES IN CONTROLLING SHAREHOLDERS AND BENEFICIAL CONTROLLER

☐ Applicable √ Not Applicable

V. INFORMATION ABOUT PREFERENCE SHARES

☐ Applicable √ Not Applicable

VI. THE 2023 RESTRICTED SHARE INCENTIVE SCHEME – DISCLOSURES MADE ACCORDING TO CHAPTER 17 SHARE SCHEMES OF THE LISTING RULES OF THE STOCK EXCHANGE

Unit: Shares (A Shares) Currency: RMB

						Changes during the Reporting Period					
Name	**Position**	**Date of grant**	**Number of restricted shares held and not yet unlocked as at the beginning of the period**	**Grant price of restricted shares (RMB)**	**Number of new restricted shares granted during the Reporting Period**	**Shares unlocked**	**Shares locked**	**Cancelled shares**	**Lapsed shares**	**Number of restricted shares outstanding at the end of the period**	**Market value as at the end of the Reporting Period (RMB)**
Zhang Jiheng	Executive Director and general manager	28 December 2023	99,000	7.33	0	0	99,000	0	0	99,000	8.24
Feng Yongmei	Chief accountant	28 December 2023	66,000	7.33	0	0	66,000	0	0	66,000	8.24
Shi Fengwen	Chief engineer	28 December 2023	66,000	7.33	0	0	66,000	0	0	66,000	8.24
Li Xianzhe	General counsel	28 December 2023	66,000	7.33	0	0	66,000	0	0	66,000	8.24
Luan Jie	Secretary to the Board	28 December 2023	66,000	7.33	0	0	66,000	0	0	66,000	8.24
Other core backbone personnel (105)		28 December 2023	3,082,200	7.33	0	0	3,082,200	1,739,100*	0	1,343,100*	8.24
Total initial grant (115)		**/**	**3,445,200**	**/**	**0**	**0**	**3,445,200**	**1,739,100***	**0**	**1,706,100***	**/**

Notes:

(1) According to the Certificate of Securities Change Registration issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the Company has completed the registration of the first grant of restricted shares under the Incentive Scheme on 28 December 2023, and 5,400,000 new restricted A shares were granted.

(2) The initial grant price shall be RMB7.33 per Share, which means that upon fulfilment of the grant conditions, the participants are entitled to purchase the restricted shares issued to the participants by the Company at the price of RMB7.33 per Share.

(3) 1,350,000 restricted shares were reserved for grant under the Incentive Scheme. According to the relevant provisions of the Administrative Measures for the Equity Incentives of Listed Companies and the Incentive Scheme, the participants under the reserved grant have been determined within 12 months after the Incentive Scheme considered and approved at the relevant general meeting, A shares class meeting and H shares class meeting of the Company (i.e. on 13 November 2023). If the participants are not specified for more than 12 months, the reserved entitlements will lapse. For details of the lapse of the reserved entitlements, please refer to the announcement of the Company dated 14 November 2024. As at 30 June 2026, all of the 1,350,000 restricted shares reserved for grant under the Incentive Scheme had lapsed.

(4) As of the period from 1 January 2026 to 30 June 2026, the number of restricted shares that may be issued for the awards granted under the Incentive Scheme (i.e. 5,400,000) divided by the weighted average number of A shares in issue for the period (i.e. 447,485,988) was approximately 1.21%.

(5) On 1 January 2026 and 31 December 2026, there were no restricted shares available for grant under the Incentive Scheme.

* On 29 June 2026, the Company convened the 2025 annual general meeting, the first A shares class meeting of 2026 and the first H shares class meeting of 2026, at which the "Resolution in relation to the Repurchase and Cancellation of Part of the Restricted A Shares Granted but Subject to Lock-up" was considered and approved. According to the Incentive Scheme and other relevant provisions, given that one employee terminated the employment relationship with the Company due to the transfer of job, the Company shall repurchase and cancel a total of 33,000 restricted A shares held by such participant that have been granted but subject to lock-up, with the repurchase price at the sum of RMB7.33/share plus the interest earned on time deposits calculated in accordance with the latest benchmark deposit rate issued by the People's Bank of China. Furthermore, since the performance metrics at the Company level did not meet the unlocking conditions as required for the second unlocking period of the initial grant under the Incentive Scheme, the Company shall repurchase and cancel a total of 1,706,100 restricted A shares held by relevant participants that have been granted but subject to lock-up at a repurchase price of RMB7.33/share. Based on the above, the Company repurchases and cancels a total of 1,739,100 restricted A shares held by the participants that have been granted but subject to lock-up, representing approximately 0.32% of then total share capital of the Company. Upon the formal completion of the repurchase and cancellation of certain restricted A shares under the equity incentive scheme, the Company's share capital will change correspondingly. For details, please refer to the relevant content in sub-section III "Share Incentive Scheme, Employee Share Scheme or Other Incentive Measures for Employees of the Company and Their Impacts" under Section 4 "Corporate Governance, Environment and Society" of this interim report, as well as the content of the Company's relevant announcements dated 26 May 2026 and 29 June 2026. Save as disclosed above, no restricted shares were cancelled or lapsed during the period from 1 January 2026 to 30 June 2026.

Lock-up period and unlocking arrangements

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

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

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

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

SECTION 7 CORPORATE BONDS

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

☐ Applicable √ Not Applicable

II. CONVERTIBLE CORPORATE BONDS

☐ Applicable √ Not Applicable

CONSOLIDATED BALANCE SHEET

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

June 30, 2026 *Unit: Yuan*

Item	*Notes*	**Ending balance**	Beginning balance
Current assets:			
Cash at bank and on hand	*V. (1)*	**394,054,804.83**	622,657,705.19
Financial assets held for trading			
Derivative financial assets			
Notes receivable	*V. (2)*	**6,504,600.83**	26,051,969.37
Accounts receivable	*V. (3)*	**636,212,144.34**	589,525,344.17
Receivables financing	*V. (4)*	**6,103,635.16**	9,328,872.99
Advances to suppliers	*V. (5)*	**45,751,475.54**	31,566,310.63
Other receivables	*V. (6)*	**5,169,198.57**	6,837,130.59
Including: interest receivable			
Dividends receivable			
Inventory	*V. (7)*	**307,704,320.99**	271,035,734.10
Including: data resources			
Contract assets	*V. (8)*	**29,850,302.94**	30,646,907.15
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	*V. (9)*	**26,710,873.41**	33,482,602.95
Total current assets		**1,458,061,356.61**	1,621,132,577.14
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investment	*V. (10)*	**106,337,897.17**	112,106,835.13
Other equity instruments investments			
Other non-current financial assets			
Investment properties			
Fixed assets	*V. (11)*	**827,479,110.14**	846,943,355.65
Construction work in process	*V. (12)*	**36,932,009.19**	14,754,194.27
Productive biological assets			
Oil and gas assets			
Right-of-use assets	*V. (13)*	**162,811,396.61**	171,039,349.61
Intangible assets	*V. (14)*	**157,305,740.76**	162,678,164.43
Including: data resources			
Development expenditures			
Including: data resources			
Goodwill	*V. (15)*	**168,996,039.10**	168,996,039.10
Long-term deferred expenses	*V. (16)*	**13,058,701.01**	14,066,067.60
Deferred income tax assets	*V. (17)*	**17,436,887.93**	16,855,655.86
Other non-current assets	*V. (18)*	**1,769,074.36**	4,918,574.34
Total non-current assets		**1,492,126,856.27**	1,512,358,235.99
Total assets		**2,950,188,212.88**	3,133,490,813.13

CONSOLIDATED BALANCE SHEET (CONTINUED)

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

June 30, 2026 *Unit: Yuan*

Item	*Notes*	**Ending balance**	Beginning balance
Current liabilities:			
Short-term loans	*V.(20)*	**60,000,000.00**	180,000,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	*V.(21)*	**129,264,783.26**	114,056,555.05
Accounts payable	*V.(22)*	**364,750,349.11**	345,108,522.50
Deposit received			
Contract liabilities	*V.(23)*	**64,553,091.20**	52,183,269.47
Staff salaries payable	*V.(24)*	**23,859,090.88**	35,607,575.26
Taxes payable	*V.(25)*	**6,459,347.84**	17,357,397.31
Other payables	*V.(26)*	**36,803,739.60**	34,513,428.48
Including: interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	*V.(27)*	**30,603,340.00**	20,158,264.58
Other current liabilities	*V.(28)*	**11,329,836.59**	21,732,565.26
Total current liabilities		**727,623,578.48**	820,717,577.91
Non-current liabilities:			
Long-term loans	*V.(29)*	**143,565,661.71**	151,594,466.85
Bonds payable			
Including: preferred stock			
Perpetual bonds			
Lease liabilities	*V.(30)*	**199,820,421.36**	207,696,873.72
Long-term payables	*V.(31)*	**543,207,700.00**	543,207,700.00
Long-term staff salaries payable	*V.(32)*	**36,183,149.28**	35,047,602.43
Expected liabilities	*V.(33)*	**14,719,214.91**	11,324,097.72
Deferred income	*V.(34)*	**16,063,222.72**	12,196,070.50
Deferred income tax liabilities	*V.(17)*	**3,865,024.60**	4,471,217.03
Other non-current liabilities			
Total non-current liabilities		**957,424,394.58**	965,538,028.25
Total liabilities		**1,685,047,973.06**	1,786,255,606.16

CONSOLIDATED BALANCE SHEET (CONTINUED)

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

June 30, 2026 *Unit: Yuan*

Item	*Notes*	**Ending balance**	Beginning balance
Shareholders' equity:			
Share capital	*V.(35)*	**547,485,988.00**	547,485,988.00
Other equity instruments			
Including: preferred stock			
Perpetual bonds			
Capital reserves	*V.(36)*	**1,023,703,195.82**	1,022,910,641.69
Less: treasury shares			
Other comprehensive income	*V.(37)*	**449,307.66**	2,613,676.09
Special reserves	*V.(38)*	**2,718,193.32**	2,276,474.67
Surplus reserves	*V.(39)*	**45,665,647.68**	45,665,647.68
Undistributed profits	*V.(40)*	**-826,141,373.58**	-763,507,523.54
Total Shareholders' equity attributable to parent company		**793,880,958.90**	857,444,904.59
Minority shareholders' equity		**471,259,280.92**	489,790,302.38
Total Shareholders' equity		**1,265,140,239.82**	1,347,235,206.97
Total liabilities and Shareholders' equity		**2,950,188,212.88**	3,133,490,813.13

Legal representative:	Person in charge of accounting:	Person in charge of accounting firm:
Mr. Li Zhongbo	Ms. Feng Yongmei	Mr. Yang Yue

BALANCE SHEET OF THE PARENT COMPANY

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

June 30, 2026 *Unit: Yuan*

Item	*Notes*	**Ending balance**	Beginning balance
Current assets:			
Cash at bank and on hand		**38,078,413.43**	28,394,556.14
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	*XVII.(1)*	**93,525,134.34**	78,045,788.29
Receivables financing			440,150.00
Advances to suppliers		**124,874.74**	
Other receivables	*XVII.(2)*	**434,996,954.55**	431,166,974.28
Including: Interest receivable		**61,162,999.56**	55,657,582.87
Dividends receivable			
Inventory		**496,239.91**	
Including: data resources			
Contract assets		**21,172,304.86**	23,362,172.74
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		**1,500,218.93**	
Total current assets		**589,894,140.76**	561,409,641.45
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investment	*XVII.(3)*	**1,599,609,640.36**	1,599,609,640.36
Other equity instruments investments			
Other non-current financial assets			
Investment properties			
Fixed assets		**50,190.25**	61,629.73
Construction work in process			
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Including: data resources			
Development expenditures			
Including: data resources			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		**1,413,843.66**	1,253,806.60
Other non-current assets			
Total non-current asset		**1,601,073,674.27**	1,600,925,076.69
Total assets		**2,190,967,815.03**	2,162,334,718.14

BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

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

June 30, 2026 *Unit: Yuan*

Item	*Notes*	Ending balance	Beginning balance
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		**127,448,036.12**	104,930,733.60
Deposit received			
Contract liabilities		**6,540,364.41**	415,000.00
Staff salaries payable		**5,909,536.18**	7,159,536.18
Taxes payable		**869,413.00**	820,454.17
Other payables		**5,137,369.26**	5,545,963.78
Including: interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		**145,904,718.97**	118,871,687.73
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: preferred stock			
Perpetual bonds			
Lease liabilities			
Long-term payables		**200,000,000.00**	200,000,000.00
Long-term staff salaries payable			
Expected liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		**200,000,000.00**	200,000,000.00
Total liabilities		**345,904,718.97**	318,871,687.73
Shareholders' equity			
Share capital		**547,485,988.00**	547,485,988.00
Other equity instruments			
Including: preferred stock			
Perpetual bonds			
Capital reserves		**1,319,569,088.11**	1,319,387,810.86
Less: treasury shares			
Other comprehensive income			
Special reserves			
Surplus reserves		**38,071,282.24**	38,071,282.24
Undistributed profits		**-60,063,262.29**	-61,482,050.69
Total shareholders' equity		**1,845,063,096.06**	1,843,463,030.41
Total liabilities and shareholders' equity		**2,190,967,815.03**	2,162,334,718.14

Legal representative:	Person in charge of accounting:	Person in charge of accounting firm:
Mr. Li Zhongbo	Ms. Feng Yongmei	Mr. Yang Yue

CONSOLIDATED INCOME STATEMENT

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

January to June in 2026 — *Unit: Yuan*

Item		*Notes*	**Sum occurs in current period**	Sum occurs in previous period
I.	**Operating revenue**	*V.(41)*	**652,122,001.04**	680,343,762.00
	Less: operating costs	*V.(41)*	**576,406,582.26**	548,694,876.01
	Taxes and surcharges	*V.(42)*	**4,045,831.09**	4,776,500.62
	Selling expenses	*V.(43)*	**19,743,802.49**	20,038,057.94
	Administrative expenses	*V.(44)*	**49,948,522.00**	54,164,729.47
	R&D expenses	*V.(45)*	**45,992,312.89**	42,208,662.39
	Financial expenses	*V.(46)*	**12,836,549.73**	5,231,447.28
	Including: interest expenses		**9,101,732.38**	11,431,716.95
	Interest income		**1,115,221.94**	1,170,019.89
	Add: other income	*V.(47)*	**3,429,464.30**	5,136,207.55
	Investment income (loss to be listed with "-")	*V.(48)*	**-5,357,197.25**	877,021.41
	Including: investment income from associates and joint ventures		**-5,768,937.96**	-1,167,116.34
	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)*	**-2,478,518.10**	-2,900,919.33
	Asset impairment loss (loss to be listed with "-")	*V.(50)*	**-18,402,409.64**	-15,307,507.45
	Income of assets disposal (loss to be listed with "-")	*V.(51)*	**6,584.07**	1,472,831.23
II.	**Operating profit (loss to be listed with "-")**		**-79,653,676.03**	-5,492,878.30
	Add: non-operating revenue	*V.(52)*	**3,043,952.04**	1,088,038.32
	Less: non-operating expenses	*V.(53)*	**31,268.43**	390,711.56
III.	**Total profit (total loss to be listed with "-")**		**-76,640,992.42**	-4,795,551.54
	Less: income tax expenses	*V.(54)*	**4,845,865.64**	6,978,008.16
IV.	**Net profit (net loss to be listed with "-")**		**-81,486,858.06**	-11,773,559.70
	(I) Classified by going concern basis:			
	1. Net profit from continuing operation (net losses to be listed with "-")		**-81,486,858.06**	-11,773,559.70
	2. Net profit from discontinued operation (net losses to be listed with "-")			
	(II) Classification by ownership:			
	1. Net profit attributable to shareholders of the parent company (net losses to be listed with "-")		**-62,633,850.04**	-15,755,703.57
	2. losses and benifits of minority shareholders (net losses to be listed with "-")		**-18,853,008.02**	3,982,143.87

CONSOLIDATED INCOME STATEMENT (CONTINUED)

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

January to June in 2026

Unit: Yuan

Item		*Notes*	**Sum occurs in current period**	Sum occurs in previous period
V.	**Net after-tax amount of other comprehensive income**		**-2,391,507.95**	-310,835.69
	(I) Net after-tax amount of other comprehensive income attributable to shareholders of the parent company		**-2,164,368.43**	-281,553.58
	(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		**-2,164,368.43**	-281,553.58
	1. Other comprehensive income that can be reclassified to profit or loss under the equity method			1,558.12
	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		**-2,164,368.43**	-283,111.70
	7. Others			
	(II) Net after-tax amount of other comprehensive income attributable to minority shareholders		**-227,139.52**	-29,282.11
VI.	**Total comprehensive income**		**-83,878,366.01**	-12,084,395.39
	1. Total comprehensive incomes attributable to shareholders of the parent company		**-64,798,218.47**	-16,037,257.15
	2. Total comprehensive income attributable to minority shareholders		**-19,080,147.54**	3,952,861.76
VII.	**Earnings per share:**			
	(I) Primary earnings per share		**-0.10**	-0.03
	(II) Diluted earnings per share		**-0.10**	-0.03

Legal representative:	Person in charge of accounting:	Person in charge of accounting firm:
Mr. Li Zhongbo	Ms. Feng Yongmei	Mr. Yang Yue

INCOME STATEMENT OF THE PARENT COMPANY

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

January to June in 2026

Unit: Yuan

Item	Notes	Sum occurs in current period	Sum occurs in previous period
I. Operating revenue	*XVII.(4)*	**1,813,081.11**	2,011,457.25
Less: operating costs	*XVII.(4)*		
Taxes and surcharges		**11,909.62**	46,611.15
Selling expenses			
Administrative expenses		**4,489,593.21**	5,811,861.23
R&D expenses			
Financial expenses		**-5,275,053.42**	-5,567,217.58
Including: interest expenses			
Interest income		**5,281,925.18**	5,572,472.58
Add: other incomes		**7,271.10**	14,133.53
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 "-")		**-691,930.33**	90,618.98
Asset impairment loss (loss to be listed with "-")		**51,782.12**	91,642.17
Income of assets disposal (loss to be listed with "-")			23,185.24
II. Operating profit (loss to be listed with "-")		**1,953,754.59**	1,939,782.37
Add: non-operating revenue			
Less: non-operating expenses			
III. Total profit (total loss to be listed with "-")		**1,953,754.59**	1,939,782.37
Less: income tax expenses		**534,966.19**	988,717.32
IV. Net profit (net loss to be listed with "-")		**1,418,788.40**	951,065.05
(I) Net profit from continuing operation (net loss to be listed with "-")		**1,418,788.40**	951,065.05
(II) Net profit from discontinued operation (net loss to be listed with "-")			
V. Net after-tax amount of other comprehensive income			
(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		**1,418,788.40**	951,065.05
VII. Earnings per share:			
(I) Primary earnings per share			
(II) Diluted earnings per share			

Legal representative: Mr. Li Zhongbo | Person in charge of accounting: Ms. Feng Yongmei | Person in charge of accounting firm: Mr. Yang Yue

CONSOLIDATED CASH FLOW STATEMENT

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

January to June in 2026

Unit: Yuan

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		**520,183,347.36**	459,636,286.92
	Refund of taxes		**27,920,421.64**	58,780,171.68
	Cash received relating to other operating activities	*V.(56)*	**25,875,706.92**	27,559,182.37
	Subtotal of cash inflows from operating activities		**573,979,475.92**	545,975,640.97
	Cash paid for purchasing goods and receiving service		**406,867,538.53**	370,819,988.79
	Cash paid to and for employees		**127,068,295.57**	125,935,019.00
	Payments of various taxes		**27,945,446.37**	37,452,254.96
	Cash paid for other operating activities	*V.(56)*	**100,742,180.76**	101,720,945.73
	Subtotal of cash outflows from operating activities		**662,623,461.23**	635,928,208.48
	Net cash flows from operating activities		**-88,643,985.31**	-89,952,567.51
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		**114,363.00**	5,298,162.26
	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		**114,363.00**	5,298,162.26
	Cash paid to purchase fixed assets, intangible assets, and other long-term assets		**20,479,232.08**	28,419,621.82
	Cash paid for investments		**490,000.00**	20,000,000.00
	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		**20,969,232.08**	48,419,621.82
	Net cash flows from investment activities		**-20,854,869.08**	-43,121,459.56

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

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

January to June in 2026 *Unit: Yuan*

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		**13,190,000.00**	191,900,000.00
	Cash received relating to other financing activities		–	
	Subtotal of cash inflows from financing activities		**13,190,000.00**	191,900,000.00
	Cash paid for repayment of debts		**131,234,068.57**	160,500,000.00
	Cash paid for distribution of dividends, profits or paying interests		**3,453,278.77**	5,122,505.55
	Including: dividends and profits paid by subsidiaries to minority shareholders		–	
	Cash paid relating to other financing activities	*V.(56)*	**13,357,986.79**	14,348,210.46
	Subtotal of cash outflows from financing activities		**148,045,334.13**	179,970,716.01
	Net cash flows from financing activities		**-134,855,334.13**	11,929,283.99
IV.	**Effects from the change of exchange rate on cash and cash equivalents**		**-2,385,865.05**	2,813,553.52
V.	**Net increase in cash and cash equivalents**		**-246,740,053.57**	-118,331,189.56
	Add: Beginning balance of cash and cash equivalents		**544,234,075.14**	410,572,389.38
VI.	**Ending balance of cash and cash equivalents**		**297,494,021.57**	292,241,199.82

Legal representative:	Person in charge of accounting:	Person in charge of accounting firm:
Mr. Li Zhongbo	Ms. Feng Yongmei	Mr. Yang Yue

CASH FLOW STATEMENT OF THE PARENT COMPANY

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

January to June in 2026

Unit: Yuan

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		**37,598,991.74**	46,449,280.00
	Refund of taxes			
	Cash received relating to other operating activities		**4,310,484.41**	7,730,194.68
	Subtotal of cash inflows from operating activities		**41,909,476.15**	54,179,474.68
	Cash paid for purchasing goods and receiving service		**22,512,276.30**	33,727,597.20
	Cash paid to and for employees		**4,399,336.15**	4,654,377.49
	Payments of various taxes		**421,701.79**	1,031,538.07
	Cash paid for other operating activities		**4,888,927.46**	8,708,159.61
	Subtotal of cash outflows from operating activities		**32,222,241.70**	48,121,672.37
	Net cash flows from operating activities		**9,687,234.45**	6,057,802.31
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			
	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			
	Cash paid to purchase fixed assets, intangible assets, and other long-term assets			
	Cash paid for investments			20,000,000.00
	Net cash paid for the acquisition of subsidiaries and other business entities			
	Cash paid relating to other investment activities			
	Subtotal of cash outflows from investment activities			20,000,000.00
	Net cash flows from investment activities			-20,000,000.00
III.	**Cash flows from financing activities:**			
	Cash received from absorbing investments			
	Cash received from borrowings			
	Cash received relating to other financing activities			
	Subtotal of cash inflows from financing activities			
	Cash paid for repayment of debts			
	Cash paid for distribution of dividends, profits or paying interests			
	Cash paid relating to other financing activities			1,326,852.17
	Subtotal of cash outflows from financing activities			1,326,852.17
	Net cash flows from financing activities			-1,326,852.17
IV.	**Effects from the change of exchange rate on cash and cash equivalents**		**-3,377.16**	
V.	**Net increase in cash and cash equivalents**		**9,683,857.29**	-15,269,049.86
	Add: Beginning balance of cash and cash equivalents		**28,394,556.14**	60,762,474.36
VI.	**Ending balance of cash and cash equivalents**		**38,078,413.43**	45,493,424.50

Legal representative:	Person in charge of accounting:	Person in charge of accounting firm:
Mr. Li Zhongbo	Ms. Feng Yongmei	Mr. Yang Yue

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

January to June in 2026

Unit: Yuan

	Current period												
	Shareholders' equity attributable to the parent company												
		Other equity instruments											
Item	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Subtotal	Minority shareholders' equity	Total shareholders' equity
I. Ending balance of the previous year	547,485,988.00				1,022,910,641.69		2,613,676.09	2,276,474.67	45,665,647.68	-763,507,523.54	857,444,904.59	489,790,302.38	1,347,235,206.97
Add: Impact from changes in accounting policies													
Impact from correction of prior period errors													
Others													
II. Beginning balance of the current year	547,485,988.00				1,022,910,641.69		2,613,676.09	2,276,474.67	45,665,647.68	-763,507,523.54	857,444,904.59	489,790,302.38	1,347,235,206.97
III. Movements in the current Year (decrease to be listed with "-")					792,554.13		-2,164,368.43	441,718.65		-62,633,850.04	-63,563,945.69	-18,531,021.46	-82,094,967.15
(I) Total comprehensive incomes							-2,164,368.43			-62,633,850.04	-64,798,218.47	-19,080,147.54	-83,878,366.01
(II) Capital invested and reduced by shareholders					792,554.13						792,554.13	229,765.20	1,022,319.33
1. Common shares invested by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in shareholder's equity					792,554.13						792,554.13	229,765.20	1,022,319.33
4. Others													
(III) Profit distribution													
1. Appropriation of surplus reserves													
2. Distribution to shareholders													
3. Others													
(IV) Internal carry-over within shareholder's equity													
1. Capital reserves transferred into share capital													
2. Surplus reserves transferred into share capital													
3. Surplus reserves to recover losses													
4. Changes in defined benefit plan carried forward to retained earning													
5. Other comprehensive incomes carried forward to retained earning													
6. Others													
(V) Special reserves								441,718.65			441,718.65	319,360.88	761,079.53
1. Accrual in current year								3,140,957.81			3,140,957.81	1,753,391.65	4,894,349.46
2. Utilization in current year								-2,699,239.16			-2,699,239.16	-1,434,030.77	-4,133,269.93
(VI) Others													
IV. Ending balance of the current year	547,485,988.00				1,023,703,195.82		449,307.66	2,718,193.32	45,665,647.68	-826,141,373.58	793,880,958.90	471,259,280.92	1,265,140,239.82

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

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

January to June in 2026

Unit: Yuan

	Previous period												
	Shareholders' equity attributable to the parent company												
		Other equity instruments											
Item	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Subtotal	Minority shareholders' equity	Total shareholders' equity
I. Ending balance of the previous year	547,665,988.00				1,195,306,532.75		4,172,992.51	1,222,044.23	45,665,647.68	-709,876,579.95	1,084,156,625.22	328,000,614.33	1,412,157,239.55
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				1,195,306,532.75		4,172,992.51	1,222,044.23	45,665,647.68	-709,876,579.95	1,084,156,625.22	328,000,614.33	1,412,157,239.55
III. Movements in the current Year (decrease to be listed with "-")	-180,000.00				2,528,599.46		-281,553.58	1,348,846.12		-15,755,703.57	-12,339,811.57	4,932,004.81	-7,407,806.76
(I) Total comprehensive incomes							-281,553.58			-15,755,703.57	-16,037,257.15	3,952,861.76	-12,084,395.39
(II) Capital invested and reduced by shareholders	-180,000.00				2,528,599.46						2,348,599.46	491,257.76	2,839,857.22
1. Common shares invested by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in shareholder's equity					3,667,999.46						3,667,999.46	491,257.76	4,159,257.22
4. Others	-180,000.00				-1,139,400.00						-1,319,400.00		-1,319,400.00
(III) Profit distribution													
1. Appropriation of surplus reserves													
2. Distribution to shareholders													
3. Others													
(IV) Internal carry-over within shareholder's equity													
1. Capital reserves transferred into share capital													
2. Surplus reserves transferred into share capital													
3. Surplus reserves to recover losses													
4. Changes in defined benefit plan carried forward to retained earning													
5. Other comprehensive incomes carried forward to retained earning													
6. Others													
(V) Special reserves								1,348,846.12			1,348,846.12	487,885.29	1,836,731.41
1. Accrual in current year								4,026,747.99			4,026,747.99	1,709,004.06	5,735,752.05
2. Utilization in current year								-2,677,901.87			-2,677,901.87	-1,221,118.77	-3,899,020.64
(VI) Others													
IV. Ending balance of the current year	547,485,988.00				1,197,835,132.21		3,891,438.93	2,570,890.35	45,665,647.68	-725,632,283.52	1,071,816,813.65	332,932,619.14	1,404,749,432.79

Legal representative:	Person in charge of accounting:	Person in charge of accounting firm:
Mr. Li Zhongbo	Ms. Feng Yongmei	Mr. Yang Yue

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

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

January to June in 2026 *Unit: Yuan*

Item	Current period										
		Other equity instruments									
	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Ending balance of the previous year	547,485,988.00				1,319,387,810.86				38,071,282.24	-61,482,050.69	1,843,463,030.41
Add: Impact from changes in accounting policies											
Impact from correction of prior period errors											
Others											
II. Beginning balance of the current year	547,485,988.00				1,319,387,810.86				38,071,282.24	-61,482,050.69	1,843,463,030.41
III. Movements in the current year (decrease to be listed with "-")					181,277.25					1,418,788.40	1,600,065.65
(I) Total comprehensive incomes										1,418,788.40	1,418,788.40
(II) Capital invested and reduced by shareholders					181,277.25						181,277.25
1. Common shares invested by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholder's equity					181,277.25						181,277.25
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserves											
2. Distribution to shareholders											
3. Others											
(IV) Internal carry-over within shareholder's equity											
1. Capital reserves transferred into share capital											
2. Surplus reserves transferred into share capital											
3. Surplus reserves to recover losses											
4. Changes in defined benefit plan carried forward to retained earning											
5. Other comprehensive incomes carried forward to retained earning"											
6. Others											
(V) Special reserves											
1. Accrual in current year											
2. Utilization in current year											
(VI) Others											
IV. Ending balance of the current year	547,485,988.00				1,319,569,088.11				38,071,282.24	-60,063,262.29	1,845,063,096.06

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

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

January to June in 2026

Unit: Yuan

Item	Previous period										
	Share capital	Other equity instruments: Preferred stock	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Ending balance of the previous year	547,665,988.00				1,320,831,896.72				38,071,282.24	-61,096,993.06	1,845,472,173.90
Add: Impact from changes in accounting policies											
Impact from correction of prior period errors											
Others											
II. Beginning balance of the current year	547,665,988.00				1,320,831,896.72				38,071,282.24	-61,096,993.06	1,845,472,173.90
III. Movements in the current Year (decrease to be listed with "-")	-180,000.00				-1,161,100.71					951,065.05	-390,035.66
(I) Total comprehensive incomes										951,065.05	951,065.05
(II) Capital invested and reduced by shareholders	-180,000.00				-1,161,100.71						-1,341,100.71
1. Common shares invested by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholder's equity					642,599.29						642,599.29
4. Others	-180,000.00				-1,803,700.00						-1,983,700.00
(III) Profit distribution											
1. Appropriation of surplus reserves											
2. Distribution to shareholders											
3. Others											
(IV) Internal carry-over within shareholder's equity											
1. Capital reserves transferred into share capital											
2. Surplus reserves transferred into share capital											
3. Surplus reserves to recover losses											
4. Changes in defined benefit plan carried forward to retained earning											
5. Other comprehensive incomes carried forward to retained earning"											
6. Others											
(V) Special reserves											
1. Accrual in current year											
2. Utilization in current year											
(VI) Others											
IV. Ending balance of the current year	547,485,988.00				1,319,670,796.01				38,071,282.24	-60,145,928.01	1,845,082,138.24

Legal representative: Mr. Li Zhongbo

Person in charge of accounting: Ms. Feng Yongmei

Person in charge of accounting firm: Mr. Yang Yue

SECTION 8 FINANCIAL REPORT

I. COMPANY PROFILE

Beijing Jingcheng Machinery Electric 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 of Hong Kong Limited Ltd. in 1993 and Shanghai Stock Exchange in 1994.

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

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

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

The Company's controlling shareholder---Beiren Group Corporation and the Company's actual controller---- Beijing Jingcheng Machinery Electric Holding Co., Ltd. (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. (ZJXK [2013] No. 1240) issued by China Securities Regulatory Commission, approving the Company to restructure material assets at this time.

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

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

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

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

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

At the board of directors meeting and supervisor meeting held on October 30, 2025, the "Proposal on the Achievement of the First Unlocking Period Unlocking Conditions of the 2023 Restricted Stock Incentive Plan" is reviewed and ratified. The board of directors believes that the unlocking conditions for the first unlocking period of the incentive plan have been met. An aggregate of 110 incentive recipients meet the unlocking conditions, and the number of restricted stocks that can be unlocked is 1,774,800 shares, accounting for about 0.32% of the company's current total share capital.

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

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

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

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

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

II. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Going concern

The Group has evaluated the going concern ability within 12 months since June 30, 2026 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.

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	**Affirmation methods for importance criteria and evidence for selection**
Significant receivables with individual provision for bad debts	There is objective evidence showing that credit risk of a single receivable has significantly changed, compared with other receivables in the same portfolio, and the amount is greater than 10 million yuan
Recovery or reversal of bad debts reserves for significant receivables	The single recovery or reversal amount accounts for more than 10% of the total amount of various types of receivables, and the amount is greater than 10 million yuan
Written-off of significant receivables	The single write-off amount accounts for more than 10% of total bad debt reserves for various types of receivables, and the amount is greater than 10 million yuan
Prepayments older than 1 year	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
Significant construction work in process	The budget of a single project is greater than 10 million yuan
Accounts payable older than 1 year	The amount of accounts payable with a single aging older than 1 year accounts for more than 10% of the total amount of accounts payable, and the amount is greater than 10 million yuan
Material changes in the carrying value of contract liabilities	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 older than 1 year	Contract liabilities with a single aging older than 1 year account for more than 10% of total contract liabilities, and the amount is greater than 10 million yuan
Other payable older than 1 year	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
Significant non-wholly-owned subsidiaries	Non-wholly-owned Subsidiaries' income accounts for more than 10% of the Group's income, and the amount is greater than 10 million yuan
Significant associates	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
Significant commitments and contingencies	A single amount is greater than 10 million yuan
Significant future events	A single amount is greater than 10 million yuan

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 for joint operation

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.

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.

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 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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial Instruments (Continued)

(4) Impairment of financial instruments (Continued)

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

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

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

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

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

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

② *Portfolio category and determination basis of notes receivable*

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

③ *Portfolio category and determination basis of other receivables*

The Group measures impairment reserves for other receivables based on following situations: ① for other receivables whose credit risk has not significantly increased after initial recognition, the Group measures impairment reserves based on expected credit losses within next 12 months; ② for other receivables whose credit risk has significantly increased after initial recognition, the Group measures impairment reserves, on the foundation of expected credit loss of such financial instrument in all its existing period. ③for 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	**Provision for bad debts**
Dividends receivable and interest receivable	No credit impairment has occurred
Related parties within the scope of consolidation	No credit impairment has occurred
The credit rating of trading parties has decreased	Credit risk has significantly increased
Aging portfolio	Measuring default loss rate based on portfolio

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

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Inventory

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

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

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

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

13. Contract assets and contract liabilities

(1) Contract assets

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

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

(2) Contract liabilities

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

14. Assets related to contract costs

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

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

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

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

(2) Amortization of assets related to contract costs

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

(3) Impairment of assets related to contract costs

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

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 meditating 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;

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

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

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

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

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. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Construction work in process

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

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

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

Category	Standards for transferring fixed assets
Houses and buildings	After been inspected and accepted by some relevant departments, from the date of reaching predetermined usable state
Machinery and equipment	After installation and debugging, meeting design requirements or standards specified in the contract, after being approved according to the process

18. 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 saleable 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.

19. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Intangible assets (Continued)

(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: ①The 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.

20. 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 assessing expected future cash flow of such asset or asset groups, and select an appropriate discount rate to determine present value of future cash flow.

(2) Impairment of goodwill

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

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

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

21. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. 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.

23. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. 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.

25. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Recognition principles and measurement methods for revenue (Continued)

(1) Revenue from selling goods (Continued)

(2) Overseas sales

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

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

For sales with sales return clauses, when customers attain control of relevant goods, the Group shall recognize revenue based on an expected amount of a consideration, that customers are entitled to receive due to transfer of goods to customers, and the Group shall recognize an expected amount to be returned, an 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 III, 23.

(2) House rental fees and location rental fees

Leasing income of the Group is operating leasing income, refer to Note III · 28 for content about leasing.

26. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Deferred income tax assets and deferred income 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 contemporary 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.

28. 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 e 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Lease (Continued)

(2) The Group as the lessee (Continued)

1) Confirmation of lease (Continued)

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

When calculating present value of lease payments, the Group utilizes the lease implicit interest rate as the discount rate. If the Group 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.

2) Operating lease

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. 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.

30. 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 employees 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.

31. Changes in significant accounting policies and estimates

(1) Significant changes in accounting policies

None.

(2) Significant changes in accounting estimates

None.

IV. TAXATION ITEMS

1. Main types and rates of tax

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

Explanation for taxpayers with different corporate income tax rates:

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

2. Tax preference

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

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

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

Kuancheng Tianhai Pressure container Co., LTD., a subsidiary of the company, got a high-tech Enterprise Certificate GR202513000045 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 October 28, 2025. The certificate is valid for three years. Corporate income tax shall be calculated at the preferential tax rate of 15% for the current period.

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

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

V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

In financial statement data disclosed below, except other items specified, "Beginning balance" refers to January 1, 2026, "Ending balance" refers to June 30, 2026, "Current period" refers to January – June 2026, and "Previous period" refers to January – June 2025. 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	**135,742.69**	187,315.74
Deposits in bank	**297,358,278.88**	544,046,759.40
Other monetary funds	**96,560,783.26**	78,423,630.05
Total	**394,054,804.83**	622,657,705.19
In which: the total amount of funds stored overseas	**25,483,313.22**	9,181,894.20
Total amount of funds with restrictions on use due to mortgage, pledge or freezing	**96,560,783.26**	78,423,630.05

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

Item	Ending balance	Beginning balance
Security deposit for bank acceptance bill	**89,860,783.26**	69,073,630.05
Funds frozen by litigation	**6,700,000.00**	6,700,000.00
Security deposit for letter of guarantee		2,650,000.00
Total	**96,560,783.26**	78,423,630.05

2. Notes receivable

(1) Classification and presentation of notes receivable

Item	Ending balance	Beginning balance
Bank acceptance bill	**6,100,600.83**	23,067,986.37
Commercial acceptance bill	**404,000.00**	2,983,983.00
Total	**6,504,600.83**	26,051,969.37

(2) Notes receivable that have been pledged at the end of the period

Item	Amount that has been pledged at the end of the period
Bank acceptance bill	825,000.00
Total	825,000.00

(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		5,120,274.78
Commercial acceptance bill		200,000.00
Total		5,320,274.78

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	**559,664,446.32**	538,025,092.23
1-2 years	**130,972,950.27**	93,715,216.12
2-3 years	**36,649,935.93**	41,115,874.16
3-4 years	**33,819,673.61**	29,406,431.45
4-5 years	**3,955,366.88**	18,988,748.03
Over 5 years	**38,662,985.80**	33,302,548.25
Subtotal	**803,725,358.81**	754,553,910.24
Less: Bad debt reserves	**167,513,214.47**	165,028,566.07
Total	**636,212,144.34**	589,525,344.17

Note: The checking relationship of aforementioned "Over 5 years" is not consistent with that of previous period, mainly because Beijing Tianhai Cryogenic Equipment Co., Ltd., a subsidiary of the Company, is not included in the consolidation scope at the end of 2025, the Company and its subsidiaries will not consolidate and offset accounts receivable of Beijing Tianhai Cryogenic Equipment Co., Ltd. at the end of 2025, thus several accounts receivable of different aging accrue at the end of the period.

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

	Ending balance				
	Book balance		Bad debt reserves		
Category	**Amount**	**Percent (%)**	**Amount**	**Provision Percent (%)**	**Book value**
Provision for bad debt by individual item	**105,533,348.66**	**13.13**	**105,533,348.66**	**100.00**	
Provision for bad debt by portfolio	**698,192,010.15**	**86.87**	**61,979,865.81**	**8.88**	**636,212,144.34**
In which: aging portfolio	**698,192,010.15**	**86.87**	**61,979,865.81**	**8.88**	**636,212,144.34**
Total	**803,725,358.81**	**100.00**	**167,513,214.47**	**20.84**	**636,212,144.34**

(Continued Table)

	Beginning balance				
	Book balance		Bad debt reserves		
Category	Amount	Percent (%)	Amount	Provision Percent (%)	Book value
Provision for bad debt by individual item	110,457,055.42	14.64	110,457,055.42	100.00	
Provision for bad debt by portfolio	644,096,854.82	85.36	54,571,510.65	8.47	589,525,344.17
In which: aging portfolio	644,096,854.82	85.36	54,571,510.65	8.47	589,525,344.17
Total	754,553,910.24	100.00	165,028,566.07	21.87	589,525,344.17

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) Significant accounts receivable with provision for bad debt by individual item

Name	Ending balance			Reasons for provision
	Book balance	Bad debt reserves	Provision percent (%)	
Beijing Tianhai Cryogenic Equipment Co., Ltd.	**87,724,906.20**	**87,724,906.20**	**100.00**	**The credit rating of the counterparty decreases, and the credit risk increases significantly**
Total	**87,724,906.20**	**87,724,906.20**	**–**	**–**

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

Aging	Ending balance		
	Book balance	Bad debt reserves	Provision percent (%)
Within 1 year	**515,464,759.91**	**10,656,895.88**	**2.07**
1-2 years	**116,222,331.33**	**14,679,985.97**	**12.63**
2-3 years	**21,232,640.96**	**5,277,491.47**	**24.86**
3-4 years	**20,548,715.85**	**8,676,333.60**	**42.22**
4-5 years	**3,955,366.88**	**1,920,963.67**	**48.57**
Over 5 years	**20,768,195.22**	**20,768,195.22**	**100.00**
Total	**698,192,010.15**	**61,979,865.81**	**–**

(Continued Table)

Aging	Beginning balance		
	Book balance	Bad debt reserves	Provision percent (%)
Within 1 year	493,389,002.76	10,197,523.23	2.07
1-2 years	78,830,750.36	10,058,127.04	12.76
2-3 years	30,601,869.07	7,597,326.83	24.83
3-4 years	15,888,992.73	6,849,079.98	43.11
4-5 years	14,232,245.87	8,715,459.54	61.24
Over 5 years	11,153,994.03	11,153,994.03	100.00
Total	644,096,854.82	54,571,510.65	–

(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	165,028,566.07	2,977,162.43	471,065.59		21,448.44	**167,513,214.47**
Total	165,028,566.07	2,977,162.43	471,065.59		21,448.44	**167,513,214.47**

Note: "Other" means influence of exchange rate fluctuation.

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

3. Accounts receivable (Continued)

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

Name of entities	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percent in total ending balance of accounts receivable and contract assets (%)	Ending balance of bad debt reserves
Companies Affiliated to Haier Group	**98,981,440.00**	21,672,950.00	120,654,390.00	14.46	5,956,950.81
Beijing Tianhai Cryogenic Equipment Co., Ltd.	**87,724,906.20**		87,724,906.20	10.52	87,724,906.20
Beijing Aidixi Digital Technology Development Co., Ltd.	**64,559,157.31**		64,559,157.31	7.74	3,362,696.78
Hubei Jingyuan Xihai Automobile Industry Co., Ltd.	**53,122,808.51**		53,122,808.51	6.37	4,018,906.80
Qingdao Rayfore Container Industry Co., Ltd.	**33,484,300.00**	7,424,200.00	40,908,500.00	4.90	944,986.35
Total	**337,872,612.02**	29,097,150.00	366,969,762.02	43.99	102,008,446.94

4. Receivables financing

(1) Classification and presentation of receivables financing

Item	Ending balance	Beginning balance
Notes receivable	**6,103,635.16**	9,328,872.99

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

Category	Derecognized amount at the end of the period	Not derecognized amount at the end of the period
Bank acceptance bill	**97,337,619.99**	

5. Advances to suppliers

(1) Aging of advances to suppliers

	Ending balance		Beginning balance	
Item	**Amount**	**Percent (%)**	Amount	Percent (%)
Within 1 year	**44,150,793.04**	**96.50**	31,209,621.13	98.87
1-2 years	**1,358,742.35**	**2.97**	173,950.12	0.55
2-3 years	**30,905.91**	**0.07**	52,578.79	0.17
Over 3 years	**211,034.24**	**0.46**	130,160.59	0.41
Total	**45,751,475.54**	**100.00**	31,566,310.63	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 (%)
Chengdu Maofan Trading Co., Ltd.	**7,237,846.08**	Within 1 year	15.82
Prepaid to Vendors	**2,679,797.64**	Within 1 year	5.86
Jiangsu Tianhai Special Equipment Co., Ltd.	**2,314,500.00**	Within 1 year	5.06
State Grid Jibei Power Co., Ltd. Chengde Power Supply Company	**1,887,982.56**	Within 1 year	4.13
Shandong Quansheng Materials Co., Ltd.	**1,785,413.55**	Within 1 year	3.90
Total	**15,905,539.83**	–	34.77

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

6. Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	**5,169,198.57**	6,837,130.59
Total	**5,169,198.57**	6,837,130.59

1. Other receivables

(1) Other receivables classified by nature of funds

Nature of funds	Ending book balance	Beginning book balance
Deposit, security deposit, etc	**1,985,696.92**	7,507,244.11
Prepayments older than 5 years	**1,692,319.34**	1,634,518.34
Petty cash	**312,243.19**	303,975.94
Current money	**135,770,236.81**	132,010,268.63
Total	**139,760,496.26**	141,456,007.02

(2) Other receivables presented by aging

Aging	Ending book balance	Beginning book balance
Within 1 year	**44,844,175.39**	11,517,263.97
1-2 years	**7,641,752.93**	8,294,211.53
2-3 years	**14,953,171.25**	33,880,981.35
3-4 years	**9,713,859.75**	4,410,883.45
4-5 years	**12,508,656.27**	632,769.90
Over 5 years	**50,098,880.67**	82,719,896.82
Subtotal	**139,760,496.26**	141,456,007.02
Less: Bad debt reserves	**134,591,297.69**	134,618,876.43
Total	**5,169,198.57**	6,837,130.59

Note: Aforementioned ending book balance of other receivables of 1- 2 years > beginning book balance of other receivables within 1 years, ending book balance of other receivables of 2- 3 years > beginning book balance of other receivable of 1-2 years, as well as other change of other aging portfolio, that is because Beijing Tianhai Cryogenic Equipment Co., Ltd., a subsidiary of the Company, is not included into the consolidation scope at the end of 2025, the Company and its subsidiaries neither consolidate nor offset other receivables of Beijing Tianhai Cryogenic Equipment Co., Ltd., at the end of 2025, thus other receivables of some aging portfolios increase at the end of the period.

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

6. Other receivables (Continued)

1. Other receivables (Continued)

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

	Ending balance				
	Book balance		Bad debt reserves		
Category	Amount	Percent (%)	Amount	Provision percent (%)	Book value
Provision for bad debt by individual item	132,758,185.49	94.99	132,758,185.49	100.00	
Provision for bad debt by portfolio	7,002,310.77	5.01	1,833,112.20	26.18	5,169,198.57
In which: aging portfolio	7,002,310.77	5.01	1,833,112.20	26.18	5,169,198.57
Total	139,760,496.26	100.00	134,591,297.69	96.30	5,169,198.57

(Continued Table)

	Beginning balance				
	Book balance		Bad debt reserves		
Category	Amount	Percent (%)	Amount	Provision percent (%)	Book value
Provision for bad debt by individual item	132,758,185.49	93.85	132,758,185.49	100.00	
Provision for bad debt by portfolio	8,697,821.53	6.15	1,860,690.94	21.39	6,837,130.59
In which: aging portfolio	8,697,821.53	6.15	1,860,690.94	21.39	6,837,130.59
Total	141,456,007.02	100.00	134,618,876.43	95.17	6,837,130.59

① *Significant other receivables with provision for bad debt by individual item*

	Ending balance			
Name	Book balance	Bad debt reserves	Provision percent (%)	Reason for provision
Beijing Tianhai Cryogenic Equipment Co., Ltd.	132,758,185.49	132,758,185.49	100.00	The credit rating of the counterparty decreases, and the credit risk increases significantly
Total	132,758,185.49	132,758,185.49	–	

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

6. Other receivables (Continued)

1. Other receivables (Continued)

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

② *Other receivables with provision for bad debt by aging portfolio*

	Ending balance		
Aging	**Other receivables**	**Bad debt reserves**	**Provision percent (%)**
Within 1 year	**4,091,694.29**	**16,085.05**	**0.39**
1-2 years	**961,648.20**	**38,903.94**	**4.05**
2-3 years	**200,240.35**	**29,395.28**	**14.68**
Over 5 years	**1,748,727.93**	**1,748,727.93**	**100.00**
Total	**7,002,310.77**	**1,833,112.20**	**–**

(Continued Table)

	Beginning balance		
Aging	Other receivables	Bad debt reserves	Provision percent (%)
Within 1 year	6,644,366.86	31,028.74	0.47
1-2 years	156,243.50	3,109.25	1.99
2-3 years	81,733.58	11,998.49	14.68
3-4 years	1,300.00	376.87	28.99
Over 5 years	1,814,177.59	1,814,177.59	100.00
Total	8,697,821.53	1,860,690.94	–

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

	Stage one	Stage two	Stage three	
Bad debt reserves	**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)**	**Total**
Balance on January 1, 2026		1,663,154.96	132,955,721.47	134,618,876.43
On January 1, 2026, book balance of other receivables in the current period		1,663,154.96	132,955,721.47	134,618,876.43
– Transferring into stage two				
– Transferring into stage three				
– Reversal to stage two				
– Reversal to stage one				
Provision in current period		-27,578.74		-27,578.74
Reversal in current period				
Written-off in current period				
Offsetting in current period				
Other changes				
Balance on June 30, 2026		1,635,576.22	132,955,721.47	134,591,297.69

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

6. Other receivables (Continued)

1. Other receivables (Continued)

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

Category	Beginning balance	Changed amount in current period				Ending balance
		Provision	Recovery or reversal	Written-off or offsetting	Other	
Bad debt reserves for other receivables	134,618,876.43	31,251.61	58,830.35			**134,591,297.69**

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

Name of entities	Nature of funds	Ending balance	Aging	Percent in total ending book balance of other receivables (%)	Ending balance of bad debt reserves
Beijing Tianhai Cryogenic Equipment Co., Ltd.	Current money	**132,758,185.49**	1 year to 5 year, over 5 years	94.99	**132,758,185.49**
Hubei Jingyuan Xihai Automobile Industry Co., Ltd.	Current money	**1,503,505.59**	Within 1 year	1.08	**5,111.92**
Qingdao Yaxindai Engineering Installation Co., Ltd.	Current money	**496,940.00**	1 year to 2 year	0.36	**20,970.87**
Baogang Steel Union Sales Co., Ltd.	Current money	**400,648.84**	Over 5 years	0.29	**400,648.84**
Hisense Fridge Co., Ltd.	Security deposit	**360,000.00**	Within 1 year	0.26	**1,836.00**
Total	–	**135,519,279.92**		96.98	**133,186,753.12**

7. Inventory

(1) Classification of inventory

Item	Ending balance		
	Book balance	Inventory depreciation reserve	Book value
Raw material	**84,770,867.82**	**5,074,540.73**	**79,696,327.09**
Goods in process	**89,163,561.81**	**17,855,385.46**	**71,308,176.35**
Goods in stock	**124,253,365.50**	**15,861,843.98**	**108,391,521.52**
Shipped goods	**1,044,012.57**	**233,168.89**	**810,843.68**
Material in transit	**47,001,212.44**		**47,001,212.44**
Costs of performing contracts	**496,239.91**		**496,239.91**
Total	**346,729,260.05**	**39,024,939.06**	**307,704,320.99**

(Continued Table)

Item	Beginning balance		
	Book balance	Inventory depreciation reserve	Book value
Raw material	77,695,976.98	6,252,790.04	71,443,186.94
Goods in process	70,941,578.40	24,694,835.06	46,246,743.34
Goods in stock	114,660,064.87	10,130,630.85	104,529,434.02
Shipped goods	12,925,432.25	1,503,888.79	11,421,543.46
Material in transit	37,394,826.34		37,394,826.34
Total	313,617,878.84	42,582,144.74	271,035,734.10

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

7. Inventory (Continued)

(2) Inventory depreciation reserve

Item	Beginning balance	Increase in current period: Provision	Increase in current period: Other	Decrease in current period: Reversal or Written-off	Decrease in current period: Other	Ending balance
Raw material	6,252,790.04	1,162,814.06		2,341,063.37		**5,074,540.73**
Goods in process	24,694,835.06	5,413,637.24		12,253,086.84		**17,855,385.46**
Goods in stock	10,130,630.85	12,250,089.29		6,447,262.67	71,613.49	**15,861,843.98**
Shipped goods	1,503,888.79			1,270,719.90		**233,168.89**
Total	42,582,144.74	18,826,540.59		22,312,132.78	71,613.49	**39,024,939.06**

8. Contract assets

(1) Situation about contract assets

Item	Ending balance: Book balance	Ending balance: Impairment reserves	Ending balance: Book value	Beginning balance: Book balance	Beginning balance: Impairment reserves	Beginning balance: Book value
Unexpired quality guarantee deposit	**30,556,150.00**	**705,847.06**	**29,850,302.94**	31,371,590.90	724,683.75	30,646,907.15
Total	**30,556,150.00**	**705,847.06**	**29,850,302.94**	31,371,590.90	724,683.75	30,646,907.15

(2) Provision for impairment reserves 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
Unexpired quality guarantee deposit	724,683.75	-18,836.69				**705,847.06**
Total	724,683.75	-18,836.69				**705,847.06**

9. Other current assets

Item	Ending balance	Beginning balance
Overpaid VAT	**26,004,905.54**	33,004,054.20
Prepaid corporate income tax	**705,967.87**	478,548.75
Total	**26,710,873.41**	33,482,602.95

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

10. Long-term equity investments

(1) Classification of long-term equity investments

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Investment in associates	112,106,835.13		5,768,937.96	**106,337,897.17**
Less: Impairment reserves of long-term equity investments				
Total	112,106,835.13		5,768,937.96	**106,337,897.17**

(2) Details of long-term equity investments

Invested entities	Beginning balance (Book value)	Beginning balance of impairment reserves	Increase and decrease in current period: 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 reserves	Other	Ending balance (Book value)	Ending balance of impairment reserves
Associates												
Jiangsu Tianhai Special Equipment Co., Ltd.	74,565,237.99				-2,437,664.90						**72,127,573.09**	
Beijing Bolken Energy Saving Technology Co., Ltd.	22,979,561.58				-829,899.27						**22,149,662.31**	
Hubei Jingyuan Xihai Automobile Industry Co., Ltd.	12,793,231.68				-1,961,458.73						**10,831,772.95**	
Shanxi Haichuang Shengshi Hydrogen Energy Technology Co., Ltd.	1,768,803.88				-539,915.06						**1,228,888.82**	
Total	112,106,835.13				-5,768,937.96						**106,337,897.17**	

11. Fixed assets

Item	Ending book value	Beginning book value
Fixed assets	**827,479,110.14**	846,943,355.65
Disposal of fixed assets		
Total	**827,479,110.14**	846,943,355.65

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

11. Fixed assets (Continued)

(1) Fixed assets

1) Situation about fixed assets

Item	Houses and buildings	Machine equipment	Transportation equipment	Office equipment	Electrical and gas equipment	Total
I. Cost						
1. Beginning balance	534,050,466.35	918,523,046.64	15,585,910.11	11,637,329.36	59,059,694.63	1,538,856,447.09
2. Increased amount in current period	13,951,652.55	1,591,896.34		1,363,912.60	37,699.12	16,945,160.61
(1) Purchase		144,658.41		281,986.57		426,644.98
(2) Transfer from construction work in process	13,951,652.55	1,447,237.93		1,081,926.03	37,699.12	16,518,515.63
3. Decreased amount in current period			1,275,955.77	12,262.11		1,288,217.88
(1) Disposal or scrapping			1,275,955.77			1,275,955.77
(2) Influence of foreign currency translation				12,262.11		12,262.11
4. Ending balance	548,002,118.90	920,114,942.98	14,309,954.34	12,988,979.85	59,097,393.75	1,554,513,389.82
II. Accumulated depreciation						
1. Beginning balance	163,556,667.87	485,998,366.54	11,369,665.70	7,922,848.10	8,042,219.85	676,889,768.06
2. Increased amount in current period	6,270,066.77	26,846,151.37	289,649.62	677,224.79	2,197,811.43	36,280,903.98
(1) Provision	6,270,066.77	26,846,151.37	289,649.62	677,224.79	2,197,811.43	36,280,903.98
3. Decreased amount in current period			1,148,360.19	11,355.55		1,159,715.74
(1) Disposal or scrapping			1,148,360.19			1,148,360.19
(2) Influence of foreign currency translation				11,355.55		11,355.55
4. Ending balance	169,826,734.64	512,844,517.91	10,510,955.13	8,588,717.34	10,240,031.28	712,010,956.30
III. Impairment reserves						
1. Beginning balance		14,812,355.83	12,814.91	116,897.78	81,254.86	15,023,323.38
2. Increased amount in current period						
3. Decreased amount in current period						
4. Ending balance		14,812,355.83	12,814.91	116,897.78	81,254.86	15,023,323.38
IV. Book value						
1. Ending book value	378,175,384.26	392,458,069.24	3,786,184.30	4,283,364.73	48,776,107.61	827,479,110.14
2. Beginning book value	370,493,798.48	417,712,324.27	4,203,429.50	3,597,583.48	50,936,219.92	846,943,355.65

2) Temporarily idle fixed assets

Item	Cost	Accumulated depreciation	Impairment reserves	Book value	Note
Machine equipment	47,124,893.11	38,183,796.22	4,993,881.86	3,947,215.03	–
Office equipment and electrical equipment	614,945.08	553,450.57		61,494.51	–
Total	47,739,838.19	38,737,246.79	4,993,881.86	4,008,709.54	–

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

12. Construction work in process

Item	Ending balance	Beginning balance
Construction work in process	**36,932,009.19**	14,754,194.27
Engineering materials		
Total	**36,932,009.19**	14,754,194.27

(1) Situation about construction work in process

	Ending balance		
Item	**Book balance**	**Impairment reserves**	**Book value**
Construction work in process 1	**12,893,847.23**		**12,893,847.23**
Construction work in process 7			
Construction work in process 8	**24,038,161.96**		**24,038,161.96**
Total	**36,932,009.19**		**36,932,009.19**

(Continued Table)

	Beginning balance		
Item	Book balance	Impairment reserves	Book value
Construction work in process 1	5,613,957.30		5,613,957.30
Construction work in process 7	2,415,303.59		2,415,303.59
Construction work in process 8	6,724,933.38		6,724,933.38
Total	14,754,194.27		14,754,194.27

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

			Decrease in current period		
Name of engineering	**Beginning balance**	**Increase in current period**	**Transferred to fixed assets**	**Other decrease**	**Ending balance**
Construction work in process 7	2,415,303.59	10,779,174.80	13,194,478.39		
Construction work in process 8	6,724,933.38	17,313,228.58			**24,038,161.96**
Total	9,140,236.97	28,092,403.38	13,194,478.39		**24,038,161.96**

(Continued Table)

Name of engineering	**Budget (Unit: 10000 yuan)**	**Percentage of accumulated input over budget (%)**	**Progress of engineering (%)**	**Accumulated amount of capitalized interest**	**In which: capitalized interest in current period**	**Interest capitalization rate in current period (%)**	**Source of funds**
Construction work in process 7	15,000.00	64.90	100.00				Self-raised funds/funds invested by shareholders
Construction work in process 8	3,852.00	62.40	95.00	73,810.95	73,810.95	2.67	Own funds/Loans from banks/Partial fiscal subsidies
Total	18,852.00	–	–	73,810.95	73,810.95	–	

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

13. Right-of-Use Assets

Item	Houses and buildings
I. Cost	
1. Beginning balance	250,377,073.77
2. Increased amount in current period	
New lease	
3. Decreased amount in current period	493,523.23
4. Ending balance	249,883,550.54
II. Accumulated depreciation	
1. Beginning balance	79,337,724.16
2. Increased amount in current period	8,227,953.00
Provision	8,227,953.00
3. Decreased amount in current period	493,523.23
4. Ending balance	87,072,153.93
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	162,811,396.61
2. Beginning book value	171,039,349.61

14. Intangible assets

(1) Details of intangible assets

Item	Land use rights	Patent rights	Software	Trademark rights	Total
I. Cost					
1. Beginning balance	173,223,352.06	11,707,050.00	24,979,062.14	34,048,322.24	243,957,786.44
2. Increased amount in current period					
(1) Purchase					
3. Decreased amount in current period					
4. Ending balance	173,223,352.06	11,707,050.00	24,979,062.14	34,048,322.24	243,957,786.44
II. Accumulated amortization					
1. Beginning balance	41,544,089.92	11,707,050.00	16,101,777.69	11,926,704.40	81,279,622.01
2. Increased amount in current period	1,798,297.38		1,870,311.37	1,703,814.92	5,372,423.67
(1) Provision	1,798,297.38		1,870,311.37	1,703,814.92	5,372,423.67
3. Decreased amount in current period					
4. Ending balance	43,342,387.30	11,707,050.00	17,972,089.06	13,630,519.32	86,652,045.68
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	129,880,964.76		7,006,973.08	20,417,802.92	157,305,740.76
2. Beginning book value	131,679,262.14		8,877,284.45	22,121,617.84	162,678,164.43

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: Formed from business combination	Increase in current period: Other	Decrease in current period: Disposal	Decrease in current period: Other	Ending balance
BTIC America Corporation	6,562,344.06					**6,562,344.06**
Qingdao BYTQ United Digital Intelligence Co., Ltd.	168,996,039.10					**168,996,039.10**
Total	175,558,383.16					**175,558,383.16**

(2) Impairment reserves for goodwill

Name of invested entities	Beginning balance	Increase in current period: Provision	Increase in current period: Other	Decrease in current period: Disposal	Decrease in current period: Other	Ending balance
BTIC America Corporation	6,562,344.06					**6,562,344.06**
Qingdao BYTQ United Digital Intelligence Co., Ltd.						
Total	6,562,344.06					**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 automatic manufacturing equipment system integration	Yes

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

15. Goodwill (Continued)

(4) Concrete determination method for recoverable amounts

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

Unit: 10000 yuan

Item	Book value	Recoverable amount	Impairment amount	Year of prediction periods	Key parameters of prediction periods	Determination basis for key parameters of prediction periods	Key parameters of stable periods	Determination basis for key parameters of stable periods
Qingdao BYTQ United Digital Intelligence Co., Ltd.	28,361.60	32,900.00		5	Revenue growth rate in prediction periods is 0.00% in the first year, 3.00% in the second year, 2.00% in the third year, 2.00% in the fourth year, 0.00% in the fifth year. Gross profit margin is 32.00%; Discount rate is 12.10%.	Revenue growth rate: confirmed based on the previous annual growth rate of China's industrial robots and industrial automation, and the expected future market growth rate of China's industrial robots and industrial automation in various industries; Gross profit margin: according to gross profit margin of various project types (i.e. final assembly line, suspension chain, robot application and stamping connection, etc.) in previous periods of the Company (2024-2025), combined with the future development direction and order type of the company, comprehensive gross profit in future periods shall be confirmed after comprehensive analysis. Discount rate: the pre-tax interest rate that reflects current time value of money in the market and the specific risks of relevant asset groups.	Revenue growth rate 0%; Gross profit margin 3200%; Discount rate 12.10%.	The perpetual no-growth model

16. Long-term deferred expenses

Item	Beginning balance	Increase in current period	Amortization in current period	Other decrease in current period	Ending balance
Amortization of turnover cylinders	149,570.28		142,353.55		**7,216.73**
House decoration	13,114,965.90	107,787.78	883,827.90		**12,338,925.78**
Patent expenses	577,128.70		59,703.00		**517,425.70**
Renovation of workshops and buildings	224,402.72		29,269.92		**195,132.80**
Total	14,066,067.60	107,787.78	1,115,154.37		**13,058,701.01**

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	**215,433,491.64**	**53,616,910.87**	222,849,605.15	55,436,165.75
Asset impairment reserves	**17,989,681.86**	**3,600,259.43**	16,425,706.67	3,249,933.48
Expected liabilities	**4,028,959.31**	**604,343.90**	4,134,530.64	620,179.60
Deferred income	**441,000.00**	**66,150.00**		
Total	**237,893,132.81**	**57,887,664.20**	243,409,842.46	59,306,278.83

(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	**162,811,396.61**	**40,450,776.27**	171,039,349.61	42,470,875.81
Appreciation in other asset valuation	**25,766,830.67**	**3,865,024.60**	28,802,546.53	4,320,381.98
Inventory appreciation			870,548.07	130,582.21
Total	**188,578,227.28**	**44,315,800.87**	200,712,444.21	46,921,840.00

(3) Deferred income tax assets or deferred income tax liabilities with net amount after offsetting

Item	**Offset amount between deferred income tax assets and deferred income tax liabilities at end of the period**	**Ending balance of deferred income tax assets and deferred income tax liabilities after offsetting**	Offset amount between deferred income tax assets and deferred income tax liabilities at beginning of the period	Beginning balance of deferred income tax assets and deferred income tax liabilities after offsetting
Deferred income tax assets	**40,450,776.27**	**17,436,887.93**	42,450,622.97	16,855,655.86
Deferred income tax liabilities	**40,450,776.27**	**3,865,024.60**	42,450,622.97	4,471,217.03

(4) Details of unrecognized deferred income tax assets

Item	**Ending balance**	Beginning balance
Deductible loss	**562,468,745.33**	483,535,364.22
Asset impairment reserves	**345,431,283.86**	348,114,231.76
Expected liabilities	**10,690,255.60**	7,189,567.08
Total	**918,590,284.79**	838,839,163.06

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

17. Deferred income tax assets and deferred income tax liabilities (Continued)

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

Year	Ending amount	Beginning amount
Year 2026	**22,410,075.39**	14,032,272.89
Year 2027		
Year 2028	**41,275,171.40**	41,275,171.40
Year 2029	**14,630,442.33**	23,595,494.38
Year 2030	**22,852,466.25**	22,879,177.92
Year 2031	**34,686,561.71**	34,686,561.71
Year 2032	**68,418,898.51**	68,418,898.51
Year 2033	**87,849,368.23**	87,852,208.23
Year 2034	**40,624,375.31**	40,624,375.31
Year 2035	**134,844,641.61**	150,171,203.87
Year 2036	**94,876,744.59**	
Total	**562,468,745.33**	483,535,364.22

18. Other non-current assets

Item	Ending balance	Beginning balance
Prepayment for equipment	**1,769,074.36**	4,918,574.34
Total	**1,769,074.36**	4,918,574.34

19. Assets with restriction on ownership or use right

	Ending of the period			
Item	**Book balance**	**Book value**	**Types of restriction**	**Situations about restriction**
Fixed assets	**68,549,406.62**	**45,723,328.79**	Mortgaged houses and buildings	Mortgaged borrowings and bank acceptance bills
Intangible assets	**18,558,300.00**	**12,131,310.21**	Mortgaged land use right	Mortgaged borrowings and bank acceptance bills
Cash at bank and on hand	**89,860,783.26**	**89,860,783.26**	Security deposit	Security deposit for bank acceptance bills
	6,700,000.00	**6,700,000.00**	Funds frozen by litigation	Funds frozen by litigation
Notes receivable	**825,000.00**	**825,000.00**	Mortgaged bank acceptance bills	Mortgaged bank acceptance bills
Total	**184,493,489.88**	**155,240,422.26**	–	–

(Continued Table)

	Beginning of the period			
Item	Book balance	Book value	Types of restriction	Situations about restriction
Fixed assets	140,245,290.33	73,396,224.44	Mortgaged houses and buildings	Mortgaged borrowings and bank acceptance bills
Intangible assets	20,276,098.82	13,364,106.32	Mortgaged land use right	Mortgaged borrowings and bank acceptance bills
Cash at bank and on hand	71,723,630.05	71,723,630.05	Security deposit	Security deposit for bank acceptance bills
	6,700,000.00	6,700,000.00	Funds frozen by litigation	Funds frozen by litigation
Notes receivable	9,333,049.02	9,333,049.02	Mortgaged bank acceptance bills	Mortgaged bank acceptance bills
Total	248,278,068.22	174,517,009.83	–	–

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

20. Short-term loans

(1) Category of short-term loans

Category of loans	Ending balance	Beginning balance
Guaranteed loans		70,000,000.00
Mortgaged loans		10,000,000.00
Credit loans	**60,000,000.00**	100,000,000.00
Total	**60,000,000.00**	180,000,000.00

21. Notes payable

Category of bills	Ending balance	Beginning balance
Bank acceptance bill	**129,264,783.26**	114,056,555.05
Total	**129,264,783.26**	114,056,555.05

22. Accounts payable

(1) Accounts payable

Item	Ending balance	Beginning balance
Funds for materials, etc	**342,233,708.03**	323,807,003.26
Engineering funds	**22,516,641.08**	21,301,519.24
Total	**364,750,349.11**	345,108,522.50

(2) Accounts payable listed by aging

Aging	Ending balance	Beginning balance
Within 1 year	**254,695,428.74**	269,371,759.53
1-2 years	**62,228,672.36**	41,066,312.22
2-3 years	**5,116,541.97**	5,456,056.11
Over 3 years	**42,709,706.04**	29,214,394.64
Total	**364,750,349.11**	345,108,522.50

23. Contract liabilities

Item	Ending balance	Beginning balance
Advances on sale	**64,553,091.20**	52,183,269.47
In which: Over 1 year	**10,539,571.22**	10,165,044.17
Total	**64,553,091.20**	52,183,269.47

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

24. Staff salaries payable

(1) Classification of staff salaries payable

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Short-term compensation	32,685,034.24	101,326,805.52	112,639,958.81	**21,371,880.95**
Post-employment benefits-Defined Contribution Plan	1,427,627.27	12,975,235.26	13,016,181.63	**1,386,680.90**
Dismissal welfare	45,303.00	75,739.31	121,042.31	
Other welfare due within one year	1,449,610.75		349,081.72	**1,100,529.03**
Total	35,607,575.26	114,377,780.09	126,126,264.47	**23,859,090.88**

(2) Short-term compensation

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Salary, bonuses, allowances and subsidies	27,636,335.33	79,928,178.59	91,272,397.94	**16,292,115.98**
Employee welfare expenses	65,777.19	3,167,960.24	3,169,457.84	**64,279.59**
Social insurance premium	881,131.24	7,728,846.48	7,738,989.18	**870,988.54**
In which: Medical insurance premiums	798,780.58	6,800,360.10	6,811,424.66	**787,716.02**
Employment injury insurance premium	68,485.33	836,161.71	835,239.85	**69,407.19**
Maternity insurance premium	13,865.33	92,324.67	92,324.67	**13,865.33**
Housing provident fund	114,418.00	8,174,416.00	8,174,416.00	**114,418.00**
Union funds and employee education funds	3,232,932.48	2,327,404.21	2,284,697.85	**3,275,638.84**
Other short-term compensation	754,440.00			**754,440.00**
Total	32,685,034.24	101,326,805.52	112,639,958.81	**21,371,880.95**

(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	1,390,070.89	12,560,826.31	12,601,923.97	**1,348,973.23**
Unemployment insurance premium	37,556.38	414,408.95	414,257.66	**37,707.67**
Total	1,427,627.27	12,975,235.26	13,016,181.63	**1,386,680.90**

In current period, the Group shall contribute RMB12,975,235.26 (last period: RMB12,521,749.36) to the defined contribution plans it participates in. On June 30, 2026, the Group shall pay RMB1,386,680.90 (beginning balance: RMB1,427,627.27), the amount is due in this reporting period but not paid, but relevant funds are paid after the reporting period.

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

25. Taxes payable

Item	Ending balance	Beginning balance
Value-added tax	**3,403,978.55**	9,016,335.27
Corporate income tax	**2,230,434.68**	5,448,194.80
Stamp tax	**114,170.09**	298,547.72
Personal income tax	**201,861.85**	1,296,938.77
City maintenance and construction tax	**48,470.31**	593,592.67
Education fees surcharge	**43,599.32**	298,676.50
Local education fees surcharge	**26,866.25**	191,656.16
Land use tax	**35,133.90**	35,133.90
Property tax	**312,216.37**	127,621.47
Environmental protection Tax	**10,000.00**	16,574.09
Water resource tax	**1,027.56**	1,920.00
Franchise tax	**31,588.96**	32,205.96
Total	**6,459,347.84**	17,357,397.31

26. Other payables

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable		
Other payables	**36,803,739.60**	34,513,428.48
Total	**36,803,739.60**	34,513,428.48

1. Other payables

(1) Other payables listed by nature of funds

Nature of funds	Ending balance	Beginning balance
Prepaid fee, etc	**21,881,166.50**	19,272,525.81
Investment funds	**490,000.00**	980,000.00
Deposit and security deposit	**14,432,573.10**	14,119,856.10
Current money between related parties		141,046.57
Total	**36,803,739.60**	34,513,428.48

(2) Significant other payables aging over 1 year

Name of entities	Ending balance	Reasons for non-payment or not carrying forward
Beijing Aidixi Digital Technology Development Co,. Ltd.	**13,152,737.04**	unsettled

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

27. Non-current liabilities due within one year

Item	Ending balance	Beginning balance
Long-term loans due within one year	**14,990,269.72**	5,005,533.15
Lease liabilities due within one year	**15,613,070.28**	15,152,731.43
Total	**30,603,340.00**	20,158,264.58

28. Other current liabilities

Item	Ending balance	Beginning balance
Pending charge over output tax	**3,919,918.77**	4,101,729.10
Notes receivable that do not meet derecognition standards	**5,120,274.78**	15,787,442.26
VAT on advance revenue	**2,289,643.04**	1,843,393.90
Total	**11,329,836.59**	21,732,565.26

29. Long-term loans

(1) Classification of Long-term Loans

Category of loans	Ending balance	Beginning balance
Guaranteed loans	**134,625,661.71**	145,844,466.85
Mortgaged loans	**8,940,000.00**	5,750,000.00
Total	**143,565,661.71**	151,594,466.85

(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	**14,990,269.72**	5,005,533.15
More than one year but not more than two years after the balance sheet date	**25,840,647.84**	28,187,610.28
More than two years but not more than five years after the balance sheet date	**101,913,977.81**	91,792,263.67
More than five years after the balance sheet date	**15,811,036.06**	31,614,592.90
Less: Amounts due within one year under current liabilities	**14,990,269.72**	5,005,533.15
Amount shown under non-current liabilities	**143,565,661.71**	151,594,466.85

30. Lease liabilities

Category of funds	Ending balance	Beginning balance
Amount of lease payment	**269,326,930.92**	281,539,001.37
Less: Unrecognized financing expenses	**53,893,439.28**	58,689,396.22
Non-current liabilities reclassified as due within one year	**15,613,070.28**	15,152,731.43
Net lease liabilities	**199,820,421.36**	207,696,873.72
Book value of the aforementioned lease liabilities must be repaid in following periods:		
Within one year	**15,613,070.28**	15,152,731.43
More than one year but not more than two years after the balance sheet date	**17,003,535.57**	14,731,741.52
More than two years but not more than five years after the balance sheet date	**55,773,585.79**	54,517,051.18
More than five years after the balance sheet date	**127,043,300.00**	138,448,081.02
Less: Lease liabilities due within one year under current liabilities	**15,613,070.28**	15,152,731.43
Lease liabilities shown under non-current liabilities	**199,820,421.36**	207,696,873.72

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

31. Long-term payables

Item	Ending balance	Beginning balance
Long-term payables	**290,000,000.00**	290,000,000.00
Special accounts payable	**253,207,700.00**	253,207,700.00
Total	**543,207,700.00**	543,207,700.00

(1) Long-term payables

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Obligation to repurchase share	290,000,000.00			**290,000,000.00**
Total	290,000,000.00			**290,000,000.00**

(2) Special accounts payable

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

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	**36,183,149.28**	35,047,602.43
Total	**36,183,149.28**	35,047,602.43

(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	**36,497,213.17**	34,651,338.78
Defined benefit plan costs recorded in current loss or profit	**1,125,144.24**	2,612,693.81
1. Costs of current service	**440,821.49**	1,313,268.61
2. Net interest	**684,322.75**	1,299,425.20
Defined benefit plan costs recorded in other comprehensive income		
Actuarial gains (losses are indicated by "-")		
Other movement	**-338,679.10**	-766,819.41
1. Liabilities eliminated at settlement		
2. Paid benefits	**-338,679.10**	-766,819.41
Ending balance	**37,283,678.31**	36,497,213.18
Less: Benefits due within 1 year	**1,100,529.03**	1,449,610.75
Ending balance after deducting amount due within one year	**36,183,149.28**	35,047,602.43

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

32. Long-term staff salaries payable (Continued)

(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	**36,497,213.17**	34,651,338.78
Defined benefit plan costs recorded in current loss or profit	**1,125,144.24**	2,612,693.81
Defined benefit plan costs recorded in other comprehensive income		
Other movement	**-338,679.10**	-766,819.41
Ending balance	**37,283,678.31**	36,497,213.18

33. Expected liabilities

Item	**Ending balance**	Beginning balance	**Reason of forming**
Product quality guarantee	**14,719,214.91**	11,324,097.72	Security deposit for quality
Total	**14,719,214.91**	11,324,097.72	–

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

34. Deferred income

(1) Classification of deferred income

Item	**Beginning balance**	**Increase in current period**	**Decrease in current period**	**Ending balance**
Government subsidy	12,196,070.50	6,219,180.00	2,352,027.78	**16,063,222.72**
Total	12,196,070.50	6,219,180.00	2,352,027.78	**16,063,222.72**

(2) Government subsidy projects

Government subsidy projects	**Beginning balance**	**Increased amount of subsidy in current period**	**Amount recorded into non-operating revenue in current period**	**Amount recorded into other revenue in current period**	**Amount for offsetting costs in current period**	**Ending balance**	**Related to assets/related to income**
Special fund for development of advanced and sophisticated industries	11,371,684.12			833,738.70		**10,537,945.42**	Related to assets/income
Gas cylinder development projects	172,566.38			18,289.08		**154,277.30**	Related to income
Consistency guarantee technology for batch manufacturing of vehicle IV hydrogen storage cylinders	651,820.00	8,180.00				**660,000.00**	Related to income
Subsidy for technique change		441,000.00				**441,000.00**	Related to assets
Advanced and sophisticated industries development projects, subsidy for development of middle and small-sized enterprises		1,500,000.00		1,500,000.00			Related to income
Super long-term special government bond subsidy in the industrial sector		4,270,000.00				**4,270,000.00**	Related to assets
Total	12,196,070.50	6,219,180.00		2,352,027.78		**16,063,222.72**	–

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

35. Share capital

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

Unit: yuan

Item	Beginning balance	Changes in the current period					Ending balance
		Issuance of new shares	Bonus shares	Capital reserves transfer in	Other	Subtotal	
Total limited share	3,445,200.00						**3,445,200.00**
Unlimited shares	–	–	–	–	–	–	**–**
RMB common shares	444,040,788.00						**444,040,788.00**
Foreign shares listed overseas	100,000,000.00						**100,000,000.00**
Total unlimited shares	544,040,788.00						**544,040,788.00**
Total shares	547,485,988.00						**547,485,988.00**

Note: In the 2025 annual shareholder meeting convened on June 29, 2026, the first A-share shareholders' meeting of 2026, and the first H-share shareholders' meeting of 2026, a proposal "On Repurchasing and Canceling a Portion of Granted but Not Yet Unrestricted A-Share Restricted Stocks" is approved. According to the proposal, the company repurchased and canceled a total of 1,739,100 shares of restricted A-shares that had been granted but not yet released from restrictions, representing 0.32% of the company's total share capital prior to the repurchase. Up to the date of this report, the relevant changes in share structure have not yet been completed with China securities depository and clearing Co., Ltd.

36. Capital reserves

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Share premium	888,677,808.80			**888,677,808.80**
Other capital reserves	134,232,832.89	792,554.13		**135,025,387.02**
Total	1,022,910,641.69	792,554.13		**1,023,703,195.82**

Note: The company implements a restricted equity incentive plan, and gives 5.4 million shares of the company's equity to the employees of the company and its subsidiaries. The total expenses to be recognized shall be 27,594,000.00 yuan. Such expenses will be recognized in installments over the corresponding period based on the proportion of unlocking, and at the same time, capital reserve will be increased. Other capital reserves in current period shall be recognized as RMB792,554.13.

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	Amounts attributable to minority shareholders after tax	
(1) Other comprehensive income that cannot be reclassified into loss or profit in the future	160,000.00						**160,000.00**
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	2,453,676.09	-2,391,507.95			-2,164,368.43	-227,139.52	**289,307.66**
Among them: other comprehensive income that can be reclassified to loss or profit under the equity method	176.91						**176.91**
Difference arising from foreign currency translation in financial statements	2,453,499.18	-2,391,507.95			-2,164,368.43	-227,139.52	**289,130.75**
Total other comprehensive income	2,613,676.09	-2,391,507.95			-2,164,368.43	-227,139.52	**449,307.66**

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	2,276,474.67	3,140,957.81	2,699,239.16	**2,718,193.32**
Total	2,276,474.67	3,140,957.81	2,699,239.16	**2,718,193.32**

39. Surplus reserves

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Statutory surplus reserves	42,298,973.25			**42,298,973.25**
Discretionary surplus reserves	3,366,674.43			**3,366,674.43**
Total	45,665,647.68			**45,665,647.68**

40. Undistributed profits

Item	Amount in current period	Amount in previous period
Undistributed profits before adjustment at the end of previous period	**-763,507,523.54**	-709,876,579.95
Total adjustment of undistributed profits at the beginning of the period		
Beginning undistributed profits after adjustment	**-763,507,523.54**	-709,876,579.95
Add: Net profit attributable to owners of the parent company in current period	**-62,633,850.04**	-53,630,943.59
Ending balance of current period	**-826,141,373.58**	-763,507,523.54

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	**628,333,349.31**	**558,645,180.52**	665,280,496.62	542,252,400.66
Other business	**23,788,651.73**	**17,761,401.74**	15,063,265.38	6,442,475.35
Total	**652,122,001.04**	**576,406,582.26**	680,343,762.00	548,694,876.01

(2) Disaggregated information of operating revenue and operating costs

Category of contracts	Gas storage and transportation products branch		Automatic manufacturing equipment system integration branch		Other		Total	
	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs
Classification by operating area								
Among them:								
Domestic	253,731,823.40	279,019,311.86	54,703,340.70	46,203,698.57	22,273,073.82	8,200,219.98	330,708,237.92	333,423,230.41
Overseas	297,625,111.39	225,221,950.11					297,625,111.39	225,221,950.11
Total	**551,356,934.79**	**504,241,261.97**	**54,703,340.70**	**46,203,698.57**	**22,273,073.82**	**8,200,219.98**	**628,333,349.31**	**558,645,180.52**

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 payment: 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 157,979,756.48 yuan, accounting for 24.23% of the total operating revenue of current period (previous period: 19.09%), the details are as follows:

Name of entities	Operating revenue	Percent in total business revenue (%)
Cespira Italy S.r.l.	44,268,992.69	6.79
Companies Affiliated to Haier Group	39,798,672.57	6.10
Kaplan Industries Inc	25,869,105.90	3.97
Tianjin Rongcheng Qingyang Dongli Equipment Co,.Ltd.	25,769,911.50	3.95
Beijing Aidixi Digital Technology Development Co,.Ltd.	22,273,073.82	3.42
Total	157,979,756.48	24.23

42. Taxes and surcharges

Item	Amount occurs in current period	Amount occurs in previous period
Property tax	**2,579,782.84**	2,300,833.77
City maintenance and construction tax	**222,779.42**	645,766.45
Stamp tax	**431,735.93**	624,071.34
Education fees surcharge (including local education fees surcharge)	**319,439.01**	701,898.24
Land use tax	**458,412.91**	458,412.91
Environmental protection tax	**25,861.84**	34,112.77
Vehicle and vessel use tax	**3,542.34**	5,672.34
Other	**4,276.80**	5,732.80
Total	**4,045,831.09**	4,776,500.62

43. Selling expenses

Item	Amount occurs in current period	Amount occurs in previous period
Staff salaries	**12,786,407.00**	14,765,485.49
Selling service fee	**512,008.68**	101,010.50
Travel expenses	**1,873,339.11**	1,286,112.85
Expenses for business	**449,332.81**	713,937.80
Exhibition fee	**434,493.82**	570,187.96
Office expense	**1,171,521.91**	1,186,783.30
Share-based payment	**77,991.37**	477,987.14
Other	**2,438,707.79**	936,552.90
Total	**19,743,802.49**	20,038,057.94

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	**31,108,984.19**	33,014,297.66
Depreciation cost	**2,626,660.06**	2,210,302.21
Fees for hiring agencies	**1,729,693.26**	2,972,511.32
– Fees for audit services	**257,078.84**	284,466.18
– Tax service fees	**13,861.39**	115,207.79
– Other service charges	**705,681.39**	1,189,470.28
– Lawyer service fee	**753,071.64**	1,383,367.07
Amortization of intangible assets	**3,221,526.92**	3,287,609.06
Office expenses	**1,967,604.12**	2,139,490.24
Energy cost	**768,105.46**	734,408.68
Vehicle expense	**508,674.51**	725,894.69
Repair charge	**510,434.02**	141,433.84
Travel expense	**1,018,013.35**	718,594.85
Share-based payment	**434,288.84**	3,081,356.81
Business entertainment expense	**261,623.27**	267,397.37
Other	**5,792,914.00**	4,871,432.74
Total	**49,948,522.00**	54,164,729.47

45. R&D expenses

Item	Amount occurs in current period	Amount occurs in previous period
Research and development costs	**45,992,312.89**	42,208,662.39
Total	**45,992,312.89**	42,208,662.39

46. Financial expenses

Item	Amount occurs in current period	Amount occurs in previous period
Interest expense	**9,101,732.38**	11,431,716.95
Less: Interest income	**1,115,221.94**	1,170,019.89
Income from currency translation	**837,271.49**	5,406,761.63
Add: Loss from currency translation	**5,392,833.87**	72,071.70
Other expenses	**294,476.91**	304,440.15
Total	**12,836,549.73**	5,231,447.28

47. Other income

Sources that generate other income	Amount occurs in current period	Amount occurs in previous period
Government subsidies	**3,049,627.78**	3,880,334.74
Additional deduction of input tax	**304,807.89**	1,180,501.99
Refund of service charge for individual income tax	**75,028.63**	75,370.82
Total	**3,429,464.30**	5,136,207.55

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	**-5,768,937.96**	-1,167,116.34
Income from debt restructuring	**411,740.71**	2,044,137.75
Total	**-5,357,197.25**	877,021.41

49. Credit impairment loss

Item	Amount occurs in current period	Amount occurs in previous period
Bad debt loss of accounts receivable	**-2,506,096.84**	-3,013,464.02
Bad debt loss of other receivables	**27,578.74**	112,544.69
Total	**-2,478,518.10**	-2,900,919.33

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	**-18,421,246.33**	-15,413,281.03
Impairment loss on contract assets	**18,836.69**	105,773.58
Total	**-18,402,409.64**	-15,307,507.45

51. Income of assets disposal

Item	Amount occurs in current period	Amount occurs in previous period
Income of non-current assets disposal	**6,584.07**	1,472,831.23
Among them: Income of fixed assets disposal	**6,584.07**	1,449,645.99
Disposal of right-of-use assets		23,185.24
Total	**6,584.07**	1,472,831.23

52. Non-operating revenue

Item	Amount occurs in current period	Amount occurs in previous period	Amount to be included in non-recurring gain or loss in current period
Income from destruction and scrapping of non-current assets		23,050.84	
Among them: Income from destruction and scrapping of fixed assets		23,050.84	
Payable funds that can be not paid after sanction	**2,568,216.90**	111,835.24	2,568,216.90
Revenue from default compensation	**19,143.45**	373,348.72	19,143.45
Revenue from restitution	**650.00**	35,127.91	650.00
Other	**455,941.69**	544,675.61	455,941.69
Total	**3,043,952.04**	1,088,038.32	3,043,952.04

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

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	**26,596.09**	25,346.18	26,596.09
Among them: Loss from destruction and scrapping of fixed assets	**26,596.09**	25,346.18	26,596.09
Compensation payout		327,624.00	
Compensation for contract breach, fine, overdue payment	**1,538.84**	11,741.38	1,538.84
Donation for others		26,000.00	
Other	**3,133.50**		3,133.50
Total	**31,268.43**	390,711.56	31,268.43

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	**6,033,290.14**	8,525,117.06
– Corporate income tax in Chinese Mainland	**3,145,179.19**	7,641,475.20
– Profits tax in China Hong Kong		
– Other regions (USA)	**2,888,110.95**	883,641.86
Deferred income tax expense	**-1,187,424.50**	-1,547,108.90
Total	**4,845,865.64**	6,978,008.16

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	**-76,640,992.42**
Income tax expense calculated by a statutory applicable tax rate	**-19,160,248.11**
Influence of different tax rates applied to subsidiaries	**5,599,478.23**
Influence of adjustment of income tax for previous periods	**588,246.92**
Influence of non-deductible costs, expenses and losses	**410,667.12**
Influence of non-taxable income	**-173,205.50**
Influence of using deductible losses of unrecognized deferred tax assets in previous periods	**-976,815.30**
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	**26,683,388.57**
Additional deduction for research and development expenses and other expenses	**-8,125,646.29**
Other	
Total	**4,845,865.64**

55. Other comprehensive income

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

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

56. Items of cash flow statements

(1) Cash related to operating activities

1) Cash received relating to other operating activities

Item	Amount occurs in current period	Amount occurs in previous period
Recovery of security deposits, deposits and petty cash	**11,983,729.78**	11,217,166.09
Government subsidy	**6,989,860.33**	7,827,928.00
Interest income	**1,115,221.94**	880,963.54
Fine	**1,750.00**	23,960.00
Other	**5,785,144.87**	7,609,164.74
Total	**25,875,706.92**	27,559,182.37

2) Cash paid for other operating activities

Item	Amount occurs in current period	Amount occurs in previous period
Security deposits, deposits	**61,575,936.80**	61,873,573.34
Various expenses	**33,743,794.01**	30,537,853.67
Service charge	**297,505.69**	303,265.26
Other	**5,124,944.26**	9,006,253.46
Total	**100,742,180.76**	101,720,945.73

(2) Cash related to financing activities

1) Cash paid relating to other financing activities

Item	Amount occurs in current period	Amount occurs in previous period
Rent of operating lease	**13,357,986.79**	13,021,358.29
Expenditure for repurchasing shares of equity incentive recipients		1,326,852.17
Total	**13,357,986.79**	14,348,210.46

2) Movement in liabilities arising from financing activities

		Increase in current period	
Item	**Beginning balance**	**Change of cash**	**Change of non-cash items**
Long-term payable	543,207,700.00		
Lease liabilities	207,696,873.72		117,184.63
Lease liabilities due within one year	15,152,731.43		12,788,291.09
Long-term loan due within one year	5,005,533.15		11,218,805.14
Long-term loan	151,594,466.85	3,190,000.00	
Short-term loan	180,000,000.00	10,000,000.00	
Total	**1,102,657,305.15**	**13,190,000.00**	**24,124,280.86**

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

56. Items of cash flow statements (Continued)

(2) Cash related to financing activities (Continued)

2) Movement in liabilities arising from financing activities (Continued)

(continued table)

Item	Decrease in current period		Ending balance
	Change of cash	Change of non-cash items	
Long-term payable			543,207,700.00
Lease liabilities		7,993,636.99	199,820,421.36
Lease liabilities due within one year	12,212,070.45	115,881.79	15,613,070.28
Long-term loan due within one year	1,234,068.57		14,990,269.72
Long-term loan		11,218,805.14	143,565,661.71
Short-term loan	130,000,000.00		60,000,000.00
Total	**143,446,139.02**	**19,328,323.92**	**977,197,123.07**

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	**-81,486,858.06**	-11,773,559.70
Add: Asset impairment reserves	**18,402,409.64**	15,307,507.45
Credit impairment loss	**2,478,518.10**	2,900,919.33
Depreciation of fixed assets	**36,280,903.98**	33,214,223.02
Depreciation of right-of- use assets	**8,227,953.00**	8,547,473.59
Amortization of intangible assets	**5,372,423.67**	5,374,727.31
Amortization of long-term deferred expenses	**1,115,154.37**	1,130,623.18
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")	**-6,584.07**	-1,472,831.23
Loss from destruction and scrapping of fixed assets (income is listed with "-")	**26,596.09**	2,295.34
Loss from changes in fair value (income is listed with "-")	–	
Financial expenses(income is listed with "-")	**13,654,265.98**	6,097,027.02
Investment loss(income is listed with "-")	**5,357,197.25**	-877,021.41
Decrease in deferred income tax assets (increase is listed with "-")	**-581,232.07**	1,032,662.49
Increase in deferred income tax liabilities (decrease is listed with "-")	**-606,192.43**	-2,579,771.39
Decrease in inventory (increase is listed with "-")	**-55,018,219.73**	-25,122,200.72
Decrease in operating receivables (increase is listed with "-")	**-42,233,819.70**	-40,675,005.05
Increase in operating payable (decrease is listed with "-")	**-648,820.66**	-85,218,893.96
Other	**1,022,319.33**	4,159,257.22
Net cash flow from operating activities	**-88,643,985.31**	-89,952,567.51
2. Major investments and financing activities that do not involve receipt and payment of cash:	–	–
Debt is converted into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired from financial lease		
3. Net changes in cash and cash equivalents:	–	–
Ending balance of cash	**297,494,021.57**	292,241,199.82
Less: Beginning balance of cash	**544,234,075.14**	410,572,389.38
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	**-246,740,053.57**	-118,331,189.56

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

57. Supplementary information to the consolidated cash flow statement (Continued)

(2) Cash and cash equivalents

Item	Ending balance	Beginning balance
Cash	**297,494,021.57**	544,234,075.14
Among them: Cash on hand	**135,742.69**	187,315.74
Unrestricted bank deposits	**297,358,278.88**	544,046,759.40
Ending balance of cash and cash equivalents	**297,494,021.57**	544,234,075.14

(3) 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	**89,860,783.26**	69,073,630.05	A situation exists that payment and withdrawal can not be made at will due to pledge and freezing
Funds frozen by litigation	**6,700,000.00**	6,700,000.00	A situation exists that payment and withdrawal can not be made at will due to pledge and freezing
Notes receivable	**825,000.00**		A situation exists that payment and withdrawal can not be made at will due to pledge and freezing
Security deposit for letter of guarantee		2,650,000.00	A situation exists that payment and withdrawal can not be made at will due to pledge and freezing
Total	**97,385,783.26**	78,423,630.05	–

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			**47,010,837.68**
Of which: USD	6,712,173.01	6.8109	45,715,939.15
HK Dollar	1.61	0.86855	1.40
Euro	166,715.65	7.7671	1,294,897.13
Accounts receivable			**40,783,666.76**
Of which: USD	5,680,628.14	6.8109	38,690,190.20
Euro	269,531.30	7.7671	2,093,476.56
Accounts payable			**5,483,453.91**
Of which: USD	770,095.63	6.8109	5,245,044.33
Euro	30,694.80	7.7671	238,409.58
Other payables			
Of which: USD			

(2) Overseas business entities

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

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	**4,803,990.38**	5,069,911.86
Short-term lease expenses recorded in current loss or profit with simplified treatment	**1,891,146.78**	1,495,386.34
Lease expenses for low-value assets (other than short-term lease) recorded in current loss or profit with simplified treatment		
Variable lease payments not included in the measurement of lease liabilities		
Income from sublease of right-of-use assets	**22,273,073.82**	29,952,528.31
Total cash outflow related to lease	**15,503,301.07**	14,516,744.63

(2) The Group as the lessor

1) 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	**22,273,073.82**	Income from sublease of right-of-use assets

VI. R&D EXPENDITURE

Item	Amount occurs in current period	Amount occurs in previous period
Direct input material	**15,728,606.45**	13,543,568.46
Expenditures of staff	**20,817,089.26**	19,659,745.11
Depreciation expense	**997,743.25**	581,337.48
Test fee	**5,996,870.61**	5,290,126.67
Other	**2,452,003.32**	3,133,884.67
Total	**45,992,312.89**	42,208,662.39
Among them: Expensed research and development expenditure	**45,992,312.89**	42,208,662.39

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.

VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES

1. Rights and interests in subsidiaries

(1) 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 Hydrogen Energy Equipment Co., Ltd.	Tongzhou District, Beijing	Tongzhou District, Beijing	Production
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd	Tongzhou District, Beijing	Tongzhou District, Beijing	Production
BTIC America Corporation	Houston, United States	Houston, United States	Selling
Kuancheng Tianhai Pressure Container Co., Ltd.	Chengde, Hebei Province	Chengde, Hebei Province	Production
Jingcheng Holding (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Trading, investment
Qingdao BYTQ United Digital Intelligence Co., Ltd.	High-tech District, Qingdao	Licang, District, Qingdao	Production
Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.	Chaoyang District, Beijing	Chaoyang District, Beijing	Property service, lease

(continued table)

Name of subsidiaries	Registered capital	Shareholding ratio (%) Direct	Shareholding ratio (%) Indirect	Method of acquirement
Beijing Tianhai Industry Co., Ltd.	748,759,761.19 yuan	100.00		Business combination under common control
Tianjin Tianhai High Pressure Container Co., Ltd.	225,578,400 yuan		55.00	Establishment
Shanghai Tianhai Composite Cylinders Co., Ltd	2,650,090 USD		87.84	Business combination under common control
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	489,528,535.96 yuan		73.54	Business combination under common control
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	545,225,228 yuan		38.51	Establishment
BTIC America Corporation	680.00 shares		90.00	Business combination not under common control
Kuancheng Tianhai Pressure Container Co., Ltd.	81,584,000 yuan		61.10	Establishment
Jingcheng Holding (Hong Kong) Co., Ltd.	1,000 HKD	100.00		Business combination under common control
Qingdao BYTQ United Digital Intelligence Co., Ltd.	21,418,633 yuan	81.45		Business combination not under common control
Beijing Jingcheng Haitong Technology Culture Development Co., Ltd	80,000,000 yuan		51.00	Business combination not under common control

Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd. was established on November 27, 2012, with a registered capital of 10 million yuan, all funded by Beijing Tianhai. After two times of capital increases, on December 31, 2025, the registered capital of Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd. was 545,225,228 yuan, of which Beijing Tianhai contributed 210,000,000 yuan, accounting for 38.51% of the registered capital. Beijing Jingguofa Equity Investment Fund (Limited Partnership) contributed 170,412,703.00 yuan, accounting for 31.26% of the registered capital, and Beijing Bus Media Co., Ltd. contributed 164,812,525.00 yuan, accounting for 30.23% of the registered capital.

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

VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Rights and interests in subsidiaries (Continued)

(1) Composition of enterprise group (Continued)

1) 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	Special reserves attributable to minority shareholders in current period	Change in capital reserves in current period	Increased 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	-1,969,382.92			9,384.26			65,530,136.02
BTIC America Corporation	10.00	1,052,802.16	-227,139.52		1,475.51			7,448,564.43
Tianjin Tianhai High Pressure Container Co., Ltd.	45.00	-1,269,852.09			40,787.38			80,859,655.37
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	26.46	-11,850,716.40		40,586.49	56,943.49			162,209,795.10
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	61.49	-2,243,658.98		269,887.85	108,875.12			119,434,126.13

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

	Ending balance					
Name of subsidiaries	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qingdao BYTQ United Digital Intelligence Co., Ltd	409,335,675.11	105,514,972.14	514,850,647.25	138,946,584.74	7,893,983.91	146,840,568.65
BTIC America Corporation	108,330,153.43	21,146.07	108,351,299.50	28,368,111.01		28,368,111.01
Tianjin Tianhai High Pressure Container Co., Ltd.	217,105,482.25	164,495,798.69	381,601,280.94	181,481,886.58	13,210,000.00	194,691,886.58
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	533,120,350.27	371,133,578.83	904,253,929.10	178,382,714.76	147,064,750.27	325,447,465.03
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	105,512,841.19	326,283,569.31	431,796,410.50	214,490,309.30	9,860,255.60	224,350,564.90

(Continued Table 1)

	Beginning balance					
Name of subsidiaries	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qingdao BYTQ United Digital Intelligence Co., Ltd	450,584,054.76	98,911,939.03	549,495,993.79	162,249,672.82	8,585,494.83	170,835,167.65
BTIC America Corporation	87,196,834.69	29,242.90	87,226,077.59	15,514,270.58		15,514,270.58
Tianjin Tianhai High Pressure Container Co., Ltd.	177,316,365.60	149,485,558.76	326,801,924.36	134,974,775.28	8,250,000.00	143,224,775.28
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	546,994,583.00	391,949,959.70	938,944,542.70	155,414,828.01	159,204,371.13	314,619,199.14
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	85,769,947.91	330,235,568.06	416,005,515.97	204,750,177.86	7,189,567.08	211,939,744.94

VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

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

(continued Table 2)

	Amount occurs in current period			
Name of subsidiaries	**Operating revenue**	**Net profit**	**Total comprehensive income**	**Cash flow from operating activities**
Qingdao BYTQ United Digital Intelligence Co., Ltd	**55,222,107.66**	**-10,701,336.54**	**-10,701,336.54**	**-102,722,973.80**
BTIC America Corporation	**132,094,700.77**	**10,528,021.59**	**8,256,626.36**	**14,756,910.31**
Tianjin Tianhai High Pressure Container Co., Ltd.	**207,068,208.38**	**3,241,606.66**	**3,241,606.66**	**2,859,564.24**
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	**141,750,918.02**	**-45,853,031.25**	**-45,853,031.25**	**-23,295,682.54**
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	**106,567,491.57**	**2,764,099.67**	**2,764,099.67**	**241,829.92**

(continued Table 3)

	Amount occurs in previous period			
Name of subsidiaries	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Qingdao BYTQ United Digital Intelligence Co., Ltd	61,773,909.61	6,771,425.65	6,771,425.65	-56,556,840.59
BTIC America Corporation	123,526,452.34	3,231,062.69	2,938,241.58	1,778,638.38
Tianjin Tianhai High Pressure Container Co., Ltd.	168,947,502.54	2,040,435.41	2,040,435.41	-19,516,182.79
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	141,059,772.09	-6,893,559.92	-6,893,559.92	-20,711,625.04
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	76,503,451.13	1,991,992.80	1,991,992.80	2,572,479.42

3. Rights and interest in joint ventures or associates

(1) Joint ventures or associates

				Shareholding ratio (%)		
Name of joint ventures or associates	**Main operating area**	**Registration place**	**Nature of business**	**Direct**	**Indirect**	**Accounting methods for investment in joint ventures or associates**
Jiangsu Tianhai Special Equipment Co., LTD	Zhenjiang	Zhenjiang	Production		27.461	Equity method
Beijing Bolken Energy Saving Technology Co., LTD.	Beijing	Beijing	Production		9.93	Equity method
Hubei Jingyuan Xihai Automobile Industry Co., LTD	Shiyan	Shiyan	Production		24.00	Equity method
Shanxi Haichaung Shengshi Hydrogen Energy Technology Co., LTD	Xianyang	Xianyang	Production		49.00	Equity method

VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

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

(1) Joint ventures or associates (Continued)

1) Jiangsu Tianhai Special Equipment Co., LTD (Hereinafter referred to as Jiangsu Tianhai) was established on April 27, 2015, with a registered capital of 80 million yuan, it is jointly funded by Beijing Tianhai and Nanjing Bibo Industry and Trade Co., LTD. (hereinafter referred to as Nanjing Bibo), and Beijing Tianhai invests 28 million yuan and holds 35% equity.

Beijing Tianhai Industry Co., LTD made an investment of 9.8558 million yuan of welded cylinders and acetylene cylinders (please refer to an estimated price of 9.8558 million yuan for equipment by Beijing Fangxin Asset Evaluation Co., LTD, in a document named "Asset Evaluation Report for the Machine Equipment Investment Project of Beijing Tianhai Industrial Co., LTD. ", with a document number of FPBZ2015011), and a patent for welded cylinders and acetylene cylinders worth 18.1442 million yuan, use right for patent technology (Please refer to "Asset Evaluation Report for Beijing Tianhai Industry Co., LTD. 's external Investment, Intangible Assets Project " made by Beijing Fangxin Asset Evaluation Co., LTD., the document number was FPBZ2015010). Total investment was 28 million yuan, accounting for 35% of the shares, and Nanjing BiBo contributed 52 million yuan in cash, accounting for 65% of the shares.

In 2021, the new shareholder of Jiangsu Tianhai----Yucheng Entrepreneurship made an investment of 21,962,938.00 yuan to Jiangsu Tianhai, and the shareholding ratio of Beijing Tianhai in Jiangsu Tianhai was passively diluted from 35.00% to 27.4610%.

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

2) Beijing Bolken Energy Saving Technology Co., LTD. (Hereinafter referred to as Bolken Energy Saving) was established in March 2005 with a registered capital of 63 million yuan. On July 29, 2015, it was listed in the National SME Share Transfer System with the code 833077. On August 15, 2018, Shaanxi Aerospace Science and Technology Group Co., LTD. (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 Xihai Automobile Industry Co., LTD., (Hereinafter referred to as Hubei Jingyuan) was established on February 24, 2023 by the Company's subsidiary--- Beijing Tianhai, Hubei Juxi Automobile Technology Co., LTD., and Shiyan Kechuang Investment Management Co., LTD. The legal representative is Wei Jun, with a registered capital of RMB80.00 million, of which Beijing Tianhai subscribed RMB19.20 million, holding 24% of shares. Up to the end of the current period, Beijing Tianhai has paid 19.20 million yuan. Hubei Jingyuan Company set up a board of directors, the board has 5 directors, Beijing Tianhai sends one director. Beijing Tianhai has a significant influence on Hubei Jingyuan and adopts the equity method for accounting.

4) Shanxi Haichuang Shengshi Hydrogen Energy Technology Co., LTD. (hereinafter referred to as Haichuang Shengshi) was established on August 8, 2024 by one of the Company's subsidiaries-- Beijing Tianhai Hydrogen Energy Equipment Co., LTD. (hereinafter referred to as Tianhai Hydrogen Energy) and Shengshi Yingchuang Hydrogen Energy Technology (Shanxi) Co., LTD. The legal representative is Lu meijun, with a registered capital of RMB5 million, of which Tianhai Hydrogen Energy subscribed RMB2.45 million, holding 49.00% of shares. Up to end of this period, Tianhai Hydrogen Energy has actually paid RMB1.96 million, and there are RMB0.49 million unpaid. Haichuang Shengshi shall set up a board of directors, the board consists of 3 directors, Tianhai Hydrogen Energy will dispatch one director. Tianhai Hydrogen Energy has a significant impact on Haichuang Shengshi, and adopts the equity method for accounting.

VIII. RIGHTS AND INTERESTS IN OTHER ENTITIES (CONTINUED)

3. 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	**125,351,639.99**	113,949,223.31
Among them: cash and cash equivalents	**13,733,257.30**	15,931,428.67
Non-current assets	**636,456,850.59**	611,170,787.16
Total assets	**761,808,490.58**	725,120,010.47
Current liabilities	**269,694,438.23**	229,667,038.49
Non-current liabilities	**221,730,155.84**	228,980,636.25
Total liabilities	**491,424,594.07**	458,647,674.74
Shareholders' equity attributable to parent company	**270,383,896.51**	266,472,335.73
Share of net assets calculated by shareholding ratio	**74,250,121.82**	73,175,968.11
Adjusted items	**-2,122,548.73**	-1,308,814.46
– Unrealized profits from internal transactions	**-2,122,548.73**	-1,308,814.46
The carrying value of an equity investment in an associate	**72,127,573.09**	71,867,153.65
Operating revenue	**145,342,250.07**	140,251,054.79
Financial expenses	**6,741,886.26**	5,700,071.56
Net profit	**-6,072,155.97**	3,264,103.45
Total comprehensive income	**-6,072,155.97**	3,264,103.45

(3) Aggregated financial information of unimportant associates

Item	Ending balance/ Amount occurs in current period	Beginning balance/ Amount occurs in previous period
Associates:		
Total book value of investments	**34,210,324.08**	40,306,061.62
Aggregates of following items calculated by shareholding ratio		
– Net profit	**-3,331,273.06**	-2,508,724.49
– Other comprehensive income		1,558.12
– Total comprehensive income	**-3,331,273.06**	-2,507,166.36

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	12,196,070.50	6,219,180.00		**2,352,027.78**		**16,063,222.72**	Related with assets/ income

3. Government subsidies recorded into current loss or profit

Accounting items	Amount occurs in current period	Amount occurs in previous period
Other income	**3,049,627.78**	3,880,334.74

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 ---Beijing Tianhai Industry Co., Ltd, Tianhai America Corporation, Jingcheng Holding (Hong Kong) Co., Ltd., Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd. which conduct purchases and sales in US dollars or Euro, the Group's other major business activities are denominated and settled in RMB. On June 30, 2026, assets and liabilities of the Group were shown in RMB, except for the balance of assets and liabilities in US dollars and few balances in Euro and Hong Kong dollars as described in the table below. The exchange rate risk arising from assets and liabilities of these foreign currency balances may have an impact on the Group's operating revenue.

The amounts of financial assets and financial liabilities shown in foreign currency, which are held by the Group on June 30, 2026 and December 31, 2025 were converted into RMB, as follows:

Item	**June 30, 2026**	December 31, 2025
Cash at bank and on hand- US dollars	**45,715,939.15**	19,241,614.90
Cash at bank and on hand – HK Dollars	**1.40**	14,254.45
Cash at bank and on hand – Euro	**1,294,897.13**	5,748,510.03
Accounts receivable – USD	**38,690,190.20**	87,008,215.09
Accounts receivable – Euro	**2,093,476.56**	12,879,105.70
Accounts payable – USD	**5,245,044.33**	15,107,246.06
Accounts payable – Euro	**238,409.58**	189,627.33
Other payable – USD		832,884.26

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

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, 2026, the Group's interest-bearing debt was mainly RMB denominated fixed-rate contracts, the amount is 60,000,000.00 yuan (on December 31,2025: RMB160,000,000.00). In contracts with a floating interest rate in RMB, the total amount is RMB158,555,931.43 (on December 31, 2025: RMB176,600,000.00).

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.

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

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

(2) Credit risk

The Group manages credit risk on a portfolio basis. Credit risks mainly arise from Cash at bank and on hand, notes receivable, accounts receivable, contract assets, receivables financing, other receivables, etc.

On June 30, 2026, 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, 2026, 14.46%(previous period: 18.90%) and 43.99% (previous period: 37.88%) of the Group's accounts receivable balances were from the Group's largest and top five accounts receivable, respectively. The largest account receivable balance at the end of the period is from companies affiliated to Haier group, which are high-quality customers, so the Group has no significant credit risk.

The total amount of the top five accounts receivable and contract assets: 366,969,762.02yuan.

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, 2026, 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.

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

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

(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, 2026, the Group's unused bank borrowings and bank acceptance bills are 522.1841 million yuan (on December 31, 2025: 442.45 million yuan), and they are all short-term bank borrowings.

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, 2026:

Item	Within 1 year	1-2 years	2-5 years	More than 5 years	Total
Financial assets					
Cash at bank and on hand	394,054,804.83				394,054,804.83
Notes receivable	6,504,600.83				6,504,600.83
Accounts receivable	636,212,144.34				636,212,144.34
Contract assets	29,850,302.94				29,850,302.94
Receivables financing	6,103,635.16				6,103,635.16
Other receivables	5,169,198.57				5,169,198.57
Financial liability					
Short-term loan	60,000,000.00				60,000,000.00
Notes payable	129,264,783.26				129,264,783.26
Accounts payable	364,750,349.11				364,750,349.11
Other payable	36,803,739.60				36,803,739.60
Non-current liabilities due within one year	30,603,340.00				30,603,340.00
Long-term loan		25,840,647.84	101,913,977.81	15,811,036.06	143,565,661.71
Lease liabilities		17,003,535.57	55,773,585.79	127,043,300.00	199,820,421.36
Long-term payables			290,000,000.00		290,000,000.00

XI. DISCLOSURE OF FAIR VALUE

1. Ending fair value of assets measured at fair value

	Ending fair value			
Item	First level fair value measurement	Second level fair value measurement	Third level fair value measurement	Total
I. Recurring fair value measurement	–	–	–	–
Receivables Financing			6,103,635.16	6,103,635.16

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.

XII. THE RELATED PARTIES AND TRANSACTION

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:10000 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	334,162.7083	44.87	44.87

2) Registered capital of controlling shareholders and its change (unit: 10000 yuan)

Controlling shareholder	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	276,721.7083	57,441.00		334,162.7083

3) Controlling shareholder's shares or interests and their changes (unit: 10000 yuan)

	Amount of shares		Shareholding ratio	
Controlling shareholder	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. 3. (1) Joint ventures or associates " in this Notes. Other associates and joint ventures that have related transactions with the Group in current period, or the balance of related party transactions with the Group in the previous period, are as follows:

Name of associates and joint ventures	Relationship with the Company
Beijing Bolken Energy Saving Technology Co., LTD	Associates
Jiangsu Tianhai Special Equipment Co. LTD	Associates
Hubei Jingyuan Xihai Automobile Industry Co., LTD	Associates
Shanxi Haichuang Shengshi Hydrogen Energy Technology Co., LTD	Associates

XII. THE RELATED PARTIES AND TRANSACTION (CONTINUED)

1. Relationship of related parties (Continued)

(4) Other related parties

Name of other related parties	Relationship with the Company
Beijing Jingcheng Yihe City Renewal Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sunwise Hydrogen Energy (Beijing) Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Machinery Electric Asset Management Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Golden Sun Energy Technology Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhejiang Jingcheng Renewable Resources Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sunwise New Energy System Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Babcock & Wilcox Beijing Company LTD.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangzhou Sunwise Hydrogen Energy Technology Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Peitian Technology Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Industry And Trade Technician College	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Green Energy Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Jingcheng Talents Development Co., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Mechanical & Electronical Technology Research Institute. LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Tianjin Dawufeng Investment Co., LTD	Minority shareholders of a subsidiary
Beijing Lantianda Automotive Clean Fuel Technology Co., LTD	A wholly-owned subsidiary of an associate

XII. THE RELATED PARTIES AND TRANSACTION (CONTINUED)

2. Related party transactions

(1) Related party transactions about purchase of goods/receiving services and sales of goods/providing services

1) Purchasing goods/receiving services

Related party	Content of related party transaction	Amount occurs in current period	Amount occurs in previous period
Jiangsu Tianhai Special Equipment Co., LTD	Purchasing goods	**50,944,717.68**	65,299,951.64
Sunwise Hydrogen Energy (Beijing) Co., LTD	Purchasing goods		2,150,796.46
Beijing Jingcheng Golden Sun Energy Technology Co., LTD	Purchasing goods	**182,882.32**	186,923.87
Beijing Jingcheng Yihe City Renewal Co., LTD	Receiving services	**457,679.24**	45,358.08
Beijing Industry And Trade Technician College	Receiving services	**27,933.96**	25,509.43
Hubei Jingyuan Xihai Automobile Industry Co., LTD	Purchasing goods	**4,508,021.53**	
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	Receiving services	**501,249.94**	
Beijing Peitian Technology Co., LTD	Purchasing goods	**96,743.36**	
Tianjin Dawufeng Investment Co., LTD	Receiving services		641,552.48
Beijing Jingcheng Machinery Electric Talent Development Co., LTD	Receiving services	**18,465.28**	393,900.99
Total	–	**56,737,693.31**	68,743,992.95

2) Sales of goods/providing services

Related party	Content of related party transaction	Amount occurs in current period	Amount occurs in previous period
Hubei Jingyuan Xihai Automobile Industry Co., LTD	Sales of goods/providing services	**-1,342,300.88**	13,490,504.42
Jiangsu Tianhai Special Equipment Co., LTD	Sales of goods/providing services	**21,748,270.80**	12,897,729.20
Shanxi Haichaung Shengshi Hydrogen Energy Technology Co., LTD	Sales of goods	**11,805.30**	2,960,176.99
Beijing Lantianda Automotive Clean Fuel Technology Co., LTD	Sales of goods	**621,577.68**	621,577.68
Guangzhou Sunwise Hydrogen Energy Technology Co., LTD	Sales of goods	**116,814.16**	
Shanghai Sunwise New Energy System Co., LTD	Sales of goods/providing services	**70,465.02**	5,012.39
Total	–	**21,226,632.08**	29,975,000.68

XII. THE RELATED PARTIES AND TRANSACTION (CONTINUED)

2. Related party transactions (Continued)

(2) Situation about related party leases

(1) Situation about lease

Name of lessors	Category of leased assets	Rental of short-term lease and low-value assets lease with simplified treatment		Rental paid	
		Amount occurs in current period	Amount occurs in previous period	Amount occurs in current period	Amount occurs in previous period
Beijing Jingcheng Machinery Electric Asset Management Co., LTD	Houses and buildings			**12,882,186.79**	12,882,186.79
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	Houses and buildings	**501,249.94**	536,306.66		
Total	–	**501,249.94**	536,306.66	**12,882,186.79**	12,882,186.79

(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	**4,748,838.72**	5,064,049.80		
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	Houses and buildings				
Total	–	**4,748,838.72**	5,064,049.80		

(3) Situation about related party guarantee

(2) As the guaranteed party

Name of Guarantor	Guaranteed Amount	Beginning date of guarantee	Ending date of guarantee	If guarantee is completed
Beijing Jingcheng Machinery Electric Holding Co., LTD	200,000,000.00	2023-10-23	2031-10-23	No
Beijing Jingcheng Machinery Electric Holding Co., LTD	90,000,000.00	2024-11-26	2026-1-26	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	30,000,000.00	2025-2-13	2029-2-26	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	50,000,000.00	2025-3-20	2026-3-20	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	20,000,000.00	2025-6-25	2029-6-25	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	10,000,000.00	2025-2-25	2026-2-24	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	10,000,000.00	2025-6-17	2026-6-17	Yes
Beijing Jingcheng Machinery Electric Holding Co., LTD	20,000,000.00	2025-5-23	2026-5-23	Yes

(4) Remuneration of key management personnel

Name of item	Amount occurs in current period	Amount occurs in previous period
Total remuneration	**1,572,603.63**	2,508,847.63

XII. THE RELATED PARTIES AND TRANSACTION (CONTINUED)

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	**1,909,162.81**	**239,483.93**	2,300,032.77	458,393.44
	Babcock & Wilcox Beijing Company LTD.			134,653.00	2,693.06
	Jiangsu Tianhai Special Equipment Co. LTD	**10,161,139.93**	**203,222.80**	5,870,905.00	117,418.10
	Shanghai Sunwise New Energy System Co., LTD	**10,567,979.37**	**253,657.46**	10,535,629.37	252,361.36
	Guangzhou Sunwise Hydrogen Energy Technology Co., LTD	**132,000.00**	**2,640.00**	21,200.00	424.00
	Sunwise Hydrogen Energy (Beijing) Co., LTD	**15,870,400.00**	**2,136,155.84**	15,870,400.00	2,136,155.84
	Shanxi Haichuang Shengshi Hydrogen Energy Technology Co., Ltd.	**6,417,600.00**	**856,206.40**	6,417,600.00	474,398.16
	Hubei Jingyuan Xihai Automobile Industry Co., Ltd.	**53,122,808.51**	**4,018,906.80**	59,241,579.76	3,730,750.79
	Beijing Tianhai Cryogenic Equipment Co., Ltd.	**87,724,906.20**	**87,724,906.20**	87,724,906.20	87,724,906.20
Other receivables	Beijing Jingcheng Mechanical & Electronical Investment Co., LTD	**188,679.25**	**7,962.26**	188,679.25	962.26
	Tianjin Dawufeng Investment Co., LTD			734,993.36	2,498.98
	Jiangsu Tianhai Special Equipment Co., Ltd.	**22,181.87**	**75.42**	24,597.17	83.63
	Beijing Tianhai Cryogenic Equipment Co., Ltd.	**132,758,185.49**	**132,758,185.49**	132,758,185.49	132,758,185.49
	Hubei Jingyuan Xihai Automobile Industry Co., Ltd.	**1,503,505.59**	**5,111.92**	446,247.58	1,517.24
	Beijing Jingcheng Machinery Electric Holding Co., LTD			88,825.79	453.01
Advances to suppliers	Jiangsu Tianhai Special Equipment Co., Ltd.	**2,314,500.00**		2,411,848.07	
	Beijing Jingcheng Yihe City Renewal Co., LTD	**124,754.74**			
	Beijing Jingcheng Machinery Electric Talent Development Co., LTD	**240.00**			

(2) Payable items

Name of item	Related parties	Ending balance	Beginning balance
Accounts payable	Beijing Jingcheng Machinery Electric Holding Co., LTD	**902,227.29**	902,227.27
	Beijing Jingcheng Golden Sun Energy Technology Co., LTD	**147,755.39**	66,271.92
	Beijing Peitian Technology Co., LTD	**815,331.20**	711,331.20
	Shanghai Sunwise New Energy System Co., LTD	**938,755.20**	1,021,755.20
	Sunwise Hydrogen Energy (Beijing) Co., LTD	**1,880,400.00**	1,880,400.00
	Beijing Jingcheng Green Energy Co., LTD		250.00
	Hubei Jingyuan Xihai Automobile Industry Co. LTD	**5,092,093.07**	
	Jiangsu Tianhai Special Equipment Co. LTD	**8,662,179.33**	15,560,073.41
	Tianjin Dawufeng Investment Co., LTD		1,150,000.00
	Beijing Jingcheng Yihe City Renewal Co., LTD		563,925.40
	Beijing Lantianda Automobile Clean Fuel Technology Co., LTD	**2,237,872.00**	7,732,652.22
Contract liability	Jiangsu Tianhai Special Equipment Co., Ltd.		827,041.45
	Zhejiang Jingcheng Renewable resources Co. LTD (GEENCN)		14,420.35
Other payable	Beijing Jingcheng Machinery Electric Holding Co., LTD	**7,906.30**	8,159.24
	Tianjin Dawufeng Investment Co., LTD		78,073.87
	Shanxi Haichaung Shengshi Hydrogen Energy Technology Co., LTD	**490,000.00**	980,000.00

XII. THE RELATED PARTIES AND TRANSACTION (CONTINUED)

4. Commitment with related parties

None.

1. 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					
Zhang Jiheng	109,998.00	133,553.46	52,679.00	**31,618.13**	327,848.59
Supervisor					
Total	109,998.00	133,553.46	52,679.00	**31,618.13**	327,848.59
Amount occurs in previous period					
Executive director					
Zhang Jiheng	109,998.00	129,683.52	66,000.00	**138,928.13**	444,609.65
Supervisor					
Li Zhe	113,298.00	129,683.52	56,100.00		299,081.52
Wen Jinhua	64,509.00	97,348.02	45,349.00		207,206.02
Total	**287,805.00**	**356,715.06**	**167,449.00**	**138,928.13**	**950,897.19**

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 and supervisor in the current period (previous period: 1 person), whose remuneration is shown in Notes XII,4, 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	**417,105.00**	417,369.00
Contribution to retirement benefit scheme	**532,280.04**	520,639.44
Bonus at the end of a year	**211,055.00**	249,467.00
Share-based payments	**84,315.00**	370,475.00
Total	**1,244,755.04**	1,557,950.44

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		

XII. THE RELATED PARTIES AND TRANSACTION (CONTINUED)

4. Commitment with related parties (Continued)

1. 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	**527,103.00**	705,174.00
Contribution to retirement benefit scheme	**665,833.50**	877,354.50
Bonus	**263,734.00**	416,916.00
Share-based payments	**115,933.13**	509,403.13
Total	**1,572,603.63**	2,508,847.63

2. Loans receivable from directors/director-related enterprises

(1) There is no loans receivable from directors/director-related enterprises.

(2) There is no guaranteed loans from directors/director-related enterprises.

XIII. SHARE-BASED PAYMENT

1. General situation of share-based payment

On November 14, 2023, the Board of Directors of the Company approved the Motion on the Adjustment of Matters Related to the 2023 Restricted Stock Incentive Plan and the Motion on the First Grant of Restricted Stock to the recipients of the 2023 Restricted Stock Incentive Plan, and the Board of Directors of the Company have registered such restricted Stock. Such restricted stock granted by the restricted stock incentive plan stems from common A-shares, which are granted by the company to incentive recipients. The grant date of this restricted stock is November 14, 2023, the number of granted shares is 5.88 million, the number of granted people is 123, and the grant price is 7.33 yuan/share.

After Board of directors confirm the grant date for restricted stock, during the process of payment verification after the grant date, 123 incentive recipients actually subscribed for a total of 5.4 million restricted stock shares granted in full or in part, and 8 incentive recipients voluntarily relinquished all their granted restricted stock due to personal reasons. Four incentive recipients voluntarily relinquished part of their restricted stock grants for personal reasons, totaling 480,000 shares. Therefore, the actual number of restricted shares granted in the first grant portion of the incentive plan was changed from 123 to 115, and the number of restricted shares granted in the first grant portion was changed from 5.88 million to 5.4 million.

On April 28, 2025, in the Company's 2025 first extraordinary general meeting, 2025 first A-Share shareholder meeting and 2025 first H-Share shareholder meeting, "proposal on repurchasing and cancellation of some A-Share restricted stocks that have been granted but not yet unrestricted" is approved. Due to some reasons, such as resignation, internal retirement and job transfer of the incentive recipients, an aggregate of 180,000 shares of 5 incentive recipients were repurchased. The repurchase price was 7.33 yuan per share + interest of fixed-term deposits calculated based on the latest deposit benchmark interest rate released by the People's Bank of China. An aggregate of 180,000 A-share restricted stocks were repurchased and canceled this time, accounting for 0.03% of the Company's current total share capital.

On October 30, 2025, the company held the 10th meeting of the 11th Board of directors, the meeting checked and approved the "Proposal on the Achievement of the Conditions for the First unlocking of the Lock-up Period under the 2023 Restricted Stock Incentive Plan for the First Time".

On May 26, 2026, the company held the 17th interim meeting of the 11th board of directors, and approved the "Proposal on the Company's Failure to Achieve the Performance Targets for the Second Restricted Stock Release Period of the 2023 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Part of the A-share Restricted Stocks". Given that one of the 1 incentive recipients of the 2023 restricted stock incentive plan of the company had a work transfer and terminated the labor relationship with the company, the company repurchased and canceled a total of 33,000 restricted stocks that had been granted but not yet released by this recipient; in addition, the company's performance indicators did not meet the release conditions for the second restricted stock release period of the initial grant portion of this incentive plan, and the company repurchased and canceled a total of 1,706,100 restricted stocks that had been granted but not yet released by this recipient. In summary, the company repurchased and canceled a total of 1,739,100 restricted stocks held by the incentive recipients that had been granted but not yet released.

XIII. SHARE-BASED PAYMENT (CONTINUED)

1. General situation of share-based payment (Continued)

Outstanding stock options or other equity instruments at the end of the period

Category of recipients	Outstanding stock options at the end of the period: Price range for exercising rights	Outstanding stock options at the end of the period: Remaining term of the contract (months)	Other equity instruments outstanding at the end of the period: Price range for exercising rights	Other equity instruments outstanding at the end of the period: Remaining term of the contract (months)
Managerial personnel	7.33 yuan/share	0.00、0.00、16.5	–	–
Production personnel	7.33 yuan/share	0.00、0.00、16.5	–	–
Sales staff	7.33 yuan/share	0.00、0.00、16.5	–	–
R&d personnel	7.33 yuan/share	0.00、0.00、16.5	–	–

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 recipients or the date of repurchase. The restricted shares first-granted according to this incentive plan will be released in three phases after 24 months, from the date of completion of registration of the granting, as shown in the following table:

Arrangement for lifting restriction on selling	Time for lifting restriction on selling	Percent of numbers whose restriction on selling is lifted in numbers granted with rights and interest (%)
First period for lifting restriction on selling	From the first transaction date after 24 months since the first-grant date, to the last transaction date within 36 months since the first-grant date	34.00
Second period for lifting restriction on selling	From the first transaction date after 36 months since the first-grant date, to the last transaction date within 48 months since the first-grant date	33.00
Third period for lifting restriction on selling	From the first transaction date after 48 months since the first-grant date, to the last transaction date within 60 months since the first-grant date	33.00

The company's performance conditions to be met when restriction on stock is lifted:

The performance appraisal conditions at the company level, the performance appraisal objectives of the plan for the first time and the restricted shares granted during the period of lifting restriction on selling are shown in the following table:

Period of lifting restriction on selling	Performance appraisal objective
First period for lifting restriction on selling	(1) In 2024, the company's cash return rate of net assets will not be less than 7.97%, and based on the company's cash return rate of net assets in 2021, the growth rate of cash return rate on net assets in 2024 will not be lower than the average level of the industry.(2) The year-on-year growth rate of operating revenue in 2024 shall not be less than 16%, and shall not be lower than the average level of the industry.(3) Based on the revenue from transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation projects in 2024 will not be less than 400%.(4) In 2024, the proportion of R&D investment in operating revenue shall not be less than 3.05%.
Second period for lifting restriction on selling	(1) In 2025, the company's cash return rate from net assets will not be less than 9.30%, and based on the company's cash return rate from net assets in 2021, the growth rate of cash return rate from net assets in 2025 will not be lower than the average level of the industry. (2) In 2025, the year-on-year growth rate of operating revenue is not less than 16%, and not lower than the average level of the industry. (3) Based on the revenue of transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation business projects in 2025 will not be less than 450%. (4) The proportion of R&D investment in operating revenue in 2025 shall not be less than 3.10%.
Third period for lifting restriction on selling	(1) In 2026, the company's cash return rate from net assets will not be less than 10.63%, and based on the company's cash return rate from net assets in 2021, the growth rate of cash return rate from net assets in 2026 will not be lower than the average level of the industry. (2) The year-on-year growth rate of operating revenue in 2026 is not less than 16%, and not lower than the average level of the industry. (3) Based on the revenue of transformation and innovation projects in 2021, the revenue growth rate of transformation and innovation business projects in 2026 will not be less than 500%. (4) The proportion of R&D investment in operating revenue in 2026 shall not be less than 3.15%.

XIII. SHARE-BASED PAYMENT (CONTINUED)

1. General situation of share-based payment (Continued)

Selected appraisal criteria for granting and lifting restriction on selling for enterprises:

This time, the company selects all listed companies under the CSRC industry "CSRC Manufacturing -CSRC special equipment manufacturing" classification. During the effective period of this plan, if the company has major asset reorganization, the corresponding performance indicators shall be adjusted by the Board of Directors of the company according to the approval opinions of controlling shareholders and state-owned assets supervision and administration commission of people's government of Beijing.

Individual assessment of incentive recipients:

According to the "Performance Management Regulations" formulated by the company and various internal assessment systems of the company, the incentive recipient is assessed annually, and the lifting restriction on selling of the incentive recipient 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 recipient individual in the year = unlock percent * the planned unlock quota of the individual in the year.

Individual unlock percent is determined by appraisal results of individual performance. Different performance appraisal results correspond to different unlock percent.

Scores of individual performance	Above 85 points	75 points - 84 points	70 points - 74 points	Below 70 points
Unlock percent	100.00%	80.00%	60.00%	0.00%

Note: The party building assessment is a veto indicator, if the party building assessment is not qualified, the incentive recipient 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 recipients.

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	12,763,882.19

3. Fee paid for share-based payment in current period

Category of recipients	Equity-settled share-based payments	Cash-settled share-based payments
Managerial personnel	597,410.01	–
Production personnel	48,371.35	–
Sales staff	89,239.99	–
R&d personnel	57,532.78	–
Total	792,554.13	–

XIV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Up to June 30, 2026, the Group has no significant commitments.

2. Contingencies

Up to June 30, 2026, the Group has no significant contingencies.

XV. EVENTS AFTER THE BALANCE SHEET DATE

1. Paid amount after the balance sheet date

Item	Paid amount
Large accounts payable aging more than one year	0.00
Large other payable aging more than one year	0.00

2. Apart from the aforementioned disclosure of events after the balance sheet date, the Group has no other significant events after the balance sheet date.

XVI. OTHER SIGNIFICANT MATTERS

1. Debt restructuring

(1) Disclosure about debtors

Debt restructuring method	Book value of debt	Income from debt restructuring	Increase in owner's equity, such as share capital
Liquidating liabilities with cash lower than book value of liabilities	7,266,006.06	411,740.71	–

2. Apart from aforementioned events, the Group has no other significant matters up to the audit reporting date.

XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable presented by aging

Aging	Ending balance	Beginning balance
Within 1 year	**71,057,370.00**	69,036,670.00
1-2 years	**25,206,310.00**	7,103,610.00
2-3 years	**1,232,760.00**	4,558,000.00
3-4 years	**1,175,000.00**	1,792,760.00
Subtotal	**98,671,440.00**	82,491,040.00
Less: bad debt reserves	**5,146,305.66**	4,445,251.71
Total	**93,525,134.34**	78,045,788.29

XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(2) Accounts receivable are classified and listed by the provision method for bad debts

	Ending balance				
	Book balance		Bad debts reserves		
Category	**Amount**	**Percent (%)**	**Amount**	**Provision percent (%)**	**Book value**
Provision for bad debt by portfolio	**98,671,440.00**	**100.00**	**5,146,305.66**	**5.22**	**93,525,134.34**
In which: aging portfolio	**98,671,440.00**	**100.00**	**5,146,305.66**	**5.22**	**93,525,134.34**

(continued table)

	Beginning balance				
	Book balance		Bad debts reserves		
Category	Amount	Percent (%)	Amount	Provision percent (%)	Book value
Provision for bad debt by portfolio	82,491,040.00	100.00	4,445,251.71	5.39	78,045,788.29
In which: aging portfolio	82,491,040.00	100.00	4,445,251.71	5.39	78,045,788.29

① Provision for bad debt of accounts receivable by aging portfolio

	Ending balance		
Aging	**Book balance**	**Bad debt reserves**	**Provision percent (%)**
Within 1 year	**71,057,370.00**	**1,641,425.25**	**2.31**
1-2 years	**25,206,310.00**	**2,553,399.20**	**10.13**
2-3 years	**1,232,760.00**	**312,751.21**	**25.37**
3-4 years	**1,175,000.00**	**638,730.00**	**54.36**
Total	**98,671,440.00**	**5,146,305.66**	**5.22**

(continued table)

	Beginning balance		
Aging	Book balance	Bad debt reserves	Provision percent (%)
Within 1 year	69,036,670.00	1,594,747.08	2.31
1-2 years	7,103,610.00	719,595.69	10.13
2-3 years	4,558,000.00	1,156,364.60	25.37
3-4 years	1,792,760.00	974,544.34	54.36
Total	82,491,040.00	4,445,251.71	5.39

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: Provision	Recovery or reversal	Written-off or offsetting	Other	**Ending balance**
Bad debt reserves for accounts receivable	4,445,251.71	701,053.95				**5,146,305.66**
Total	4,445,251.71	701,053.95				**5,146,305.66**

(4) Accounts receivable classified by debtors

Name of entities	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percent in aggregate ending balance of accounts receivable and contract assets (%)	Ending balance of bad debt reserves
Companies Affiliated To Haier Group	98,671,440.00	21,672,950.00	120,344,390.00	100.00	5,646,950.81
Total	98,671,440.00	21,672,950.00	120,344,390.00	100.00	5,646,950.81

2. Other receivables

Item	**Ending balance**	Beginning balance
Interest receivable	**61,162,999.56**	55,657,582.87
Dividends receivable		
Other receivables	**373,833,954.99**	375,509,391.41
Total	**434,996,954.55**	431,166,974.28

1. Interest receivable

(1) Classification of interest receivable

Item	**Ending balance**	Beginning balance
Interest of loans among related companies	**61,162,999.56**	55,657,582.87

(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.

XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2. Other receivables

(1) Other receivables classified by nature of funds

Nature of funds	Ending book balance	Beginning book balance
Loans from related parties	**365,000,000.00**	365,000,000.00
Security deposit		3,438,113.06
Current money between related parties	**8,842,378.81**	7,088,825.79
Total	**373,842,378.81**	375,526,938.85

(2) Other receivables presented by aging

Aging	Ending book balance	Beginning book balance
Within 1 year	**1,653,699.56**	6,526,938.86
1-2 years	**3,188,679.26**	2,999,999.99
2-3 years	**2,999,999.99**	26,000,000.00
3-4 years	**26,000,000.00**	
Over 5 years	**340,000,000.00**	340,000,000.00
Total	**373,842,378.81**	375,526,938.85

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

	Ending balance				
	Book balance		**Bad debt reserves**		
Category	**Amount**	**Percent (%)**	**Amount**	**Provision percent (%)**	**Book value**
Provision for bad debt by portfolio	**373,842,378.81**	**100.00**	**8,423.82**	**0.00**	**373,833,954.99**
Among them: aging portfolio	**279,181.00**	**0.07**	**8,423.82**	**3.02**	**270,757.18**
Related parties portfolio within consolidation scope	**373,563,197.81**	**99.93**			**373,563,197.81**
Total	**373,842,378.81**	**100.00**	**8,423.82**	**0.00**	**373,833,954.99**

(continued table)

	Beginning balance				
	Book balance		Bad debt reserves		
Category	Amount	Percent (%)	Amount	Provision percent (%)	Book value
Provision for bad debt by portfolio	375,526,938.85	100.00	17,547.44	0.00	375,509,391.41
Among them: aging portfolio	3,440,675.04	0.92	17,547.44	0.51	3,423,127.60
Related parties portfolio within consolidation scope	372,086,263.81	99.08			372,086,263.81
Total	375,526,938.85	100.00	17,547.44	0.00	375,509,391.41

XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2. Other receivables (Continued)

(3) Other receivables classified and presented by provision methods for bad debt (Continued)

① *Provision for bad debt of other receivables by portfolio*

	Ending balance		
Aging	**Book balance**	**Bad debt reserves**	**Provision percent (%)**
Within 1 year	**90,501.75**	**461.56**	**0.51**
1- 2 years	**188,679.25**	**7,962.26**	**4.22**
Total	**279,181.00**	**8,423.82**	**3.02**

(continued table)

	Ending balance		
Aging	**Book balance**	**Bad debt reserves**	**Provision percent (%)**
Within 1 year	**3,440,675.04**	**17,547.44**	**0.51**
Total	**3,440,675.04**	**17,547.44**	**0.51**

② *Provision for bad debt of other receivables by Related parties portfolio*

	Ending balance		
Aging	**Book balance**	**Bad debt reserves**	**Provision percent (%)**
Within 1 year	**1,563,197.81**		
1 -2 years	**3,000,000.01**		
2- 3 years	**2,999,999.99**		
3-4 years	**26,000,000.00**		
More than 5 years	**340,000,000.00**		
Total	**373,563,197.81**		

(continued table)

	Beginning balance		
Aging	Book balance	Bad debt reserves	Provision percent (%)
Within 1 year	3,086,263.82		
1 -2 years	2,999,999.99		
2- 3 years	26,000,000.00		
More than 5 years	340,000,000.00		
Total	372,086,263.81		

XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2. Other receivables (Continued)

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

	Stage one	Stage two	Stage three	
Bad debt reserves	**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)**	**Total**
Balance on January 1, 2026		17,547.44		17,547.44
Book balance of other receivables in current period on January 1, 2026		17,547.44		17,547.44
Provision in current period		-9,123.62		-9,123.62
Reversal in current period				
Written off in current period				
Offsetting in current period				
Other changes				
Balance on June 30, 2026		**8,423.82**		**8,423.82**

(5) Provision, recovery or reversal of bad debts for other receivables in current period

		Changes in current period				
Category	Beginning balance	Provision	Recovery or reversal	Written-off or offsetting	Other	**Ending balance**
Bad debt reserves for other receivables	17,547.44	-9,123.62				**8,423.82**

(6) Other receivables classified by debtors

Name of entities	**Nature of funds**	**Ending balance**	**Aging**	**Percent in total ending book balance of other receivables (%)**	**Ending balance of bad debt reserves**
Beijing Tianhai Industry Co., Ltd.	Current money	373,415,094.36	Within 4 years, more than 5 years	99.89	
Qingdao BYTQ United Digital Intelligence Co., Ltd.	Current money	148,103.45	Within 1 year	0.04	
Beijing Jingcheng Machinery Electric Industrial Investment Co., Ltd.	Current money	188,679.25	1-2 years	0.05	7,962.26
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	Current money	90,501.75	Within 1 year	0.02	461.56
Total	**–**	**373,842,378.81**	**–**	**100.00**	**8,423.82**

XVII. NOTES ON MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments

(1) Classification of long-term equity investments

	Ending balance			Beginning balance		
Item	**Book balance**	**Impairment reserves**	**Book value**	Book balance	Impairment reserves	Book value
Investment in subsidiaries	**1,599,609,640.36**		**1,599,609,640.36**	1,599,609,640.36		1,599,609,640.36
Investment in associates or joint ventures						
Total	**1,599,609,640.36**		**1,599,609,640.36**	1,599,609,640.36		1,599,609,640.36

(2) Investment in subsidiaries

			Increase and decrease in current period					
Invested entities	Beginning balance (Book balance)	**Beginning balance of impairment reserves**	**Added investments**	**Reduced investments**	**Provision for impairment reserves**	**Other**	**Ending balance (Book balance)**	**Ending balance of impairment reserves**
Beijing Tianhai Industrial Co., LTD	1,108,663,712.26						**1,108,663,712.26**	
Jingcheng Holding (Hong Kong) Co., LTD	142,044,028.10						**142,044,028.10**	
Qingdao BYTQ United Digital Intelligence Co., Ltd.	338,426,400.00						**338,426,400.00**	
Kuancheng Tianhai Pressure Container Co., Ltd.	766,500.00						**766,500.00**	
Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.	2,146,200.00						**2,146,200.00**	
Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.	3,781,400.00						**3,781,400.00**	
Shanghai Tianhai Composite Cylinders Co., Ltd.	1,073,100.00						**1,073,100.00**	
Tianjin Tianhai High Pressure Container Co., Ltd.	2,350,600.00						**2,350,600.00**	
BTIC America Corporation	357,700.00						**357,700.00**	
Total	1,599,609,640.36						**1,599,609,640.36**	

4. Operating revenue and operating costs

	Amount occurs in current period		Amount occurs in previous period	
Item	**Revenue**	**Costs**	Revenue	Costs
Main business				
Other business	**1,813,081.11**		2,011,457.25	
Total	**1,813,081.11**		2,011,457.25	

XVIII. 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	**-20,012.02**	V. (51),(52),(53)
Government subsidies recorded in current loss or profit	**3,049,627.78**	V. (47)
Reversal of impairment reserves whose impairment tests are separately conducted	**471,065.59**	V. (3),(49)
Other non-operating revenue and expenditure other than those aforementioned	**3,039,279.70**	V. (52)(53)
Loss or profit from debt restructuring	**411,740.71**	V. (48)
Other loss or profit items that meet definition of non-recurring loss or profit		
Subtotal	**6,951,701.76**	
Less: Influenced amount of income tax	**4,499.95**	
Influenced amount of minority shareholders' equity (after tax)	**1,936,869.19**	
Total	**5,010,332.62**	–

2. Profit margin on net assets, and earnings 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 Earnings 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:

		Earnings per share (yuan/share)	
Profit in the reporting period	**Weighted average profit margin on net assets (%)**	**Primary earnings per share**	**Diluted earnings per share**
Net profit attributable to common shareholders of the parent company	-7.58	-0.10	-0.10
Net profit attributable to common shareholders of the parent company after deducting non-recurring loss or profit	-8.19	-0.11	-0.11

3. Dividend

No dividend was paid or declared during the first half of 2026. No dividend was declared after the end of the Reporting Period (first half of 2025: nil).

Beijing Jingcheng Machinery Electric Co., LTD

August 28, 2026