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## 北京京城機電股份有限公司

### Beijing Jingcheng Machinery Electric Company Limited

(a joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 0187)

## ANNOUNCEMENT ON 2021 ANNUAL RESULTS

The board of directors (the "Board") of Beijing Jingcheng Machinery Electric Company Limited (the "Company") hereby announces that the preliminary consolidated results as of and ended 31 December 2021 (the "Reporting Period") prepared by the Company and its subsidiaries (the "Group") in accordance with the China Accounting Standards for Business Enterprises are as follows:

### I. FINANCIAL DATA

(All amounts are stated in RMB Yuan unless otherwise stated)

#### CONSOLIDATED BALANCE SHEET

As at 31 December 2021

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan Currency: RMB

Item	Note	31 December 2021	31 December 2020
<b>Current assets:</b>			
Cash at bank and on hand		<b>105,776,763.72</b>	279,067,536.83
Settlement reserve			
Loans to banks and other financial institutions			
Financial assets held for trading		<b>30,675.01</b>	
Derivative financial assets			
Notes receivable			
Accounts receivable	10	<b>175,225,191.63</b>	191,929,152.84
Receivables financings		<b>10,465,061.76</b>	4,153,285.64
Advances to suppliers		<b>53,915,051.53</b>	63,821,034.83
Premiums receivable			

<b>Item</b>	<i>Note</i>	<b>31 December 2021</b>	31 December 2020
Reinsurance premium receivable			
Reinsurance contract reserves receivable			
Other receivables		<b>9,636,026.09</b>	8,706,093.49
Including: Interests receivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories		<b>324,694,186.81</b>	274,506,836.67
Contractual assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		<u><b>27,386,862.15</b></u>	<u>37,045,785.67</u>
<b>Total current assets</b>		<u><b>707,129,818.70</b></u>	<u><b>859,229,725.97</b></u>
<b>Non-current assets:</b>			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		<b>79,947,483.76</b>	59,521,106.68
Other equity instruments investments			
Other non-current financial assets			
Investment properties			
Fixed assets		<b>618,317,885.27</b>	605,655,905.18
Construction in progress		<b>38,592,075.56</b>	54,395,871.51
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		<b>120,037,115.68</b>	121,126,149.83
Development expenditures			
Goodwill			
Long-term deferred expenses		<b>4,372,745.88</b>	5,214,275.63
Deferred income tax assets		<b>51,632.65</b>	287,827.59
Other non-current assets			
<b>Total non-current assets</b>		<u><b>861,318,938.80</b></u>	<u><b>846,201,136.42</b></u>
<b>Total assets</b>		<u><b>1,568,448,757.50</b></u>	<u><b>1,705,430,862.39</b></u>

Item	Note	31 December 2021	31 December 2020
<b>Current liabilities:</b>			
Short-term borrowings		83,825,972.96	168,000,000.00
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		50,693,681.14	56,000,000.00
Accounts payable	11	263,096,766.13	258,315,791.75
Advances from customers			
Contractual liabilities		68,094,818.68	60,853,270.89
Financial assets sold under agreements to repurchase			
Deposits and placements from other financial institutions			
Securities brokering			
Securities underwriting			
Employee benefits payable		27,257,688.27	28,176,562.77
Taxes payable		6,186,732.62	6,720,070.38
Other payables		25,960,072.78	45,176,375.13
Including: Interests payable			424,599.25
Dividends payable		349,853.79	
Handling charges and commissions payable			
Reinsurance amounts payable			
Liabilities held for sale			
Non-current liabilities due within one year		7,000,000.00	15,540,454.46
Other current liabilities		4,613,930.02	8,472,856.14
<b>Total current liabilities</b>		<b>536,729,662.60</b>	<b>647,255,381.52</b>
<b>Non-current liabilities:</b>			
Reserve of insurance contract			
Long-term borrowings			1,154,907.30
Bonds payable			
Including: Preferred shares			
Perpetual bond			
Lease liabilities			

Item	Note	31 December 2021	31 December 2020
Long-term payables		30,000,000.00	10,000,000
Long-term employee benefits payable		29,193,698.39	28,206,118.61
Provisions		5,794,470.12	11,197,893.84
Deferred incomes		5,318,879.05	6,011,627.67
Deferred income tax liabilities			
Other non-current liabilities			
<b>Total non-current liabilities</b>		<u>70,307,047.56</u>	<u>56,570,547.42</u>
<b>Total liabilities</b>		<u><u>607,036,710.16</u></u>	<u><u>703,825,928.94</u></u>
<b>Owners' equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)		485,000,000.00	485,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		835,353,861.68	833,183,835.84
Less: treasury stocks			
Other comprehensive incomes		-1,030,194.20	-325,424.59
Special reserves			
Surplus reserves		45,665,647.68	45,665,647.68
Provisions for general risk			
Undistributed profit	12	-687,333,700.32	-664,051,428.89
<b>Total owners' equity (or shareholders' equity) attributable to parent company</b>		<u>677,655,614.84</u>	<u>699,472,630.04</u>
Non-controlling interest		<u>283,756,432.50</u>	<u>302,132,303.41</u>
<b>Total owners' equity (or shareholders' equity)</b>		<u><u>961,412,047.34</u></u>	<u><u>1,001,604,933.45</u></u>
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<u><u>1,568,448,757.50</u></u>	<u><u>1,705,430,862.39</u></u>

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

*Unit: Yuan Currency: RMB*

Item	Note	2021	2020
<b>I. Total operating revenue</b>		<b>1,182,664,494.03</b>	1,088,296,501.51
Including: Operating revenues	9	<b>1,182,664,494.03</b>	1,088,296,501.51
Interest incomes			
Earned premiums			
Handling charges and commissions incomes			
<b>II. Total operating cost</b>		<b>1,227,324,128.28</b>	1,195,187,287.62
Including: Operating cost		<b>1,053,267,942.82</b>	984,893,416.27
Interest expenses			
Fees and commissions expenses			
Cash surrender amount			
Net expenses of claim settlement			
Net provision for insurance contract reserves			
Policyholder dividend expenses			
Expenses for reinsurance accepted			
Taxes and surcharges		<b>5,534,307.59</b>	11,522,295.19
Selling expenses		<b>34,036,511.06</b>	43,872,954.09
Administrative expenses		<b>95,132,712.12</b>	109,762,189.03
R&D expenses		<b>26,536,621.86</b>	26,555,135.65
Financial expenses		<b>12,816,032.83</b>	18,581,297.39
Including: Interests expense		<b>8,926,217.03</b>	17,022,353.30
Interests income		<b>1,186,644.27</b>	993,949.67
Add: Other earnings		<b>10,065,386.91</b>	3,043,991.19
Investment incomes (with “-” for losses)		<b>19,146,786.10</b>	-10,927,916.47
Including: Investment incomes from affiliated enterprises and joint ventures		<b>18,591,872.49</b>	-10,657,616.47
Derecognition income of financial asset measured at the amortized cost			
Exchange gains (with “-” for losses)			
Gains from net exposure hedges (with “-” for losses)			
Gains from changes of fair values (with “-” for losses)		<b>30,675.01</b>	
Credit impairment losses (with “-” for losses)		<b>199,499.78</b>	-704,596.37

Item	Note	2021	2020
Assets impairment losses (with “-” for losses)		<b>-21,618,520.66</b>	-40,765,372.67
Incomes of assets disposal (with “-” for losses)		<b>197,317.56</b>	277,928,300.45
<b>III. Operating profit (with “-” for losses)</b>		<b>-36,638,489.55</b>	121,683,620.02
Add: non-operating income		<b>872,734.66</b>	1,952,336.46
Less: non-operating expenses		<b>1,311,245.38</b>	1,634,675.08
<b>IV. Total profits (with “-” for total losses)</b>		<b>-37,077,000.27</b>	122,001,281.40
Less: income tax expenses	13	<b>4,158,891.52</b>	2,636,860.52
<b>V. Net profits (with “-” for net losses)</b>		<b>-41,235,891.79</b>	119,364,420.88
(I) Classified according to operating continuity			
1. Net profit from continuing operations (with “-” for net losses)		<b>-41,235,891.79</b>	119,364,420.88
2. Net profit from discontinuing operations (with “-” for net losses)			
(II) Classified according to attribution of the ownership			
1. Net profit attributable to the parent company’s shareholders (with “-” for net losses)		<b>-23,282,271.43</b>	156,431,757.57
2. Non-controlling interests profit and loss (with “-” for net losses)		<b>-17,953,620.36</b>	-37,067,336.69
<b>VI. Other net comprehensive incomes after-tax</b>		<b>-773,087.38</b>	-3,422,726.42
(I) Other net after-tax comprehensive income attributable to the owner of the parent company		<b>-704,769.61</b>	-3,079,969.09
1. Other comprehensive income that cannot be reclassified through profit or loss			
(1) Changes recalculating and setting of the benefit plan			
(2) Under the equity method, other comprehensive incomes that cannot be transferred to loss and profit in the future			
(3) Change of fair value of investments in other equity instruments			
(4) Changes of fair value of the Company’s own credit risk			

Item	Note	2021	2020
2. Other comprehensive incomes that can be reclassified into loss and profit in the future		<b>-704,769.61</b>	-3,079,969.09
(1) Under the equity method, other comprehensive incomes that can be transferred to loss and profit in the future		<b>-8,093.01</b>	11,850.59
(2) Change of fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive incomes			
(4) Credit impairment provisions for other debt investment			
(5) Reserves for cash flows hedges			
(6) Converted difference in foreign currency statements for foreign currency		<b>-696,676.60</b>	-3,091,819.68
(7) Others			
(II) Net of tax of other comprehensive attributable to minority shareholders		<b>-68,317.77</b>	-342,757.33
<b>VII. Total comprehensive incomes</b>		<b>-42,008,979.17</b>	115,941,694.46
(I) Total comprehensive incomes attributable to owners of the parent company		<b>-23,987,041.04</b>	153,351,788.48
(II) Total comprehensive income attributable to minority shareholders		<b>-18,021,938.13</b>	-37,410,094.02
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (Yuan per share)	14	<b>-0.05</b>	0.34
(II) Diluted earnings per share (Yuan per share)		<b>-0.05</b>	0.34

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## I. Scope of Consolidated Financial Statements

The Company's consolidated financial statements cover Jingcheng Holding (Hong Kong) Co., Ltd., Beijing Tianhai Industry Co., Ltd. and its subsidiaries Tianjin Tianhai High Pressure Container Co., Ltd., Shanghai Tianhai Composite Cylinders Co., Ltd., Beijing Tianhai Cryogenic Equipment Co., Ltd., Beijing Tianhai Hydrogen Energy Equipment Co., Ltd., Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd., Kuancheng Tainhai Pressure Container Co., Ltd. and BTIC AMERICA CORPORATION.

## II. Basis for preparation of Financial Statements

### (1) Preparation basis

The Group prepared the financial statements on the basis of going concern, as per the actually incurred transaction and events as well as related disclosure made according to "Accounting Standards for Business Enterprises" issued by the Ministry of Finance and relevant provisions (collectively hereinafter the "Accounting Standards for Business Enterprises"), and the "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" (revised in 2014) of China Securities Regulatory Commission and relevant provisions and as required by "Companies Ordinance" of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and based on the accounting policies and accounting estimates in the "Note IV. Significant Accounting Policies and Accounting Estimates".

### (2) Going concern

The Group has evaluated the going concern ability within 12 months since 31 December 2021 and has not found any event and condition causing substantial doubt about the going concern ability. Therefore, these financial statements were prepared on the basis of the going concern assumption.

## III. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates indication: accounting policies developed by the Group according to characteristics of actual production and operation and accounting estimates including business cycle, the recognition and measurement of provisions for bad debts from receivables, the measurement of inventory dispatched, fixed assets classification and depreciation methods, amortization of intangible assets, conditions for capitalizing R&D expenses, recognition and measurement of incomes, impairment of long term assets and provisions, etc.

### 1. Statement of compliance with Accounting Standards for Business Enterprises (ASBE)

The Company declares that the financial statements prepared comply with the Accounting Standards for Business Enterprises, which reflect the financial position, results of operation and cash flow of the Company truly and completely.

### 2. Accounting period

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

### 3. Business cycle

The Group treats 12 months as a dividing standard for the liquidity of assets and liabilities since the business cycle is rather short for the Group's business.

#### **4. Recording currency**

RMB is the recording currency for the Company and its subsidiaries, except for BTIC AMERICA CORPORATION and Jingcheng Holding (Hong Kong) Co., Ltd. which use USD as their recording currency.

#### **5. Accounting treatment method for business merger under common control and different control**

The assets and liabilities acquired by the Group, as the combination party, from business combination under common control should be measured based on the book value in the ultimate holding party consolidated statements of the combination party on the combination date. The balance between the book value of the net assets obtained and the book value of the consideration paid shall be used to adjust the capital reserves; where the capital reserves are not sufficient to be offset, the retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities acquired by the acquiree in the business merger not under common control are measured at fair value at the acquisition date. The cost for merging is the sum of book value of cash or non-cash assets paid, liabilities issued or assumed, equity securities issued, etc. for obtaining the control power of the acquiree and various direct expenses in business merger (in the business merger realized step by step through several transactions, the cost for merging is the sum of the cost for each single transaction). Positive balance between the cost of merging and the fair value of the identifiable net assets of the acquiree obtained by the Group on the acquisition date shall be recognized as goodwill; if the cost of merging is less than the fair value of the identifiable net assets of the acquiree obtained, the fair value of various identifiable assets, liabilities and contingent liabilities obtained in business merger and the fair value of non-cash assets or equity security issued in the consideration of merger shall be re-checked first. If the re-checked cost of merger is still less than the fair value of identifiable net assets of the acquiree obtained, the balance shall be included into current non-operating revenue.

#### **6. Preparation methods of consolidated financial statements**

The Group incorporates all subsidiaries controlled by it and structured entities into consolidated financial statements.

When preparing consolidated financial statements, if the accounting policy or the accounting period adopted is inconsistent between the subsidiaries and the Company, the financial statements of subsidiaries shall be adjusted according to the accounting policy or the accounting period of the Company.

All significant internal transactions, current balances and unrealized profits within the scope of the merger are offset in preparing consolidated statements. Shares in owners' equity of subsidiaries but not attributed to the parent company, net profit and loss for the current period, other comprehensive income and shares attributed to non-controlling interests in total comprehensive income shall be listed in "consolidated financial statements as non-controlling interests, non-controlling profit and loss, other comprehensive income attributed to minority shareholders and total comprehensive income attributed to minority shareholders".

Operating results and cash flows of subsidiaries which are acquired by business merger under common control are included into consolidated financial statements on the beginning of the year of the merger. Upon the preparation of comparative consolidated financial statements, any adjustments to relevant items in financial statements of the previous year are considered as the subject of reports formed after merger as if it might have existed since the time when final controlling party begin to take the control.

Under the circumstance that the equity of the investee is obtained under the common control through multiple transactions step by step, which results in business merger, such equity shall be adjusted in the preparation of consolidated financial statements as if they might have existed as the current state from the time when final controlling party takes the control. When preparing comparative accounts, relevant assets and liabilities of the acquiree are included in comparative accounts of consolidated financial statements of the Group according to the restriction that the time above shall be later than the time when the Group and the acquiree are under the common control of final controlling party, moreover, increased net assets resulting from the merger are adjusted as relevant items under owners' equity. In order to avoid repeated calculation of value of net assets of the merged party, the long-term equity investment held by the Group before the merger is achieved, the changes in relevant profits and losses, other comprehensive incomes and other net asset that have been recognized in the period from the later date, when the long-term equity investment is acquired and when the Group and the acquiree are under the final control of the same party, to the merger date, shall respectively be applied to write off the opening retained earnings or current profits and losses during the period of comparative statement.

As for subsidiaries acquired by business merger under the different control, operating results and cash flows shall be incorporated into consolidated financial statements from the date when the Group takes the control. In preparing consolidated financial statements, adjustments to financial statements of subsidiaries are based on the fair value of identifiable assets, liabilities or contingent liabilities, which is identified at the purchase date.

Under the circumstance that the equity of the investee is obtained under the different control through multiple transactions step by step, which results in business merger, the equity of the acquiree obtained before the purchase date shall be recalculated as per the fair value of the equity on the purchase date when preparing the consolidated financial statements, with the balance between the fair value and its book value included into the current investment profits; if the equity of the acquiree held before the purchase date involves other comprehensive income calculated under the equity method and other change of the owner's equity except net profits and incomes, other comprehensive incomes and profit allocation, the relevant other comprehensive incomes and other change of owners' equity shall be transferred into current income of the purchase date, except other comprehensive incomes arising out from that the acquiree remeasures change of the net liabilities or net assets of the set benefit plan.

The Group disposes of the long-term equity investment against subsidiaries partially without losing control right; in the consolidated financial statements, as for the balance between the disposing amount and the net asset continuously calculated from the purchase date or date of merging of the subsidiary enjoyed correspondingly in disposing long-term equity investment, capital premium or share premium shall be adjusted; if the capital reserves are not sufficient for offset, the retained earnings shall be adjusted.

Where control right over the investee is lost due to the disposal of partial equity investment of the Group or other reasons, the residual equity will be re-calculated based on the fair value thereof on the day the control is lost when preparing the consolidated financial statements. The balance from the sum of the consideration obtained from the equity disposal and the fair value of the residual equity minus the net assets of the original subsidiaries calculated continuously in proportion to the original holdings from the purchase date or date of merging shall be recorded into the investment income of the current period in which the control right is lost, with goodwill written off simultaneously. Other comprehensive incomes related with the equity investment of the original subsidiaries shall be converted to the current investment profit and loss when losing the control right.

When the Group disposes of equity investment of the subsidiaries step by step through multiple transactions till losing the control right, if various transaction from disposal of equity investment of subsidiaries till losing the control right belongs to package deal, accounting treatment shall be conducted for each transaction as the transaction that disposes of subsidiary with loss of control right; Nonetheless, before loss of control right, the balance between each price disposal and the net asset share of such subsidiary enjoyed correspondingly in asset disposal is recognized in the other comprehensive income in the consolidated financial statements and turned into the current profit and loss when losing control right.

## 7. Classification of joint arrangements and accounting treatment method for joint operations

The Group's joint arrangements include joint operations and joint ventures. In projects for joint operation, for assets held and liabilities assumed solely which are confirmed by the Group as the joint-venture party in joint operation and assets held and liabilities assumed according to shares, their relevant income and costs shall be determined as per related individual agreements or shares. If purchase or sales related to joint operation are not construed as assets transactions of business, it should only determine parts which belong to other participants of joint operation in profit and loss arising from such transactions.

## 8. Cash and cash equivalents

Cash shown in the cash flow statement of the Group refers to both cash on hand and the deposit held in bank available for payment at any time. Cash equivalent in the cash flow statement refers to the investments with a term not more than 3 months, high liquidity, can be easily converted to known amounts of cash with low value change risk.

## 9. Turnover

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

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Amount in current year</b>	Amount in previous year
Seamless steel gas cylinders	<b>487,842,453.20</b>	412,737,847.38
Winding cylinders	<b>169,382,896.00</b>	108,462,417.04
Cryogenic gas cylinders	<b>115,722,868.69</b>	163,985,458.23
Cryogenic devices for storage and transportation	<b>160,570,458.48</b>	154,719,109.40
Others	<b>202,179,346.84</b>	197,499,749.55
<b>Gross sales</b>	<b><u>1,135,698,023.21</u></b>	<b><u>1,037,404,581.60</u></b>

### (1) Taxes

<b>Item</b>	<b>Amount in current year</b>	Amount in previous year
Corporate income tax in the current year	<b>3,921,024.01</b>	2,490,207.46
Deferred tax liabilities	<b>237,867.51</b>	146,653.06
<b>Total</b>	<b><u>4,158,891.52</u></b>	<b><u>2,636,860.52</u></b>

### (2) Dividend

No dividend paid or proposed during the year of 2021. No dividend has been proposed since the end of this Reporting Period (2020: nil).

## 10. Accounts receivable

### (1) Accounts receivable

Unit: Yuan Currency: RMB

Type	Book balance	Closing balance	Book value	Book balance	Opening balance	Book value
	Amount	Provision for bad debts Amount		Amount	Provision for bad debts Amount	
<b>Total</b>	<b><u>235,706,111.42</u></b>	<b><u>60,480,919.79</u></b>	<b><u>175,225,191.63</u></b>	<b><u>253,894,767.04</u></b>	<b><u>61,965,614.20</u></b>	<b><u>191,929,152.84</u></b>

### (2) Accounts receivable listed by age

Unit: Yuan Currency: RMB

Within 1 year	
Including: sub-items within 1 year	
Subtotal within 1 year	165,584,448.61
1 to 2 years	13,505,072.55
2 to 3 years	2,406,936.19
More than 3 years	54,209,654.07
3 to 4 years	1,421,088.15
4 to 5 years	4,420,182.94
More than 5 years	<u>48,368,382.98</u>
<b>Total</b>	<b><u>235,706,111.42</u></b>

The basis of aging analysis of the Group is presented based on the relevant transaction dates.

## 11. Accounts payable

### (1) Presentation of accounts payable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Material payment, etc.	257,186,660.09	251,829,791.48
Project payment	5,910,106.04	6,486,000.27
<b>Total</b>	<b>263,096,766.13</b>	<b>258,315,791.75</b>

### (2) Significant payables with the aging over 1 year

Unit: Yuan Currency: RMB

Item*	Closing balance	Reasons for non-repayment or carrying over
Tianjin Xingrong Machinery Equipment Co., Ltd.	3,630,496.43	Unsettled
Tianjin Lebeier Catering Management Co., Ltd.	2,899,529.00	Unsettled
Shengzhongyuan Hoisting Machinery Operation Department, Dongli District, Tianjin	2,259,903.16	Unsettled
Beijing Branch of TUV SUD Certification and Testing (China) Co., Ltd.	2,191,924.29	Unsettled
Gaobeidian Baobei Telecommunication Equipment Factory	1,964,128.17	Unsettled
Tianjin Seamless Investment Co., Ltd.	1,590,165.89	Unsettled
Tianjin Tianbao Energy Co., Ltd.	1,438,210.07	Unsettled
Danyang Feilun Gasvalve Co., Ltd.	1,362,874.33	Unsettled
Nanpi Taixin Machinery Manufacturing Co., Ltd.	1,345,673.25	Unsettled
Tianjin Compressor Parts Co., Ltd.	1,339,769.84	Unsettled
Jiangsu Dali Energy Saving Technology Co., Ltd.	1,251,875.28	Unsettled
Shanghai Baitu Cryogenic Valve Co., Ltd.	1,101,605.51	Unsettled
Beijing Mingxin Century Packaging Products Co., Ltd.	1,006,743.03	Unsettled
<b>Total</b>	<b>23,382,898.25</b>	/

\* The English translation of company names in Chinese is for identification purpose only. If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail.

(3) *Presentation of accounts payable as per age*

*Unit: Yuan Currency: RMB*

<b>Aging</b>	<b>Closing balance</b>	<b>Opening balance</b>
Within 1 year	<b>207,871,626.04</b>	200,543,071.53
1-2 years	<b>25,619,375.00</b>	43,300,662.21
2-3 years	<b>21,583,659.94</b>	8,177,162.24
Over 3 years	<b>8,022,105.15</b>	6,294,895.77
<b>Total</b>	<b>263,096,766.13</b>	258,315,791.75

12. **Undistributed profit**

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Current period</b>	<b>Previous period</b>
Undistributed profit at the end of previous period before adjustment	<b>-664,051,428.89</b>	-820,483,186.46
Total amount of adjustment for undistributed profit at the beginning of period (“+” for plus; “-“for less)		
Undistributed profit at the beginning of period after adjustment	<b>-664,051,428.89</b>	-820,483,186.46
Add: net profits attributable to owners of parent company in current year	<b>-23,282,271.43</b>	156,431,757.57
Less: appropriation of statutory surplus reserve		
appropriation of discretionary surplus reserve		
appropriation of general risk provision		
ordinary share dividends payable		
ordinary share dividends transferred into share capital		
Undistributed profit at the end of the period	<b>-687,333,700.32</b>	-664,051,428.89

### 13. Income tax expenses

Unit: Yuan Currency: RMB

Income tax expenses	Amount in current year	Amount in previous year
Current income tax calculated according to tax law and relevant provisions	3,921,024.01	2,490,207.46
1. Mainland China corporate income tax	2,203,902.43	2,351,184.01
2. Hong Kong income tax		
3. Other regions (USA)	1,717,121.58	139,023.45
4. Over-measurement in the previous years (under-measurement)		
Deferred income tax expenses	<u>237,867.51</u>	<u>146,653.06</u>
<b>Total</b>	<b><u>4,158,891.52</u></b>	<b><u>2,636,860.52</u></b>

### 14. Return on net assets and earnings per share

Unit: Yuan Currency: RMB

Profit for the Reporting Period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	-3.38	-0.05	-0.05
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	<u>-5.06</u>	<u>-0.07</u>	<u>-0.07</u>

## II. MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Chairman's Report

#### *I. Review*

In 2021, the world economic situation was experiencing unprecedented hardship and the accelerated reconstruction of the global industrial structure has had a huge impact on China's economy. The outbreak of the novel coronavirus pandemic globally has placed tremendous pressure on the Company's production and operation. Faced with complex and changing market situation and arduous development task, the Company made a concerted effort to overcome difficulties and advanced the work in a steady and orderly manner.

In terms of principal business, the Company always adheres to market orientation and strengthens the building of products diversification structure. While maintaining a stable development of traditional products, the Company actively integrated resources, seized the market shares, and focused on strengthening the resource layout and the cultivation of the hydrogen energy industry chain business, type IV cylinder business and cryogenic tank business. At the same time, the Company also paid attention to strengthen the optimization and integration of internal management of the Company, and management was strengthened while operational efficiency was enhanced, business synergy level was increased, and industrial risk resistance capacity of the Company was strengthened through diversified business deployment. At the same time, the Company made full use of the advantages of the capital market, laying a foundation for the Company's sustainable and healthy development.

During the Reporting Period, the Company realized operating income of approximately RMB1.183 billion, representing an increase of approximately 8.67% as compared with the corresponding period of the previous year. Net profits attributable to shareholders of the Company was approximately RMB-23.2822 million.

During the Reporting Period, the Company focused on the following works:

- 1. Achieving remarkable progress in market development, bringing attention to the field of hydrogen energy*

During the Reporting Period, the Company focused on maintaining the main business' prosperity, and took the initiative to capture domestic and international markets.

The field of industrial gas and fire services:

The promotion of stamping cylinders has made phased progress, with focus on the improvement of cost control and delivery capabilities of industrial cylinders, sales increased year-on-year, marketing of lightweight high-pressure cylinders was accelerated, and by strengthening the marketing of industrial cryogenic gas cylinders, sales has increased year-on-year.

The field of natural gas applications:

Significant progress has been made in the LNG storage tank market by strengthening cooperation with integrators and developing new customers; the marine tank market paid close attention to the LNG bunker and inland vessel LNG fuel tank segments and secured the Company's market position in marine tanks. The Company actively promoted the application of type 2.5 cylinders in the heavy trucks market and achieved year-on-year growth in sales revenue. The developed heavy truck products with large specifications have realized the commercial sales of type IV cylinders in the CNG field.

The field of hydrogen energy applications:

The background of carbon neutrality and the opportunities brought about by the Winter Olympics has sped up the application of hydrogen energy, which resulted in hydrogen energy industry now experiencing a period of rapid growth. The Company has seized the opportunity and successfully obtained and delivered orders for hydrogen storage systems for the Winter Olympics, providing hydrogen storage systems for the torch of Winter Olympics; increased its cooperation with vehicle manufacturers and provided hydrogen supply systems for a number of prototype vehicles and completed small batches supply; actively undertook scientific and technological research and development, as well as the transformation and application of results, thereby achieving a rapid growth in hydrogen energy products.

2. *Implementing the strategic planning of “14th Five-Year Plan” and the three-year reform of state-owned enterprises*

During the Reporting Period, in order to strengthen the rigid constraints on and effective implementation of strategic execution and to ensure smooth realization of strategic objectives of the “14th Five-Year Plan”, the strategic objectives and strategic measures were broken down in detail. The implementation of the strategies of each subsidiary was regularly monitored and evaluated through a combination of qualitative and quantitative approaches, so that the effective implementation of the strategic plans could be ensured. Through the implementation of the three-year reform of state-owned enterprises, the Company has achieved significant results in establishing a modern enterprise system with Chinese characteristics, promoting industrial restructuring, improving the vitality and efficiency of enterprises, implementing the strategic positioning of the capital city, strengthening and enhancing state-owned enterprises, and realizing high-quality development of the Company, so as to enhance the competitiveness, innovation, control, influence and risk resistance of the Company.

3. *Creating “high-end, precise and advanced” industries by focusing on technological innovation*

The Company continued to emphasize the use of scientific and technological innovation as an important driving force for enterprise development. The Company launched the type IV cylinders, the new generation of vehicle-mounted hydrogen cylinder with full independent intellectual property rights, and manufacturing licenses have been obtained, thereby laying a foundation for subsequent product series development and market development. The Company has completed all the research objectives of the major sub-project “Research on the Key Technologies for the Design and Manufacture of Plastic Carbon Fiber Full-winding Compound Gas Cylinders” of the Ministry of Science and Technology of China and has successfully passed the final inspection. In terms of the development of type III hydrogen cylinders and hydrogen system, it has completed two sub-tasks of the new energy vehicle major project of the Ministry of Science and Technology of China – namely, the development of large volume 70MPa vehicle gas cylinders for fuel cell road buses and public buses, and the 70MPa type III hydrogen cylinders were applied in batches to the hydrogen buses of the 2022 Winter Olympics, which gave additional force to the Beijing Winter Olympics.

4. *Successfully completing the acquisition and reorganisation project to expand the Company's business scope*

At the meeting of the Listed Company Merger and Reorganization Vetting Committee convened by the China Securities Regulatory Commission (“CSRC”) on 15 December 2021, the Company’s acquisition and reorganization project was successfully reviewed and approved. The Company’s acquisition and reorganization of Qingdao BYTQ United Digital Intelligence Co., Ltd. (“BYTQ”), the intelligent manufacturing enterprise, will help strengthen the core competitiveness of the Company’s operation, which is in the interest of the Company and its shareholders as a whole, and is conducive to improving the quality of assets, financial position and sustainable profitability, thereby achieving a new breakthrough in the area of the Company’s expansion of the home appliance intelligent production line, and laying a solid foundation for the development of the robotics system integration business. The Company will make use of BYTQ’s technological accumulation and advantageous resources in the field of intelligent manufacturing and intelligent factory construction to layout the intelligent manufacturing industry, form a relevant diversified equipment manufacturing industry pattern, promote intelligent manufacturing and information construction, accelerate the Company’s progress of “high-end, precise and advanced” industrialization, optimise the industrial structure and promote the industrial transformation and upgrading strategy.

5. *Continuing to reduce costs and increase efficiency and control costs*

The Company actively promoted the implementation of various measures of “three cutting, one reduction and one improvement”, vigorously increased revenue and reduced expenditure, steadily improved operating efficiencies, a number of subsidiaries achieved significant year-on-year improvements in profitability: a total of 27 technology cost reduction projects were established. In terms of labor cost control, the total number of workers employed by each subsidiary was dynamically managed by means of per capita sales revenue and staff cost rate indicators; finance cost decreased significantly by coordinating capital management, reducing the scale of financing and implementing forward exchange settlement and sales; the procurement cost of raw materials and auxiliary materials was further reduced by implementing centralized procurement, pre-determining stockpiling goods, establishing a long-term strategic cooperation agreements with core suppliers, and promoting the localization of imported materials, so as to achieve cost reduction and efficiency enhancement and effectively control the rapid increase in procurement cost against the backdrop of the market environment of soaring global commodity prices.

## **II. Outlook**

The year of 2022 is a critical year for the implementation of the Company's "14th Five-Year Plan" strategy. The Company should spare no effort in focusing on strategic guidelines by creating a "new order" for industrial development, persisting in striving to blaze a "new path" for performance growth, and strengthen its strategic determination. The Company will continue to concentrate its resources to promote the transformation and upgrading of the Company's industries, accelerate the Company's progress of "high-end, precise and advanced" industrialization, adjust its operating ideas in a timely manner, create a new operating model in multiple directions, and continuously increase the Company's profitability. The Company will also firmly grasp the opportunities of global industrial upgrading and "dual carbon" economy development, and formulate multiple strategic measures to ensure that the implementation of the Company's strategic goals is in place.

For 2022, the Company's specific objectives include the following:

### *1. Focus on the Company's principal business and adhere to the performance indicators*

In 2022, the Company will continue to adhere to the domestic market while actively expanding its marketing strategy on the international markets.

Field of international market:

In 2022, with the expected slowdown of the world economy, the contraction of external demand and the further narrowing of the difference between domestic and foreign economic recovery, the export market is facing greater pressure. First, the Company must actively explore the market and establish a new marketing model. The Company will promote its products on all fronts and implement branding strategies through multiple channels online and offline. Second, the Company will improve the performance incentive mechanism, promote new business and guard against the risk of concentration of major customers. Third, the Company will improve the after-sales service and maintenance system to enhance customer satisfaction. Fourth, the Company will improve the linkage mechanism between raw material prices and selling prices to reduce the cost pressure caused by fluctuations in raw material prices and ensure the healthy development of its business. Fifth, the Company will hold on to traditional markets, keep an eye on emerging markets and pay attention to new market opportunities.

Field of domestic market:

The Company needs to intensify its efforts to actively explore the market, and on the basis of consolidating and enhancing the existing market share, explore new sales models and new customers and sell new products, so as to achieve benefits from sales and products. The Company will improve its product structures and withdraw from negative margin products to reduce operating loss. The Company will also accelerate the launch of type IV cylinders on the market, enrich the structure of hydrogen products, and make a good combination of type III cylinders, type IV cylinders and hydrogen systems. The Company will further expand the share of high purity, electronic gas and hybrid high-end steel cylinders, lightweight high-pressure cylinders, system integration and respirators and other high value-added and high margin products to improve its profit structure.

2. *Consolidate the achievements of capital operation projects and the follow-up work of acquisition and reorganization projects*

The Company has solidly pushed ahead the follow-up work to ensure successful completion of the follow-up of the related key tasks of the BYTQ reorganization project. Through this transaction, the Company will fully share the technical accumulation and advantage resources of BYTQ in the field of intelligent manufacturing, which help promote the Company's industrial transformation.

3. *Continue innovation-driven development and continue to foster "new drivers" for development*

The Company will strengthen the management of research and development projects, further implement the mechanism of "taking the lead" and firmly grasp national policies and opportunities for scientific and technological innovation by increasing investment in scientific and technological research and development, overcoming difficulties and solving bottlenecks, constantly seek breakthroughs in key technologies and process bottlenecks for new products, so as to continuously promote the optimisation and upgrading of existing products and enhance the innovation capability of enterprises and the core competitiveness of products. The Company will insist on the innovation-driven development strategy, constantly improve its research and development system, build a multi-layered and collaborative "circle of friends" and open synergistic "ecosphere" on the basis of self-development, and deeply link up with the "integration of government, industry, research, academic and application" to explore, attract and integrate all kinds of innovation resources at all levels. The Company will also accelerate the process of industrialisation and commercialisation of type IV cylinders, take the market as the guide, optimise product design and technology in a timely manner, continuously improve the design concept and quickly develop products to meet market needs, transforming the first-mover advantage into a competitive advantage.

#### *4. Promote intelligent manufacturing and informatization construction*

To further enhance the level of intelligence and improve overall profitability, the Company will carry out automatic information transformation of production lines. In view of the unreasonable process of the existing production line, the low level of automation, and the difficulty of downsizing on the production line, the Company will coordinate arrangements, actively connects resources, and promote the intelligent and digital upgrade of the production line of each production unit to achieve the expected goals of traceability of product manufacturing, more accurate product cost collection, and improvement of production efficiency and the output value per capita.

#### *5. Normalize epidemic prevention and control*

The Company continues to actively respond to and strictly comply with China's regulations and requirements for prevention and control of the novel coronavirus pandemic. It implemented a range of prevention and control measures for the pandemic, coordinated a resumption of business, production, operations and development, actively negotiated with customers, suppliers and logistics providers, to communicate and explain in helping to maintain relationships. The Company supports China's fight against the pandemic from the standpoint of guaranteeing supplies, social responsibility and internal management etc..

Standing at a new historical starting point and on a new stage of development, the Company will make concerted efforts to create a new pattern of high-quality development, and jointly compile an outstanding development blueprint of the Company with strong willpower and unyielding courage by creating new advantages for development and stimulating new vitality of the industry through reform.

### **(II) Principal Operation during the Reporting Period**

2021 was the inaugural year that the Company implementing the "14th Five-Year Plan" strategy. Facing the huge impact of the novel coronavirus pandemic on production and operation, the Company has adhered to the general principle of steady progress while working to keep performance stable by firmly implementing all the plans conforming to its annual budget, having breakthroughs in main economic indicators and attaining positive progress in several key tasks, making a good start for the "14th Five-Year Plan" strategy.

## ***1. Improve corporate governance to enhance operation standard of the Company***

In 2021, in strict compliance with the requirements of the listing rules of both stock exchanges, the Company established a sound corporate governance mechanism, amended the Articles of Association and various regulations, and implemented a number of measures to improve corporate governance in order to ensure its compliance and sustainable development.

## ***2. Cooperate with various parties and achieve progress in market development***

Domestic market: Significant progress has been made in the LNG storage tanks market, with a number of new customers being developed and converted into new orders; revenue from the sale of type 2.5 cylinders in the heavy trucks market increased year-on-year, achieving the commercialisation of type IV cylinders in the CNG market. The Company also made positive progress in the development of the stamping cylinder market by putting emphasis on the improvement of cost control and delivery capabilities for industrial cylinders, resulting in a year-on-year increase in sales revenue. Moreover, the Company grasped the opportunities brought by the background of carbon neutrality and the Winter Olympics by successfully delivering 140 sets of hydrogen storage systems for the Winter Olympics and providing hydrogen storage systems for the torch of Winter Olympics.

International market: Under the influence of the economic stimulus policies, the economy of the United States began to recover gradually, the demand for cylinders also bottomed out and the Company resumed growth in various businesses in the United States. The Company's products are gaining visibility and influence in the European market with existing projects forming good demonstrations and gaining recognition from customers. The Asian market grew year-on-year with demand for industrial cylinders falling in Indian market due to the pandemic, while demand for oxygen cylinders surged. With market restructuring and refinement of emerging markets, the emerging markets experienced sustainable and robust growth during the global pandemic. As medical demand soared, demand for oxygen cylinders in places such as South America remained at a high level with a year-on-year growth.

### ***3. Breakthroughs in reform and adjustment***

In order to strengthen the rigid constraints on and effective implementation of strategic execution and to ensure smooth realization of strategic objectives of the “14th Five-Year Plan”, the strategic objectives and strategic measures were broken down in detail. The implementation of the strategies of each subsidiary was regularly monitored and evaluated so that effective implementation of the strategic plans could be ensured. In order to further consolidate its dominant position in the industry, form market scale effect as early as possible and seize market opportunities, the Company has initiated the goal of China’s strategy of achieving carbon peak and carbon neutrality with the hydrogen energy industry development plans. By actively implementing the three-year reform of state-owned enterprises, the Company has achieved significant results in establishing a modern enterprise system with Chinese characteristics, promoting industrial restructuring, improving the vitality and efficiency of enterprises, implementing the strategic positioning of the capital city, strengthening and enhancing state-owned enterprises, and realizing high-quality development of the Company, so as to enhance the competitiveness, innovation, control, influence and risk resistance of the Company.

### ***4. Carry out acquisition and reorganisation to promote industry transformation and upgrading***

At the meeting of the Listed Company Merger and Reorganization Vetting Committee convened by the CSRC on 15 December 2021, the Company’s acquisition and reorganization project was successfully reviewed and approved. The Company’s acquisition and reorganization of BYTQ, the intelligent manufacturing enterprise, will help strengthen the core competitiveness of the Company’s operation, which is in the interest of the Company and its shareholders as a whole, and is conducive to improving the quality of assets, financial position and sustainable profitability, thereby achieving a new breakthrough in the area of the Company’s expansion of the home appliance intelligent production line, and laying a solid foundation for the development of the robotics system integration business. The Company will make use of BYTQ’s technological accumulation and advantageous resources in the field of intelligent manufacturing and intelligent factory construction to layout the intelligent manufacturing industry, form a relevant diversified equipment manufacturing industry pattern, promote intelligent manufacturing and information construction, accelerate the Company’s progress of “high-end, precise and advanced” industrialization, optimise the industrial structure and promote the industrial transformation and upgrading strategy.

## 5. Enhance the risk prevention and control capabilities

The Company improved the system construction and thoroughly re-engineered its business processes by cleaning up the existing systems through the “establishment, renovation and abolition” of relevant systems in accordance with the requirements of “management institutionalization, process institutionalization and process informatization”, and “slimming down” the rules and regulations. The Company also comprehensively embed the requirements of external supervision, legal compliance and risk management into the rules and regulations, work standards and business processes, so as to improve the internal management system of the Company, enhance the effectiveness of the systems and processes and prevent business risks.

### (III) Analysis of principal business

#### 1. Table of movement analysis on the related items in income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Corresponding		Change (%)
	Current year	period of last year	
Operating income	1,182,664,494.03	1,088,296,501.51	8.67
Operating cost	1,053,267,942.82	984,893,416.27	6.94
Selling expense	34,036,511.06	43,872,954.09	-22.42
Administrative expense	95,132,712.12	109,762,189.03	-13.33
Finance cost	12,816,032.83	26,555,135.65	-31.03
R&D expenses	26,536,621.86	18,581,297.39	-0.07
Net cash flows generated from operating activities	-32,694,712.35	-27,911,136.21	Not applicable
Net cash flows generated from investing activities	-59,371,985.68	318,349,054.84	-118.65
Net cash flows generated from financing activities	-71,190,178.01	-118,539,798.98	Not applicable
Taxes and surcharges	5,534,307.59	11,522,295.19	-51.97
Other earnings	10,065,386.91	3,043,991.19	230.66
Investment income	19,146,786.10	-10,927,916.47	Not applicable
Credit impairment losses	199,499.78	-704,596.37	Not applicable
Assets impairment losses	-21,618,520.66	-40,765,372.67	Not applicable
Income from disposal of assets	197,317.56	277,928,300.45	-99.93
Non-operating revenue	872,734.66	1,952,336.46	55.30
Net profit attributable to the parent company's shareholders	-23,282,271.43	156,431,757.57	-114.88
Other net comprehensive income after tax	-773,087.38	-3,422,726.42	Not applicable

## 2. Analysis of income and cost

Applicable       Not Applicable

The Company continued to optimize its product structure. During the Reporting Period, operating revenue increased by approximately RMB94.3680 million and operating costs increased by approximately RMB68.3745 million as compared to the corresponding period of the previous year.

### (1) Principal business by industry, by product and by region

Unit: Yuan    Currency: RMB

By product	Operating income	Operating cost	Principal business by product			Increase/decrease in gross profit margin over last year
			Gross profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/decrease in operating cost over last year (%)	
Seamless steel gas cylinders	487,842,453.20	448,797,262.84	8.00	18.20	22.96	Decrease of 3.57 percentage points
Winding cylinders	169,382,896.00	142,926,179.07	15.62	56.17	31.25	Increase of 16.02 percentage points
Cryogenic gas cylinders	115,722,868.69	97,502,475.93	15.74	-29.43	-30.90	Increase of 1.79 percentage points
Cryogenic devices for storage and transportation	160,570,458.48	148,573,460.51	7.47	3.78	0.62	Increase of 2.91 percentage points
Others	202,179,346.84	186,701,987.64	7.66	2.37	2.41	Decrease of 0.04 percentage points
Total	1,135,698,023.21	1,024,501,365.99	9.79	9.47	8.42	Increase of 0.88 percentage points

By region	Operating income	Operating cost	Principal business by region			Increase/decrease in gross profit margin over last year
			Gross profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/decrease in operating cost over last year (%)	
Domestic	670,919,622.62	595,229,963.21	11.28	9.85	6.53	Increase of 2.77 percentage points
Overseas	464,778,400.59	429,271,402.78	7.64	8.93	11.15	Decrease of 1.84 percentage points
Total	1,135,698,023.21	1,024,501,365.99	9.79	9.47	8.42	Increase of 0.88 percentage points

#### Description of principal business by industry, by product and by region

Domestic market: with the Company adjusting its product structure, putting emphasis on improving cost control and product delivery capability, and actively tapping into new application aspects, the revenue of the Company in the domestic market grew by 9.85% during the Reporting Period as compared to the corresponding period of last year.

International market: Under the influence of the economic stimulus policies, the economy of the United States began to recover gradually and the demand for cylinders also bottomed out. The Company's LNG cylinder products are gaining visibility and influence in the European market and with market restructuring and refinement of emerging markets, the emerging markets experienced a sustainable and robust growth during the global pandemic. The revenue from international markets grew by 8.93% during the Reporting Period as compared to the corresponding period of last year.

#### (2) Analysis of production and sales volume

✓ Applicable      □ Not Applicable

Principal product	Unit	Production volume	Sales volume	Inventory volume	Increase/decrease in production volume over last year	Increase/decrease in sales volume over last year	Increase/decrease in inventory volume over last year
					(%)	(%)	(%)
Seamless steel gas cylinders	Unit	999,921	1,154,138	197,039	13.26%	18.89%	29.99%
Compound gas cylinders	Unit	107,464	108,794	112,61	4.73%	9.54%	-12.45%
Cryogenic tanks	Unit	486	447	52	31.35%	7.71%	300.00%
Cryogenic gas cylinders	Unit	8,021	7,918	811	0.07%	-22.94%	-12.23%
Filling stations	Station	1	1	0	-83.33%	-83.33%	-

## Description of production and sales volume

In 2021, with the economic recovery in Europe, North America and other overseas markets, demand has grown and production and sales volumes have increased significantly year-on-year. However, due to the impact of freight prices' fluctuation at high price levels and difficulties in booking cabins, seamless steel gas cylinders, which account for a large proportion of exports, have experienced significant growth in inventory.

### (3) Cost analysis

Unit: Yuan Currency: RMB

By product	Component of cost	Current period	By product		Change in amount over last year (%)	Description	
			Proportion over total cost for the current period (%)	Corresponding period of last year			Proportion over total cost for the corresponding period of last year (%)
Seamless steel gas cylinders	Materials	279,825,093.38	62.35	222,128,193.30	60.86	25.97	
	Labour cost	35,769,141.85	7.97	28,068,004.40	7.69	27.44	
	Manufacturing cost	133,203,027.61	29.68	114,788,814.51	31.45	16.04	
	Total	448,797,262.84	100.00	364,985,012.20	100.00	22.96	
Winding cylinders	Materials	98,776,282.36	69.11	73,736,322.94	67.71	33.96	
	Labour cost	8,604,155.98	6.02	6,462,600.86	5.93	33.14	
	Manufacturing cost	35,545,740.73	24.87	28,698,781.83	26.35	23.86	
	Total	142,926,179.07	100.00	108,897,705.63	100.00	31.25	
Cryogenic gas cylinders	Materials	65,889,391.16	80.13	112,674,124.84	79.86	-41.52	
	Labour cost	6,356,233.54	7.73	10,844,974.53	7.69	-41.39	
	Manufacturing cost	9,982,493.56	12.14	17,576,101.61	12.46	-43.20	
	Total	82,228,118.26	100.00	141,095,200.99	100.00	-41.72	
Cryogenic devices for storage and transportation	Materials	101,520,108.14	61.96	90,720,552.12	61.44	11.90	
	Labour cost	17,941,336.09	10.95	15,910,517.94	10.77	12.76	
	Manufacturing cost	44,386,373.94	27.09	41,033,319.30	27.79	8.17	
	Total	163,847,818.18	100.00	147,664,389.36	100.00	10.96	

## Other information on cost analysis

During the Reporting Period, the Company further reduced the procurement cost of raw materials and auxiliary materials by implementing centralized procurement, pre-determining stockpiling goods, establishing a long-term strategic cooperation mechanism with core suppliers and promoting the localization of imported materials, so as to effectively control the rapid increase in procurement cost against the backdrop of the market environment of soaring global commodity prices.

### (4) Information on major customers and major suppliers

Applicable       Not Applicable

Sales to five largest customers amounted to approximately RMB267,889,700, representing 22.65% of total annual sales, of which sales to related parties were approximately RMB37,067,800, representing 3.13% of total annual sales.

Procurement from five largest suppliers amounted to approximately RMB321,540,300, representing 38.20% of total annual procurement cost, of which procurement from related parties were approximately RMB76,409,700, representing 9.08% of total annual procurement cost.

Other information

Nil

### 3. Expenses

Applicable       Not Applicable

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Current year</b>	<b>Corresponding period of last year</b>	<b>Change (%)</b>
Selling expense	<b>34,036,511.06</b>	43,872,954.09	-22.42
Administrative expense	<b>95,132,712.12</b>	109,762,189.03	-13.33
R&D expenses	<b>26,536,621.86</b>	26,555,135.65	-0.07
Finance cost	<b>12,816,032.83</b>	18,581,297.39	-31.03

#### 4. *Research and development expenditure*

##### (1) *Breakdown of research and development expenditure*

Applicable       Not Applicable

*Unit: Yuan Currency: RMB*

Research and development expenditure recorded in expenses during the period	35,565,161.10
Research and development expenditure capitalised during the period	1,931,942.38
Total research and development expenditure	37,497,103.48
Percentage of total research and development expenditure over operating income (%)	3.17
Number of research and development staff	92
Number of research and development staff over total number of staff (%)	7.2
Percentage of research and development expenditure capitalised (%)	5.15

##### (2) *Description*

Applicable       Not Applicable

During the Reporting Period, the Company focused on completing the design, pilot production, testing and type certification of 70MPa compressed hydrogen aluminum carbon fiber full-winding compound gas cylinders (type III cylinders) for vehicles and passenger vehicles in the field of hydrogen energy applications, and completed the research and development of 70MPa in-vehicle type III high pressure hydrogen supply systems. The 70MPa type III hydrogen cylinders were used in batches in hydrogen buses for the Winter Olympics, contributing to Beijing's "Green Winter Olympics". Moreover, it has completed the final work of two sub-tasks of the new energy vehicle major project of the Ministry of Science and Technology of China – namely, the development of large volume 70MPa vehicle gas cylinders for fuel cell road buses and public buses.

The self-development of a number of type IV cylinders was also completed, and manufacturing license was obtained, with mass production capacity. All research objectives of the project of "Research on Key Technology for Design and Manufacture of Plastic Carbon Fiber Full-winding Compound Gas Cylinders" of the Ministry of Science and Technology of China were completed and passed the acceptance.

In the area of natural gas applications, the development of the HPDI extension tank was completed and the development of gas cylinder and gas supply system for new customers is carried out as planned.

In the field of industrial gas and fire services, development and certification of more than 100 products including various types of seamless steel gas cylinders, accumulators, SCBA respirator cylinders, cryogenic gas cylinders, and cryogenic storage tanks were completed in 2021.

## 5. Cash flows

<i>Unit: Yuan Currency: RMB</i>			
<b>Item</b>	<b>Current year</b>	<b>Corresponding period of last year</b>	<b>Change (%)</b>
Cash inflows from operating activities	<b>1,086,666,026.03</b>	990,858,541.54	9.67
Cash outflows from operating activities	<b>1,119,360,738.38</b>	1,018,769,677.75	9.87
Net cash flows generated from operating activities	<b>-32,694,712.35</b>	-27,911,136.21	Not Applicable
Cash inflows from investing activities	<b>996,336.65</b>	366,829,424.55	-99.73
Cash outflows from investing activities	<b>60,368,322.33</b>	48,480,369.71	24.52
Net cash flows generated from investing activities	<b>-59,371,985.68</b>	318,349,054.84	Not Applicable
Cash inflows from financing activities	<b>113,870,000.00</b>	420,306,207.35	-72.91
Cash outflows from financing activities	<b>185,060,178.01</b>	538,846,006.33	-65.66
Net cash flows generated from financing activities	<b>-71,190,178.01</b>	-118,539,798.98	Not Applicable

### Description:

1. Net cash flows from operating activities decreased by approximately RMB4,783,600 as compared to the corresponding period of last year, mainly due to the decrease in cash inflow from operating activities and the increase in cash outflow from operating activities during the period, which reduced the net cash flows from operating activities during the period;
2. Net cash flows generated from investing activities decreased by approximately RMB377,721,000 as compared to the corresponding period of last year, mainly due to the transfer of property assets located at Tianying North Road, Chaoyang District during the corresponding period of last year.
3. Net cash flows generated from financing activities increased by approximately RMB47,349,600 as compared to the corresponding period of last year, mainly because the net repayment of borrowings made during the period was lower than that during the corresponding period of last year.

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

Not applicable

#### (V) Analysis of assets and liabilities

##### 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 previous period	Balance at the end of the previous period over total assets (%)	Change in amount over the previous period (%)	Description
Monetary funds	105,776,763.72	6.74	279,067,536.83	163.616.36	-62.10	Mainly due to the receipt of transfer price of the property assets located at Tianying North Road, Chaoyang District by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company during the corresponding period last year
Receivables financing	10,465,061.76	0.67	4,153,285.64	0.24	151.97	Mainly due to the increase in bank acceptance bill planned to be settled in advance
Long-term equity investments	79,947,483.76	5.10	59,521,106.68	3.49	34.32	Mainly due to the increase in profits of joint ventures and associates during the current period
Deferred tax assets	51,632.65	0.00	287,827.59	0.02	-82.06	Mainly due to the impact of deferred taxation of subsidiaries
Short-term borrowings	83,825,972.96	5.34	168,000,000.00	9.85	-50.10	Mainly due to the decrease in borrowings of subsidiaries during the period
Other payables	25,960,072.78	1.66	45,176,375.13	2.65	-42.54	Mainly due to payments to minority shareholders for capital reduction for the current period
Non-current liabilities due within one year	7,000,000.00	0.45	15,540,454.46	0.91	-54.96	Mainly due to the subscribed capital contribution of joint ventures for the current period
Other current liabilities	4,613,930.02	0.29	8,472,856.14	0.50	-45.54	Mainly due to the reclassification of value-added tax in contract liabilities for the current period
Long-term borrowings	0	0.00	1,154,907.30	0.07	-100.00	Mainly due to the grant of loan exemption to subsidiaries under the small and medium sized enterprises support policy
Long-term payables	30,000,000.00	1.91	10,000,000.00	0.59	200.00	Mainly due to the receipt of special payables in the current period
Estimated liabilities	5,794,470.12	0.37	11,197,893.84	0.66	-48.25	Mainly due to the decrease in the quality guarantee amount of subsidiaries in the current period
Other comprehensive income	-1,030,194.20	-0.07	-325,424.59	-0.02	216.57	Mainly due to the impact of exchange differences arising from translation of foreign currency statements

### *Other information*

Nil

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

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Book value at the end of year</b>	<b>Reasons for restriction</b>
Monetary funds	3,551,143.00	Borrowings guarantee from letter of credit
	22,000,000.00	Deposit of bank acceptance bill
	2,908.98	Guarantee deposits
	330,878.00	Foreign exchange trading margin
<b>Total</b>	<b>25,884,929.98</b>	<b>–</b>

## **3. Other description**

Applicable       Not Applicable

## **(VI) Analysis of industry operation**

### ***Industrial gases and fire industry***

#### *Industrial gas industry*

In recent years, the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Industry and Information Technology and the Ministry of Finance and other departments have issued a number of policies related to emerging industries, which have clearly defined the direction of the development of the gas industry, while establishing the industrial attributes of new materials for specific gases, which has favourably expanded the development of the industrial gas industry. The new demand in the industrial gas field in the future will mainly come from new energy, new materials, electronics, semiconductors, environmental protection, biopharmaceuticals and other emerging industries.

#### *Fire industry*

In the “14th Five-Year Plan”, China proposed to “thoroughly promote safety improvement in the field of fire fighting”. In recent years, China has intensively issued policies and regulations to promote the healthy development of the fire industry, including industry regulatory requirements, guidance on the application of sub-category products, and promotion of fire product applications of public facilities and in the domestic sector, which has greatly promoted the growth of the market demand for fire products. It is expected that China’s fire industry market will maintain an average growth rate of about 10%, and the future development of the industry is promising.

### ***Natural gas equipment industry***

In 2021, the development fundamentals of natural gas industry development were generally positive. The apparent consumption of natural gas in China was 367.06 billion cubic metres, representing a year-on-year increase of 12.7%. Imports were 121.355 million tonnes, representing a year-on-year increase of 19.9%. The natural gas equipment market was affected by high domestic oil and gas prices and the implementation of the National VI policy, which suppressed upstream and downstream demand. Since May 2021, the economic recovery has led to an increase in global demand for LNG. The high demand for natural gas from various countries has resulted in its price remaining at a high level, with LNG prices reaching approximately RMB7,500 per tonne. Policy changes coupled with high oil and gas prices have led to a decline in short-term demand. However, in view of the global trend of low-carbon development and energy transformation, coupled with a series of policies such as the coal to gas policy and energy saving emission reduction subsidies in China, long-term development prospects remained promising.

### ***Hydrogen and Fuel Cell Industry***

The background of carbon neutrality combined with the opportunities brought by the Winter Olympics has sped up the application of hydrogen energy, hydrogen energy industry is now experiencing a period of rapid growth. In the “14th Five-Year Plan”, hydrogen energy is mentioned for the first time as a cutting-edge technology and an area of industrial change. The plan states that during the “14th Five-Year Plan” period, hydrogen energy industry incubation and acceleration plans will be organised and implemented, and a number of hydrogen energy industries will be planned and laid out. In September 2021, the three major fuel cell vehicle demonstration city cluster policy in Beijing, Tianjin, Hebei, Shanghai and Guangzhou was officially implemented. Since then, 30 provinces and 158 cities have mentioned hydrogen energy development in their 14th Five-Year Plans, and 57 cities have issued special plans for hydrogen energy to support the development of the hydrogen energy industry. With the implementation of the demonstration city cluster policy, coupled with the stabilization of the domestic economy and local fiscal stimulus, it is expected that the sales of hydrogen fuel cell vehicles will show a rapid growth in 2022.

## (VII) Analysis of investments

### 1. General analysis of external equity investments

#### (1) Material equity investments

##### Asset acquisition by way of share issuance and cash payment

In order to enhance the Company's ongoing operation and profitability, the Company is implementing the acquisition of 80% equity interests in BYTQ. The Company convened the fifth extraordinary meeting of the tenth session of the Board on 17 August 2020 for the consideration and approval of each resolution in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds. On 29 December 2020, the eighth extraordinary meeting of the tenth session of the Board was convened for the consideration and approval of each resolution in relation to the amendments to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds. On 9 February 2021, the Company convened the first extraordinary general meeting of 2021, the first A share class meeting of 2021 and the first H share class meeting of 2021 to vote for the various resolutions in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds, and to agree and authorize the Board to handle the matters related to asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company. On 25 February 2021, the Company received the "CSRC Acceptance Notice of the Application for Administrative Permission" (Acceptance No.: 210440) (《中國證監會行政許可申請受理單》(受理序號: 210440號)) issued by the CSRC. On 19 May 2021, the Listed Company Merger and Reorganization Vetting Committee of the CSRC (the "MRVC") convened the 10th working meeting for the year of 2021, at which the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was vetted. In accordance with the vetting results of the meeting, asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was not approved. On 11 June 2021, the eleventh extraordinary meeting of the tenth session of the Board was convened and the "Resolution in relation to Continuance of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited" was considered and approved. After study and investigation by the Board, it is agreed to proceed with the asset acquisition by way of share issuance and cash payment and raising of supporting funds. On 3 September 2021, the twelfth extraordinary meeting of the tenth session of the Board was convened and the "Resolution in relation to the Proposal of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of the Company (After Adjustment)" was considered and approved. On 16 September 2021, the Company received the "CSRC Acceptance Notice of the Application for Administrative Permission" (Acceptance No.: 212436) (《中國證監會行政許可申請受理單》(受理序號: 212436號)) issued by the CSRC. On 23 November 2021, the thirteenth extraordinary meeting of the tenth session of the Board was convened and the "Resolution in relation to the Adjustment to the Proposal of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of the Company" was considered and approved. On 15 December 2021, the MRVC convened the 33rd working meeting for the year of 2021, at which the asset acquisition by way of share issuance and cash payment and raising of supporting funds

of the Company was vetted. In accordance with the vetting results of the meeting, the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was conditionally approved. According to the requirements of the vetting opinions of the working meeting of the MRVC, the Company has submitted the relevant documents of the reply to the vetting opinions to the CSRC within the specified time. As the accounting firm engaged by the Company in respect of the asset acquisition by way of share issuance and cash payment and raising of supporting funds has been subject to investigation by the CSRC, the Company received the “Notice of Suspension of Review of the Application for Administrative Permission from CSRC” (No. 212436) (《中國證監會行政許可申請中止審查通知書》(212436號)) issued by the CSRC on 26 January 2022. Pursuant to the relevant requirements under clause 1(3) of Article 22 of the “Provisions of the China Securities Regulatory Commission on the Procedures for the Implementation of Administrative Permission” (《中國證券監督管理委員會行政許可實施程序規定》), the CSRC decided to suspend the review of the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company. The Company is not related to the investigation of the above-mentioned intermediary and the asset acquisition by way of share issuance and cash payment and raising of supporting funds is not related to the investigation of the above-mentioned intermediary. The suspension of review of the asset acquisition by way of share issuance and cash payment and raising of supporting funds will not have any material and adverse impact on the production and operation of the Company. On 24 February 2022, the first extraordinary general meeting of 2022 of the Company was convened and the “Resolution in relation to the Extension of the Validity Period of the Resolutions of the General Meeting in respect of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of the Company” was considered and approved. On 25 February 2022, the Company issued the “Review Report on the Audit Report and Reference Review Report related to the Asset Acquisition by way of Non-public Issuance of Shares to Specific Targets and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited”. On 9 March 2022, the Company received the “Notice of Resumption of Review of the Application for Administrative Permission from the CSRC” (《中國證監會行政許可申請恢復審查通知書》) issued by the CSRC, indicating that the CSRC decided to resume the review of the application for administrative permission in respect of the asset acquisition by way of share issuance and cash payment and raising of supporting funds project of the Company pursuant to the relevant requirements under Article 23 of the “Provisions of the China Securities Regulatory Commission on the Procedures for the Implementation of Administrative Permission” (《中國證券監督管理委員會行政許可實施程序規定》). The asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company is still subject to the approval of the CSRC, and there is still uncertainty as to whether and when such approval will be granted. The Company will strictly perform the information confidentiality work and fulfil its information disclosure obligations under relevant laws and regulations in a timely manner according to the progress of the matter, so as to announce the progress of the matter in a timely manner.

(2) *Material non-equity investments*

Not applicable

*(3) Financial assets measured at fair value*

Not applicable

**(VIII) Material disposal of assets and equity interest**

Not applicable

**(IX) Analysis of major subsidiaries and associates**

Company name	Business nature	Principal products or services	Registered capital	Total assets	Net assets	Net profit
Beijing Tianhai Industry Co. Ltd.	Production	Production and sale of gas cylinders, accumulator shells, pressure vessels and auxiliary equipment, etc.	US\$90,719,500	RMB 1,553,294,661.99	RMB 581,481,650.70	RMB -43,174,810.47
Jingcheng Holding (Hong Kong) Company Limited	Trading and investment	Import and export trade, investment holding and consultancy services, etc.	HK\$1,000	RMB 156,287,305.21	RMB 149,523,058.64	RMB 801,545.81

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

Not applicable

**(XI) Industry structure and trends**

***(1) Cylinder products***

The fierce low price competition of conventional industrial gas cylinders is difficult to change. The importance of special gas to the following fields and industries is self-evident. Special gas can be widely used in electronics, power, petrochemical, mining, steel, nonferrous metal smelting, thermal engineering, biochemistry, environmental monitoring, medical research and diagnosis, food preservation and other fields and industries, and its market size will continue to maintain rapid development.

Against the backdrop of energy transformation, energy conservation and environmental protection policies have sped up the construction of a low-carbon energy system and driving the growth of natural gas consumption in China while market demand for automotive cylinders is also expected to rise. In the future, it will be necessary for the Company to strengthen cooperation with large-scale gas companies and establish a full-service chain consisting of sales, technology and quality management to meet increasing market service demand.

## ***(2) Cryogenic products***

The market for cryogenic liquids is booming and competition in the traditional segments of LNG for vehicles and LNG storage tanks is intense. In the context of energy saving and environmental protection, national policies are being introduced to build a green and low-carbon transportation system, develop clean transportation equipment and promote the application of new energy and clean energy vehicles and vessels in transportation services, which is conducive to driving the market demand for cryogenic products. The essence of carbon emission peak is the substitution of low-carbon clean energy for high-carbon energy. In the long run, the trend of global promotion of environmental governance, the Chinese government's energy saving and emission reduction, and the gradual proportionate increase of clean energy consumption will not change, and natural gas will remain the main force against the backdrop of energy transformation. The marine market, natural gas storage peak shaving market and overseas tank container market demand will remain positive in the future.

## ***(3) Station-related products***

The market size of filling stations will continue to expand. Combing the context of “carbon emission peak” and “carbon neutrality” with various favorable policies of the LNG industry introduced in recent years, natural gas, as a clean and safe high-quality energy, will gradually increase in the proportion of energy consumption in the future, and the increase in the number of LNG filling stations in the future will also become the general trend. In the future, the Company will closely follow the trend of carbon emission peaks, grasp the opportunities to promote the coal to gas policy, strengthen cooperation with gas companies in all regions, and develop bottle and integrated gasification stations to continue to capture market share by LNG gasification skids, maintaining the appropriate development of the filling station sector.

## ***(4) Tank container products***

Demand for tank container products is being released. China's LNG imports are huge and on the rise, reaching 121.356 million tonnes in 2021, representing a year-on-year increase of 19.9%. Against this backdrop, leveraging its flexible advantages of “easy storage and transportation” and “one tank at a time”, LNG tank containers have become an effective supplement to traditional bulk transportation, and are gradually becoming one of the future development directions of the LNG transportation industry as market demand continues to release. In the future, the Company will tap into the market trends by actively seeking to establish long-term cooperation agreements with domestic and overseas customers.

## ***(5) Hydrogen energy products***

The development of hydrogen energy has become a global consensus under the context of “carbon emission peak and carbon neutrality”. It can be used in a wide range of traditional energy applications, including transportation, industrial fuel and power generation. The “14th Five-Year Plan” states that China will actively develop the hydrogen energy industry and deploy a number of key hydrogen energy projects, formally determining the overall foundation for development of the hydrogen fuel cell vehicle industry. With the release of the “14th Five-Year Plan” and the strong support for the hydrogen energy industry from all regions, China’s hydrogen energy technology continues to make breakthroughs and the industry system is gradually being improved. By the end of 2021, a total of 218 hydrogen filling stations had been built in China, representing an increase of 100 stations compared to the previous year. It is estimated that 287 hydrogen filling station will be built in China in 2022. As for fuel cell vehicles, 1,894 units of hydrogen fuel cell vehicles were sold in China in 2021, with a year-on-year increase of 26.4%, and the market capacity is expected to continue to expand. The Company will adhere to the guiding principles of market orientation, independent innovation and leading development, and seize the opportunity of major projects such as the Winter Olympics and the application of fuel cell vehicles to continuously improve its technology and build its leading position in the field of hydrogen energy equipment.

## **(XII) Development strategies of the Company**

**Positioning:** A global leading enterprise in the manufacturing and services of gas storage and transportation equipment.

**Strategy:** continuously strengthening the leading position and market position of industrial gas cylinder and fire-fighting gas cylinders to enhance its profitability; focus and optimise the product structure of natural gas business, maintain an appropriate scale, innovate the operating model and enhance its competitive edge; accelerating the industrialisation and batching process of type IV cylinders to seize the opportunity to develop the hydrogen energy industry and occupy the leading position in the market.

## **(XIII) Operating plan**

The year of 2022 is a critical year for the implementation of the Company’s “14th Five-Year Plan” strategy. The Company should spare no effort in focusing on strategy guidelines by creating a “new order” for industrial development, persisting in striving to blaze a “new path” for performance growth, and strengthening its strategic determination.

## (XIV) Potential risks

### 1. Risk associated with the implementation of the Acquisition and Reorganization

In order to enhance the Company's ongoing operation and profitability, the Company is implementing the acquisition of 80% equity interests in BYTQ. The Company convened the fifth extraordinary meeting of the tenth session of the Board on 17 August 2020 for the consideration and approval of each resolution in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds. On 29 December 2020, the eighth extraordinary meeting of the tenth session of the Board was convened for the consideration and approval of each resolution in relation to the amendments to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds. On 9 February 2021, the Company convened the first extraordinary general meeting of 2021, the first A share class meeting of 2021 and the first H share class meeting of 2021 to vote for the various resolutions in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds, and to agree and authorize the Board to handle the matters related to asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company. On 25 February 2021, the Company received the "CSRC Acceptance Notice of the Application for Administrative Permission" (Acceptance No.: 210440) (《中國證監會行政許可申請受理單》(受理序號: 210440號)) issued by the CSRC. On 19 May 2021, the MRVC convened the 10th working meeting for the year of 2021, at which the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was vetted. In accordance with the vetting results of the meeting, asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was not approved. On 11 June 2021, the eleventh extraordinary meeting of the tenth session of the Board was convened and the "Resolution in relation to Continuance of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited" was considered and approved. After study and investigation by the Board, it is agreed to proceed with the asset acquisition by way of share issuance and cash payment and raising of supporting funds. On 3 September 2021, the twelfth extraordinary meeting of the tenth session of the Board was convened and the "Resolution in relation to the Proposal of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of the Company (After Adjustment)" was considered and approved. On 16 September 2021, the Company received the "CSRC Acceptance Notice of the Application for Administrative Permission" (Acceptance No.: 212436) (《中國證監會行政許可申請受理單》(受理序號: 212436號)) issued by the CSRC. On 23 November 2021, the thirteenth extraordinary meeting of the tenth session of the Board was convened and the "Resolution in relation to the Adjustment to the Proposal of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of the Company" was considered and approved. On 15 December 2021, the MRVC convened the 33rd working meeting for the year of 2021, at which the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was vetted. In accordance with the vetting results of the meeting, the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was conditionally approved. According to the requirements of the vetting opinions of the working meeting of the MRVC, the Company has submitted the relevant documents of the reply to the vetting opinions to the CSRC within the specified time. As the accounting firm engaged by the Company in respect of the asset acquisition by way

of share issuance and cash payment and raising of supporting funds has been subject to investigation by the CSRC, the Company received the “Notice of Suspension of Review of the Application for Administrative Permission from CSRC” (No. 212436) (《中國證監會行政許可申請中止審查通知書》(212436號)) issued by the CSRC on 26 January 2022. Pursuant to the relevant requirements under clause 1(3) of Article 22 of the “Provisions of the China Securities Regulatory Commission on the Procedures for the Implementation of Administrative Permission” (《中國證券監督管理委員會行政許可實施程序規定》), the CSRC decided to suspend the review of the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company. The Company is not related to the investigation of the above-mentioned intermediary and the asset acquisition by way of share issuance and cash payment and raising of supporting funds is not related to the investigation of the above-mentioned intermediary. The suspension of review of the asset acquisition by way of share issuance and cash payment and raising of supporting funds will not have any material and adverse impact on the production and operation of the Company. On 24 February 2022, the first extraordinary general meeting of 2022 of the Company was convened and the “Resolution in relation to the Extension of the Validity Period of the Resolutions of the General Meeting in respect of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of the Company” was considered and approved. On 25 February 2022, the Company issued the “Review Report on the Audit Report and Reference Review Report related to the Asset Acquisition by way of Non-public Issuance of Shares to Specific Targets and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited”. On 9 March 2022, the Company received the “Notice of Resumption of Review of the Application for Administrative Permission from the CSRC” (《中國證監會行政許可申請恢復審查通知書》) issued by the CSRC, indicating that the CSRC decided to resume the review of the application for administrative permission in respect of the asset acquisition by way of share issuance and cash payment and raising of supporting funds project of the Company pursuant to the relevant requirements under Article 23 of the “Provisions of the China Securities Regulatory Commission on the Procedures for the Implementation of Administrative Permission” (《中國證券監督管理委員會行政許可實施程序規定》). The asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company is still subject to the approval of the CSRC, and there is still uncertainty as to whether and when such approval will be granted. The Company will strictly perform the information confidentiality work and fulfil its information disclosure obligations under relevant laws and regulations in a timely manner according to the progress of the matter, so as to announce the progress of the matter in a timely manner.

## **2. Industrial policy risks**

First, factors such as oil and gas price differences and new energy industry policies resulted in significant change to market demand for natural gas storage and transportation, impacting the natural gas storage and transportation sector, which is the Company’s principal business. Second, the Company’s hydrogen energy storage and transportation segment is categorized as a “new industry”, which may easily be affected by national policies, economic environment, upstream and downstream industrial chain development, and other factors. Therefore, in response to these risks, the Company will grasp the national macro policies in a timely manner, identify industrial development trends, broaden areas of product application, at the same time strengthen core technology development, expand new markets, minimize risk factors associated with industry policies, and reduce the impact on the Company.

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

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

### **4. *Development risk on new business and new market***

Hydrogen energy and fuel cells are currently dominated by commercial vehicles in China, they are mainly used in logistics, public transportation and large buses, and are still at the stage of gaining momentum. Due to national and local policies and other sources of uncertainty, the Company has encountered unexpected risks in the development of new business and new markets. The Company will continue to drive the development of hydrogen energy business to gradually get on the right track.

### **5. *Risk associated with Novel Coronavirus Pandemic***

Due to the impact of the pandemic, business operations are facing difficulties such as increased operating costs, market instability, transportation restrictions, and unfixed personnel. At the same time, the flow of personnel declined, making it more difficult for the Company to sell products in traditional ways, and increasing business pressure, which brought certain business risks to the Company. In response to the above-mentioned risks, the Company earnestly established and improved the epidemic prevention and control mechanism, comprehensively implemented and carried out epidemic prevention and control work. The Company will actively take effective measures in combination with the development trend of the pandemic situation inside and outside of the country to minimize the adverse impact that the pandemic may cause on the Company's production and operation.

## **(XV) Analysis of financial position and operating results of the Company during the Reporting Period**

### ***1 Analysis of operating results***

During the Reporting Period, total profit of the Company decreased by approximately RMB159,078,300 as compared with the corresponding period of last year. Operating income increased by approximately RMB94,368,000 as compared with the corresponding period of last year; operating cost increased by approximately RMB68,374,500 as compared with the corresponding period of last year; and operating profit decreased by approximately RMB164,609,300 year-on-year.

During the Reporting Period, expenses decreased by approximately RMB30,249,700 as compared with the corresponding period of last year. The Company strictly controlled expenses, actively promoted the implementation of various measures, vigorously opened up new sources of income and reduced expenditure, and steadily enhance operating efficiency. Selling expenses and management expenses have been reduced improved year-on-year, of which, selling expenses decreased by approximately RMB9,836,400, management expense decreased by approximately RMB14,629,500, and the overall cost control ability was further improved. Financial expense decreased by approximately RMB5,765,300, mainly due to the decrease in interest expenses as a result of the repayment of certain bank borrowings and interest-bearing liabilities of Beijing Jingcheng Machinery Electric Holding Co., Ltd. by the Company.

During the Reporting Period, taxes and surcharges decreased by approximately RMB5,988,000 as compared with the corresponding period of last year, mainly due to the decrease in taxes and surcharges as a result of the transfer of property assets located in Tianying North Road, Chaoyang District by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, in the corresponding period of last year.

During the Reporting Period, other income increased by approximately RMB7,021,400, mainly due to the year-on-year increase in government subsidies related to the daily activities of the Company.

During the Reporting Period, impairment loss on assets decreased by approximately RMB19,146,900 as compared with the corresponding period of last year, which was mainly due to the decrease in impairment loss on raw materials of RMB15,457,700 as compared to the previous year as a result of (1) the disposal of a large amount of backlog of aged raw materials due to the increase in raw material prices in the current year; and (2) the corresponding decrease in impairment loss on raw materials in the current period resulted from the increase in raw material prices in the current year.

During the Reporting Period, the credit impairment losses decreased by approximately RMB904,100 as compared with the corresponding period of last year, mainly due to the decrease in long-term receivables.

The investment income during the Reporting Period increased by approximately RMB30,074,700, mainly due to the increase in profits of the joint venture and associate.

Gains from disposal of assets decreased by approximately RMB277,731,000 during the Reporting Period, mainly due to the transfer of property assets located at Tingying North Road, Chaoyang District by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company during the corresponding period of last year.

During the Reporting Period, non-operating income decreased by approximately RMB1,079,600, mainly due to the year-on-year decrease in government subsidies unrelated to the daily activities of the Company.

## **2 Analysis of assets, liabilities and shareholders' equity**

As at the end of the Reporting Period, total assets and total liabilities decreased from the beginning of the year.

At the end of the Reporting Period, the total assets were approximately RMB1,568,448,800, representing a decrease of approximately RMB136,982,100 or 8.03% over the beginning of the year, of which: monetary funds decreased by approximately RMB173,290,800, representing a decrease of 62.10%.

Total liabilities were approximately RMB607,036,700, representing a decrease of approximately RMB96,789,200 or 13.75% as compared with the beginning of the year, of which short-term borrowings decreased by RMB84,174,000 or 50.10% and other payables decreased by RMB19,216,300 or 42.54%.

Total shareholders' equity amounted to approximately RMB961,412,000, representing a decrease of approximately RMB40,192,900 or 4.01% as compared with the beginning of the year.

## **3 Analysis of financial position**

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

<b>Liquidity and capital structure</b>	<b>At the end of the current period</b>	<b>At the beginning of the current period</b>
(1) Gearing ratio	38.70%	41.27%
(2) Quick ratio	71.25%	90.34%
(3) Current ratio	131.75%	132.75%

#### **4 Bank loans**

The Company prudently implemented its annual capital budget plan in accordance with the market conditions and requirement of customers to control the bank loan scale strictly. The Company fully utilized financial tools to reduce finance cost and prevent financial risks. In so doing, the Company improved the profit of the Company and shareholders while satisfying the capital need of operating activities. As at the end of the Reporting Period, the Company had short-term loan amounting to RMB83,826,000, representing a decrease of 50.10% as compared with the beginning of the year. Non-current liabilities due within one year amount to RMB7,000,000, representing a decrease by RMB9,695,400. Long-term borrowings decreased by RMB1,154,900 during the period, representing a decrease of 58.07% as compared with the beginning of the year calculated in accordance with non-classification method.

#### **5 Foreign exchange risk management**

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

### **(XVI) Principal Sources of Fund and Its Use**

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

Cash inflows from operating activities during the Reporting Period were mainly derived from the income of product sales. Cash outflow was mainly used in expenses related to the production and operating activities. The Company's cash inflows from operating activities during the Reporting Period amounted to RMB1,086,666,000, while cash outflows amounted to RMB1,119,360,700. Net cash flows during the Reporting Period from operating activities amounted to RMB-32,694,700.

## **2 Cash flows from investment activities**

Cash inflows from investment activities during the Reporting Period amounted to RMB996,300, mainly due to the receipt of investment income from associates and disposal of fixed assets during the period while cash outflows from investment activities amounted to RMB60,368,300 which was mainly used for capital expense such as capital contribution to the joint venture and the purchase of fixed assets. Net cash flows from investment activities during the Reporting Period amounted to RMB-59,372,000.

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

Cash inflows from financing activities during the Reporting Period amounted to RMB113,870,000, which was mainly derived from bank loans. Cash outflows from financing activities during the Reporting Period amounted to RMB185,060,200, which mainly due to the repayment of loans and interest. Net cash flows from financing activities for the Reporting Period amounted to RMB-71,190,200.

In 2021, net cash flows from operating activities decreased by approximately RMB4,783,600 as compared to the corresponding period of last year, mainly due to the increase in cash outflow from operating activities during the period, which reduced the net cash flows from operating activities during the period. Net cash flows generated from investing activities decreased by RMB377,721,000 as compared to the corresponding period of last year, mainly due to the transfer of property assets located at Tianying North Road, Chaoyang District during the current period. Net cash flows generated from financing activities increased by RMB47,349,600 as compared to the corresponding period of last year, mainly because the net repayment of borrowings made during the year was lower than that during the corresponding period of last year.

During the Reporting Period, net cash flows from operating activities were RMB-32,694,700 and net profit amounted to RMB-41,235,900. The Company mainly financed its operations through internal cash flow and loans.

## **(XVII) Capital Structure**

The Company's capital structure consists of shareholders' equity and liabilities during the Reporting Period. Shareholders' equity amounted to RMB961,412,000, of which minority interests amounted to RMB283,756,400, and total liabilities amounted to RMB607,036,700. Total assets amounted to RMB1,568,448,700. As at the end of the year, the Company's gearing ratio was 38.70%.

### **Capital structure by liquidity**

Total current liabilities	RMB536,729,700	Percentage of assets 34.22%
Total shareholders' equity	RMB961,412,000	Percentage of assets 61.30%
Of which: minority interest	RMB283,756,400	Percentage of assets 18.09%

**(XVIII) Contingent Liabilities**

As at the end of the Reporting Period, the Company did not have any discloseable significant contingency

**(XIX) Details of the Group's charge on assets**

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Book value at the end of year</b>	<b>Reasons for restriction</b>
Monetary funds	25,884,929.98	Borrowings guarantee from letter of credit, deposit of bank acceptance bill, letters of guarantee, foreign exchange trading margin

**(XX) Embezzlement of funds and repayment of debt during the Reporting Period**

Not applicable

**(XXI) Explanation of the Company on "Non-Standard Auditors' Report" issued by the auditors**

Not applicable

**(XXII) Profit distribution plan or plan to convert surplus reserves into share capital**

**1. Formulation, implementation or adjustment of cash dividend policy**

Not applicable

**2. Profit distribution plan or pre-arranged plan or plan or pre-arranged plan to convert surplus reserves into share capital in the previous three years (inclusive of the Reporting Period)**

Unit: Yuan Currency: RMB

Year of distribution	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 converted into share capital for every ten shares (share)	Amount of cash dividend (inclusive of tax)	Net profit attributable to ordinary shareholders of listed company in the consolidated financial statement during the year of distribution	Percentage of the net profit attributable to ordinary shareholders of the listed companies in the consolidated financial statement (%)
2021	0	0	0	0	-23,282,271.43	0
2020	0	0	0	0	156,431,757.57	0
2019	0	0	0	0	-130,036,755.55	0

**3. Repurchase of shares under cash included in cash dividend**

Not applicable

**4. If the Company records profits and the parent company records a positive undistributed profit during the Reporting Period but there is no resolution for cash dividend, the Company shall disclose the reasons and the usage of the undistributed profits and the usage plan in details**

Not applicable

### III. EXPLANATION ON OTHER IMPORTANT MATTERS

#### 1. **Changes of the subsidiaries that were included in the consolidation scope during the Reporting Period**

There was no change of subsidiaries in the consolidation scope during the Reporting Period.

#### 2. **During the Reporting Period, the Company initiated the project of issuing shares to purchase assets, which has been voted through at the general meetings, and a letter of acceptance from Shanghai Stock Exchange was received.**

#### 3. **During the Reporting Period, the Company was subject to applicable enterprise income tax rates of 25% and 15%.**

#### 4. **Review of financial statements for the Reporting Period by the Audit Committee**

The Audit Committee of the Board of the Company has reviewed and confirmed the financial report for 2021.

#### 5. **Corporate Governance Code**

The Company has always complied with the Listing Rules of Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited during the Reporting Period.

The Company has adopted the “Corporate Governance Code” contained in Appendix 14 of the Listing Rules as its corporate governance code. The Board considers that the Company has complied with all applicable code provisions set out in the corporate governance code throughout the year during the year.

#### 6. **Model Code for Securities Transactions by Directors and Supervisors**

During the Reporting Period, the Company has adopted the model code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standards set in the “Model Code for Securities Transactions by Directors of Listed Issuers” in Appendix 10 of the Listing Rules. After making specific enquiries to all directors and supervisors, the Company confirmed that, each of the directors and supervisors has complied with the required standards on securities transactions by directors and supervisors as set in the model code for the 12 months ended 31 December 2021.

## 7. Share capital

- (1) During the Reporting Period, there was no change in the total number of shares and share capital structure of the Company.
- (2) During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## IV. ANNUAL REPORT AND OTHER INFORMATION

This announcement will be published on the websites of the Company ([www.jingchenggf.com.cn](http://www.jingchenggf.com.cn)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report in entirety will be published on the websites of the Company and the Stock Exchange in due course.

By Order of the Board  
**Beijing Jingcheng Machinery Electric Company Limited**  
**Wang Jun**  
*Chairman*

Beijing, the PRC  
17 March 2022

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