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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)**

**2016 FIRST QUARTERLY REPORT**

**I. IMPORTANT NOTICE**

- 1.1 The board of directors, supervisory committee and the directors, supervisors and senior management officers of the Company confirm that the information contained in this quarterly report is true, accurate, and complete without any false and misleading statements or material omissions, and individually and jointly accept legal responsibility for the contents of the report.
- 1.2 All directors of the Company attended the board meeting to consider this quarterly report.
- 1.3 Wang Jun, person-in-charge of the Company, Chen Change, person-in-charge of the accounting work, and Jiang Chi, person-in-charge of the accounting body (head of accounting), guaranteed the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The First Quarterly Financial Report of the Company has not been audited.

## II. FINANCIAL HIGHLIGHTS AND CHANGES IN SHAREHOLDERS

### 2.1 Financial Highlights

	<i>Unit: Yuan</i> <i>Currency: RMB</i>		
	<b>At the end of the reporting period</b>	<b>At the end of last year</b>	<b>Increase/Decrease comparing the end of the reporting period with the end of last year (%)</b>
Total assets	1,989,807,728.99	2,077,492,109.79	-4.22
Net assets attributable to shareholders of listed company	682,331,423.25	712,663,072.55	-4.26
	<b>From the beginning of the year to the end of the reporting period</b>	<b>From the beginning of last year to the end of last year</b>	<b>Increase/Decrease on Year-over- year basis (%)</b>
Net cash flow from operating activities	-27,233,037.35	-25,192,622.61	N/A
	<b>From the beginning of the year to the end of the reporting period</b>	<b>From the beginning of last year to the end of last year</b>	<b>Increase/Decrease on Year-over- year basis (%)</b>
Operating income	229,373,055.81	290,609,882.41	-21.07
Net profit attributable to shareholders of listed company	-30,331,649.30	-25,520,328.32	N/A
Net profit attributable to shareholders of listed company after extraordinary items	-32,787,270.48	-24,913,669.16	N/A
Weighted average return on net assets (%)	-4.35	-2.81	N/A
Basic earnings per share (RMB/share)	-0.07	-0.06	N/A
Diluted earnings per share (RMB/share)	-0.07	-0.06	N/A

## Extraordinary Items and Amount

Applicable     Not Applicable

*Unit: Yuan*  
*Currency: RMB*

<b>Items</b>	<b>Amount for current period</b>	<b>Description</b>
Profit/loss on disposal of non-current assets	-32,308.70	
Contingence tax refund or exemption, or due to override approval or document without formal approval		
Government subsidy accounted into profit and loss for the current period (except for those closely associated with the normal operations of the Company which were accounted for in certain standard amount or volume in compliance with the requirement of the policies of the State and in accordance with uniform standard of the state)	96,788.00	Financial assistance for short term export credit insurance from the Commission of Commerce of the Beijing municipal government
Fund possession cost paid by non-financial enterprises and recorded under current profit and loss		
Profit arising from investment costs for acquisition of subsidiaries, associates and joint ventures less than the revenue generated from their identifiable net assets of the invested entity at fair value at the time of acquisition		
Profit/loss of non-monetary asset swap		
Profit/loss from entrusted investment or asset management		
Provision for impairment of assets due to force majeure such as natural disaster		
Profit/loss from debt restructuring	1,817,094.64	
Corporate restructuring expenses, such as expenses on employee placement, and integration costs		
Profit/loss from the excess of the fair value compared to the unfair consideration of a transaction		
Current net profit/loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger		
Profit/loss from contingencies irrelevant to the normal operations of the Company		

Items	Amount for current period	Description
Apart from hedging instruments relating to the normal operations of the Company, profit/loss from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets		
Write back of the provision for impairment of accounts receivable that is individually tested for impairment		
Profit/loss from external entrusted loans		
Profit/loss from changes in fair value of investment properties using the fair value model for subsequent measurement		
Effects of one-off adjustment to current profit/loss in accordance with laws and regulations on taxation and accounting, etc		
Income of entrustment fees from entrusted operations		
Other non-operating income and expenses save for the above	1,147,044.02	
Other profit and loss items falling within the meaning of non-recurring profit and loss		
Effect on minority interests (after tax)	-579,384.61	
	<hr/>	
Effect on income tax	6,387.83	
Total	<u><u>2,455,621.18</u></u>	

## 2.2 Total number of shareholders, shareholding of top ten shareholders and shareholding of top ten shareholders of shares not subject to trading moratorium at the end of the reporting period

Unit: share

Total number of shareholders		25,451 (in which: 25,385 holders of A shares, 66 holders of H shares)				
		Shareholding of Top Ten Shareholders				
		Pledged or frozen				
Name of shareholder (Full name)	Shareholding as at the end of the period	Proportion (%)	Number of shares subject to selling restrictions	Status	Number of shares	Nature of shareholder
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	180,620,000	42.80	0	Nil	0	State-owned legal-person
HKSCC NOMINEES LIMITED	99,155,200	23.50	0	Unknown	–	Unknown
Zeng Youquan	1,765,074	0.42	0	Unknown	–	Unknown
Sun Hongli	1,750,476	0.41	0	Unknown	–	Unknown
Penghua Denotative Growth Flexibly Configured Hybrid Securities Investment Fund (鵬華外延成長靈活配置混合 型證券投資基金)	1,500,000	0.36	0	Unknown	–	Unknown
Zhang Jinsheng	1,262,957	0.30	0	Unknown	–	Unknown
Zhongrong-Zheng Ying No.196 Security Investment and Capital Raising Trust Plan (中融—證贏196號證券投資集 合資金信託計劃)	1,113,900	0.26	0	Unknown	–	Unknown
Jiahang Tianli No.1 Security Investment Fund (嘉航添利 一號證券投資基金)	1,087,712	0.26	0	Unknown	–	Unknown
Rising Securities Co., Ltd.	716,000	0.17	0	Unknown	–	Unknown
Wang Xueli	700,128	0.17	0	Unknown	–	Unknown

## Shareholding of Top Ten Shareholders of Circulating Shares not subject to Trading Moratorium

Name of shareholder	Number of circulating shares not subject to trading moratorium	Class	Class and number of shares	Number of shares
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	180,620,000	RMB ordinary shares		180,620,000
HKSCC NOMINEES LIMITED	99,155,200	Foreign shares listed overseas		99,155,200
Zeng Youquan	1,765,074	RMB ordinary shares		1,765,074
Sun Hongli	1,750,476	RMB ordinary shares		1,750,476
Penghua Denotative Growth Flexibly Configured Hybrid Securities Investment Fund (鵬華外延成長靈活配置混合型證券投資基金)	1,500,000	RMB ordinary shares		1,500,000
Zhang Jinsheng	1,262,957	RMB ordinary shares		1,262,957
Zhongrong-Zheng Ying No.196 Security Investment and Capital Raising Trust Plan (中融－證贏196號證券投資集合資金信託計劃)	1,113,900	RMB ordinary shares		1,113,900
Jiahang Tianli No.1 Security Investment Fund (嘉航添利一號證券投資基金)	1,087,712	RMB ordinary shares		1,087,712
Rising Securities Co., Ltd.	716,000	RMB ordinary shares		716,000
Wang Xueli	700,128	RMB ordinary shares		700,128

Explanation on the connected relationship of the shareholders and action in concert among the aforesaid shareholders

At the end of the Reporting Period, shares subject to trading moratorium held by the Company were all listed for circulation in the market. The Company was not aware of any connected relationship among the aforesaid shareholders, nor was the Company aware of any parties acting in concert as defined in the Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders.

Description on preferred shareholder of which voting rights had resumed and its shareholdings

N/A

**2.3 As at the end of the reporting period, total number of shareholders of preference shares, shareholding of top ten shareholders of preference shares and shareholding of top ten shareholders not subject to trading moratorium**

Applicable  Not Applicable

**III. IMPORTANT MATTERS**

**3.1 Details and reasons for material changes in major items of financial statement and financial indices of the Company**

Applicable  Not Applicable

<b>Items on balance sheet</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>	<b>Change (%)</b>	<b>Reason</b>
Cash and cash equivalents	101,269,713.51	182,276,574.47	-44.44	Mainly due to the decrease in cash received from sale of products
Notes receivable	12,287,037.47	3,228,891.44	280.53	Mainly due to the increase in notes received
Advances to suppliers	30,207,853.72	19,166,811.68	57.61	Mainly due to the increase in advances from subsidiaries paid
Construction in progress	2,050,411.22	8,037,077.84	-74.49	Mainly due to the transfer of construction project to fixed assets upon completion during the period
Interest payable	-	74,800.00	-100.00	Mainly due to the payment of accrued interest payable

<b>Items in income statement</b>	<b>Amount of the current period</b>	<b>Amount of the corresponding period of last year</b>	<b>Change (%)</b>	<b>Reason</b>
Business taxes and surcharges	2,485,419.85	1,867,520.86	33.09	Mainly due to the increase in provision for taxes of export tax rebate and increase in surcharges
Sales expenses	16,292,580.79	10,251,492.32	58.93	Mainly due to the fact that the Company actively promoted the building and transformation of its sales teams, revised the assessment system of the sales department and changed the assess method in order to adapt to market demand, and to build a quality team
Investment income	2,634,176.60	211,608.86	1,144.83	Mainly due to the increase in profits from joint ventures
Non-operating income	3,060,926.66	377,565.66	710.70	Mainly due to the increase in profits of debt restructuring
Non-operating expenses	32,308.70	1,016,178.25	-96.82	Mainly due to the decrease in loss on disposal of non-current assets as compared with the corresponding period of last year
Total profits	-42,876,552.18	-32,424,359.38	N/A	Mainly due to the decrease in operating income as compared with last year
Income tax expense	787,543.48	600,291.52	31.19	Mainly due to the increase in profits of the subsidiaries of Tianhai Industrial, a subsidiary of the Company



<b>Items in cash flow statement</b>	<b>Amount of the current period</b>	<b>Amount of the corresponding period of last year</b>	<b>Change (%)</b>	<b>Reason</b>
Receipt of tax refunds	6,719,462.44	–	100.00	Mainly due to the increase in export tax refunds for current period as compared with the corresponding of last year
Cash from other operating-related activities	2,975,634.97	1,868,370.66	59.26	Mainly due to the increase in cash received from other related operating activities
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	113,069.40	950,000.00	-88.10	Mainly due the decrease in cash from disposal of fixed assets for current period as compared with the corresponding period of last year
Cash paid for loan repayments	86,315,080.00	128,135,125.00	-32.64	Mainly due to the decrease in borrowings
Cash paid for dividends, profits appropriation or payments	4,173,934.73	6,411,673.47	-34.90	Mainly due to the decrease in interest on borrowings

### **3.2 Analysis and description of the progress, impact and solutions of the important matters**

✓Applicable     Not Applicable

Due to the significant matter of the issue of shares in consideration of asset purchase, trading of the shares of the Company has been suspended since June 29, 2015 upon application by the Company. After discussion and negotiation among the parties concerned, the abovementioned matter might constitute a material assets organisation. According to the relevant regulations, the Company has entered into the material assets reorganisation procedures on July 13, 2015 upon application by the Company. During the period of suspension of trading, the Company has been actively carried out the relevant work such as due diligence, audit and valuation, communicated with Jingcheng Holding and the regulatory authorities, such as Beijing State-owned Assets Commission and released announcements in relation to the progress of material assets reorganisation at the interval of every five trading days.

The sixth meeting of the eighth session of the board of directors of the Company was held on November 26, 2015. Resolution in relation to the issue of shares and payment of cash to purchase assets and related fund raising and connected transaction proposal and other related resolutions were considered and approved, and were announced. Shares of the Company have resumed trading on December 14, 2015.

In accordance with the laws and regulations such as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Codes on Takeovers and Mergers, in order to prevent the trigger of any mandatory offer by Jingcheng Holding, ensure the listed position in Hong Kong, carry out reorganisation proposal of the Company successfully, further increase the capital strength of the Company and safeguard the long term development of the Company, the Company made modification to the reorganisation proposal. The trading of H shares of the Company was resumed at 1 pm on January 28, 2016. The sixteenth extraordinary meeting of the eighth session of the board of Beijing Jingcheng was held on February 3, 2016. Resolution in relation to the issue of shares and payment of cash to purchase assets and related fund raising and connected transaction proposal and other related resolutions were again considered and approved. Shares of the Company have resumed trading on the Shanghai Stock Exchange on February 4, 2016. Announcements in relation to the progress of the material assets reorganization were released on March 3 and April 5, 2016 by the Company.

The Company and the related parties are actively promoting the work of the Material Assets Reorganisation. As at the date of this announcement, the audit and valuation works for the relevant assets involved in the Material Assets Reorganisation are nearly completed. After the completion of the abovementioned works, pursuant to the relevant regulations for valuation and management of state-owned assets, the relevant valuation report has to comply with the state-owned assets assessment approval procedures. After the completion of the abovementioned works, the Company shall convene another board meeting to consider and approve the related matter in relation to the Material Assets Reorganisation, and shall comply with relevant announcement, approval procedures in accordance with the relevant laws and regulations.

#### Special Reminder:

According to the communication results between the Company and the parties involved in the transaction, at present, there are no related matters discovered by the Company, which may lead to the withdrawal or termination of the Material Assets Reorganisation by the board of directors of the Company or the parties involved in the transaction nor there is substantive change being made to the Material Assets Reorganisation.

Risks related to the Material Assets Reorganisation have been explained in full in the section “I. Risks relating to the Transaction” under “Warning on Major Risks” in the “Proposal In Relation To Acquisition Of Assets Through Issue Of Shares And Cash Payment As Well As Raising Of Supporting Funds And Connected Transaction For Beijing Jingcheng Machinery Electric Company Limited (Revised)” disclosed by the Company on February 3, 2016. Shareholders are reminded to read the relevant contents carefully and to be aware of the investment risks.

Pursuant to the Measures on the Administration of Material Assets Reorganisation of Listed Companies and related regulations of the Shanghai Stock Exchange, before the notice of general meeting to be convened for the consideration and approval of the Material Assets Reorganisation to be issued by the Company, progress announcements in relation to the reorganisation will be released in every 30 days.

The designated media for publication of Company information includes the websites of the Shanghai Stock Exchange (<http://www.sse.com.cn>), Shanghai Securities News, Securities Daily and the website of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>). Investors are advised to pay attention to the investment risks.

### 3.3 Status of fulfillment of commitments undertaken by the Company and the shareholders holding more than 5% of shares

Applicable     Not Applicable

Background	Type of commitment	Undertaking party	Contents of the commitment	Date and duration of undertaking	Whether have deadline for performance	Whether strictly perform in a timely manner	If not perform timely, describe the specific reasons	If not perform timely, describe plans in next steps
Commitment in relation to the Material Asset Reorganisation	Settlement of connected transactions	Beijing Jingcheng Machinery Electric Holding Co., Ltd., the substantial shareholder	Jingcheng Holding undertakes that: "In respect of the unavoidable connected transaction matters or those which take place with reasonable grounds in the future between the Company and the other companies under the control of the Company and the Listed Company and the companies under its control, the Company and the other companies under the control of the Company will follow the principles of openness, fairness and justice for market transactions to conduct transactions at fair and reasonable market prices, and will perform the decision process of connected transactions according to the relevant law, regulations and standardization documents, perform the duty of information disclosure. The Company warrants that the Company and the other companies under the control of the Company will not obtain any improper benefits through the connected transactions with the Listed Company and the companies under its control or cause the Listed Company and the companies under its control bear any improper duties. The Company will bear the responsibilities of compensating the Listed Company and the companies under its control for their losses if the Company is in violation of the above undertaking when carries out transactions with the Listed Company and the companies under its control."	Long term	Yes	Yes		
Commitment in relation to the Material Asset Reorganisation	Solution of competition with its peers	Beijing Jingcheng Machinery Electric Holding Co., Ltd., the substantial shareholder	Jingcheng Holding undertakes that: "In response to the businesses or business opportunities similar to those of the Listed Company including that the Company and the other companies under the control of the Company anticipate or substantially in place to conduct, and assets and businesses of such businesses or business opportunities that may constitute potential competition with its peers."	Long term	Yes	Yes		

Background	Type of commitment	Undertaking party	Contents of the commitment	Date and duration of undertaking	Whether have deadline for performance	Whether strictly perform in a timely manner	If not perform timely, describe the specific reasons	If not perform timely, describe plans in next steps
Commitment in relation to the Material Asset Reorganisation	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., the substantial shareholder	Jingcheng Holding undertakes that after completion of this Material Asset Reorganisation, it warrants the independence in respect of the personnel, asset, finance, organization, business of the Listed Company. Jingcheng Holding has made concrete commitment on the areas of personnel independence, asset independence, financial independence, organizational independence, business independence. That undertaking continues to be valid, cannot be altered and is irrevocable during the period in which Jingcheng Holding is the controlling shareholder (or beneficial controller) of the Listed Company. If Jingcheng Holding is in violation of the above undertaking and causes economic losses to the Listed Company, Jingcheng Holding will compensate the Listed Company.	Long term	Yes	Yes		
Commitment in relation to the Material Asset Reorganisation	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., the substantial shareholder	Jingcheng Holding undertakes that: "1. Within 30 days from receipt of the notice regarding this Material Asset Reorganisation from Beiren Holdings, or within 45 days from the date of the first announcement on this Material Asset Reorganisation of Beiren Holdings in case of not having received the notice, should creditors of Beiren Holdings demand Beiren Holdings to make early repayment of liabilities or provide security, and Beiren Holdings fails to repay the debts or provide any security, the Company undertakes that it will bear the responsibilities of making early repayment or providing security; 2. For those creditors whom Beiren Holdings cannot reach, and for those who have not expressed clear opinion after receipt of the notice or expiry of the notice period, should they clearly express any disagreement opinion before completion of this Material Asset Reorganisation, and Beiren Holdings is unable to repay the liabilities nor provide security upon their demand, the Company undertakes that it will bear the responsibilities of making early repayment or providing security; 3. For those creditors that Beiren Holdings really cannot reach, and those creditors who have not yet expressed clear opinion after receipt of the notice or expiry of notice period, upon completion of this Material Asset Reorganisation, should the undertaking body of the Outgoing Assets unable to repay its liabilities, the Company will be responsible to settle. After the Company has borne the guarantee responsibility or repayment responsibility, it has the right to seek repayment from the undertaking body of the Outgoing Assets."	Long term	Yes	Yes	As of the date of disclosure, Jingcheng Holding has urged Beiren Group to repay the liabilities and has undertaken that if Beiren Group fails to repay liabilities in time, Jingcheng Holding will be responsible for the repayment and provision of security. The Company has not suffered from any loss arising from claims. Jingcheng Holding has not performed any act in violation of its commitment.	

Background	Type of commitment	Undertaking party	Contents of the commitment	Date and duration of undertaking	Whether have deadline for performance	Whether strictly perform in a timely manner	If not perform timely, describe the specific reasons	If not perform timely, describe plans in next steps
Commitment in relation to the Material Asset Reorganisation	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., the substantial shareholder	Jingcheng Holding undertakes that: "If, in the future, the production workshop of Tianhai Industrial in Mu Lin County is needed to relocate due to the defects of the leased property, the Company will fully compensate in cash the Listed Company after completion of this transaction for all the losses suffered by Tianhai Industrial caused by the relocating process."	Long term	Yes	Yes		
Commitment in relation to the Material Asset Reorganisation	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., the substantial shareholder	Jingcheng Holding undertakes that: "The Company is fully aware of the existence of the above problems of the Outgoing Assets, and undertakes that when this reorganisation is implemented and relevant shareholders of the above subsidiaries of Beiren Holdings exercise the pre-emptive right, then the Company will agree to accept that the long term equity investment in the above Outgoing Assets converts into cash assets at equivalent value, and will not demand to terminate or alter the Material Asset Reorganisation Agreement previously signed by all parties due to the changes in the form of the Outgoing Assets, or demand Beiren Holdings to compensate for any losses or bear any legal liabilities."	Long term	Yes	Yes		
Commitment in relation to the Material Asset Reorganisation	Others	Beijing Jingcheng Machinery Electric Holding Co., Ltd., the substantial shareholder	According to the "Supplementary Confirmation Letter of the Settlement of 17.01% equity interest of Beijing Beiyong Casting Co., Ltd." jointly signed by the Listed Company, Jingcheng Holding and Beiren Group, they jointly confirmed "Each party confirms that the equity transfer is deemed to be completed. The Listed Company would no longer record such equity interest as a long term investment which means that all shareholder's rights (including but not limited to equity return, voting right and election right), obligations, risks and liabilities of shareholders under such equity interest will be enjoyed or assumed by Beiren Group and the Listed Company has to cope with accordingly. Given that the change in shareholders does not have defensive power against a third party prior to the completion of the commerce and industry registration for changing shareholders, all parties have unanimously agreed that all liabilities or loss of the Listed Company resulted from lacking defensive power shall be actually undertaken by Jingcheng Holding."	Long term	Yes	Yes	Jingcheng Holding has completed the delivery of 17.01% equity interests in Beijing Beiyong on 18 December 2015, and it has not committed any act in violation of the undertaking.	

Background	Type of commitment	Undertaking party	Contents of the commitment	Date and duration of undertaking	Whether have deadline for performance	Whether strictly perform in a timely manner	If not perform timely, describe the specific reasons	If not perform timely, describe plans in next steps
Commitment in relation to the Material Asset Reorganisation	Others	Recipient of the Outgoing Assets (Beiren Group)	Beiren Group undertakes that: "The Company is fully aware of the existing defects of the Outgoing Assets, and the Company will bear any losses or legal liabilities caused by the defects of the Outgoing Assets, and will not demand Beiren Holdings to bear any losses or legal liabilities due to the defects of the Outgoing Assets."	Long term	Yes	Yes	As of the date of disclosure, Jingcheng Holding has urged Beiren Group to repay the liabilities and undertaken that if Beiren Group fails to repay liabilities in time, Jingcheng Holding will be responsible for the repayment and provision of security. The Company has not suffered from any loss arising from claims. Jingcheng Holding has not performed any act in violation of the undertaking.	
Commitment in relation to the Material Asset Reorganisation	Others	Recipient of the Outgoing Assets (Beiren Group)	Beiren Group undertakes that: "The Company is fully aware of the existence of the above problems of the Outgoing Assets, and undertakes when this reorganisation is implemented, if relevant shareholders of the above subsidiaries of Beiren Holdings exercise the pre-emptive right, then the Company will agree to accept that the long term equity investment in the above Outgoing Assets converts into cash assets at equivalent value, and will not demand to terminate or alter the Material Asset Reorganisation Agreement previously signed by all parties due to the changes in the form of the Outgoing Assets, or demand Beiren Holdings to compensate for any losses or bear any legal liabilities."	Long term	Yes	Yes		

**3.4 Warning and explanation of reasons as to the anticipated loss in accumulated net profit from the beginning of the year to the end of the next reporting period or significant changes of profit as compared with that of the corresponding period of last year**

Applicable     Not Applicable

Name of the Company	Beijing Jingcheng Machinery Electric Company Limited
Legal Representative	Wang Jun
Date	29 April 2016



## IV. APPENDIX

### 4.1 Financial Statements

#### Consolidated Balance Sheet

31 March 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan*  
*Currency: RMB*  
*Audit type: Unaudited*

<b>Item</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>Current assets</b>		
Cash and cash equivalents	101,269,713.51	182,276,574.47
Transaction settlement funds		
Loans to other banks		
Financial assets at fair value through profit and loss		
Financial assets derivatives		
Notes receivable	12,287,037.47	3,228,891.44
Accounts receivable	289,614,264.27	273,293,153.87
Advances to suppliers	30,207,853.72	19,166,811.68
Insurance premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Interests receivable		
Dividends receivable		
Other receivables	1,320,468.05	1,776,665.84
Financial assets purchased with agreement to re-sale		
Inventories	358,597,914.97	390,738,839.19
Held-to-sale assets		
Non-current assets due within one year		
Other current assets		7,082,519.02
<b>Total current assets</b>	<b>793,297,251.99</b>	<b>877,563,455.51</b>

<b>Item</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>Non-current assets</b>		
Loans and advances to customers		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	70,996,279.81	68,362,103.21
Investment properties		
Fixed assets	962,189,373.36	960,308,435.85
Construction in progress	2,050,411.22	8,037,077.84
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	154,225,181.89	156,100,837.99
Research and development expenses		
Goodwill	6,562,344.06	6,562,344.06
Long-term expenses to be amortized	246,861.66	280,524.60
Deferred tax assets	240,025.00	277,330.73
Other non-current assets		
Total non-current assets	<u>1,196,510,477.00</u>	<u>1,199,928,654.28</u>
<b>Total assets</b>	<u><u>1,989,807,728.99</u></u>	<u><u>2,077,492,109.79</u></u>

Item	Balance at the end of the period	Balance at the beginning of the year
<b>Current liabilities:</b>		
Short-term loans	180,000,000.00	205,844,240.00
Borrowings from central bank		
Deposit taking and deposit in inter-bank market		
Placements from banks and other financial institutions		
Financial liabilities at fair value through profit and loss		
Financial liability derivatives		
Notes payable		
Accounts payable	351,702,534.57	398,349,980.01
Advance from customers	26,754,646.66	29,870,362.75
Funds from selling out and repurchasing financial assets		
Fees and commission payable		
Employee benefits payable	20,906,449.66	22,674,924.84
Taxes payable	-46,176,272.78	-42,085,395.89
Interests payable	0.00	74,800.00
Dividends payable	0.00	
Other payables	204,100,626.88	166,579,358.42
Reinsured accounts payable		
Reserves for insurance contract		
Funds from securities trading agency		
Funds from underwriting securities agency		
Held-to-sale liabilities		
Non-current liabilities due within one year	11,000,000.00	11,000,000.00
Other current liabilities		
<b>Total current liabilities</b>	<b>748,287,984.99</b>	<b>792,308,270.13</b>

<b>Item</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>Non-current liabilities</b>		
Long-term loans		
Bonds payable		
Including: preferred shares		
perpetual bonds		
Long-term payables		
Long-term employee benefits payable	31,310,282.67	31,310,282.67
Special payables	103,900,000.00	103,900,000.00
Estimated liabilities		
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	<u>135,210,282.67</u>	<u>135,210,282.67</u>
<b>Total liabilities</b>	<u><u>883,498,267.66</u></u>	<u><u>927,518,552.80</u></u>

Item	Balance at the end of the period	Balance at the beginning of the year
<b>Owners' Equity</b>		
Share capital	422,000,000.00	422,000,000.00
Other equity instruments		
Including: preferred shares		
perpetual bonds		
Capital reserves	683,803,181.69	683,803,181.69
Less: Treasury shares		
Other comprehensive income	1,068,547.60	1,068,547.60
Specific reserves		
Surplus reserves	45,665,647.68	45,665,647.68
General risk reserves		
Retained earnings	-470,205,953.72	-439,874,304.42
Total equity attributable to shareholders of the Company	682,331,423.25	712,663,072.55
Non-controlling interest	423,978,038.08	437,310,484.44
	<u>1,106,309,461.33</u>	<u>1,149,973,556.99</u>
<b>Total owners' equity</b>	<b><u>1,106,309,461.33</u></b>	<b><u>1,149,973,556.99</u></b>
	<u>1,989,807,728.99</u>	<u>2,077,492,109.79</u>
<b>Total liabilities and owners' equity</b>	<b><u>1,989,807,728.99</u></b>	<b><u>2,077,492,109.79</u></b>

Legal Representative:  
Wang Jun

Person-in-charge of  
accounting work:  
Chen Changge

Person-in-charge of  
accounting body:  
Jiang Chi

## Balance Sheet of the Parent Company

31 March 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan*

*Currency: RMB*

*Audit type: Unaudited*

<b>Item</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>Current assets</b>		
Cash and cash equivalents	3,188,563.94	4,152,554.89
Financial assets at fair value through profit and loss		
Financial assets derivatives		
Notes receivable		
Accounts receivable		
Advances to suppliers		
Interest receivables	15,034,062.82	15,034,062.82
Dividend receivables		
Other receivables	342,700,000.00	342,700,000.00
Inventories		
Held-to-sale assets		
Non-current assets due within one year		
Other current assets		
<b>Total current assets</b>	<b><u>360,922,626.76</u></b>	<b><u>361,886,617.71</u></b>

<b>Item</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>Non-current assets:</b>		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	694,842,724.41	694,842,724.41
Investment properties		
Fixed assets		
Construction in progress		
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets		
Research and development expenses		
Goodwill		
Long-term expenses to be amortized		
Deferred tax assets		
Other non-current assets		
Total non-current assets	<u>694,842,724.41</u>	<u>694,842,724.41</u>
<b>Total assets</b>	<b><u><u>1,055,765,351.17</u></u></b>	<b><u><u>1,056,729,342.12</u></u></b>

<b>Item</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>Current liabilities:</b>		
Short-term loans		
Financial liabilities at fair value through profit and loss		
Financial liability derivatives		
Notes payable		
Accounts payable		
Advance from customers		
Employee benefits payable	310,409.00	1,750,000.00
Taxes payable	276,215.91	254,990.45
Interests payable		
Dividends payables		
Other payables	7,066,785.30	4,312,825.50
Held-to-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities		
<b>Total current liabilities</b>	<u><u>7,653,410.21</u></u>	<u><u>6,317,815.95</u></u>
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payable		
Including: preferred shares		
perpetual bonds		
Long-term payables		
Long-term employee benefits payable		
Special Payables		
Estimated liabilities		
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	<u>0.00</u>	<u>0.00</u>
<b>Total liabilities</b>	<u><u>7,653,410.21</u></u>	<u><u>6,317,815.95</u></u>



Item	Balance at the end of the period	Balance at the beginning of the year
<b>Owners' equity</b>		
Share capital	422,000,000.00	422,000,000.00
Other equity instruments		
Including: preferred shares		
perpetual bonds		
Capital reserves	666,639,987.85	666,639,987.85
Less: Treasury shares		
Other comprehensive income		
Specific reserves		
Surplus reserves	38,071,282.24	38,071,282.24
Retained earnings	-78,599,329.13	-76,299,743.92
	<u>1,048,111,940.96</u>	<u>1,050,411,526.17</u>
<b>Total owners' equity</b>	<u><u>1,048,111,940.96</u></u>	<u><u>1,050,411,526.17</u></u>
<b>Total liabilities and owners' equity</b>	<u><u>1,055,765,351.17</u></u>	<u><u>1,056,729,342.12</u></u>

Legal Representative: Wang Jun	Person-in-charge of accounting work: Chen Changge	Person-in-charge of accounting body: Jiang Chi
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## Consolidated Income Statement

January – March 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Audit type: Unaudited

Item	Current period	Last period
<b>1. Total operating income</b>	229,373,055.81	290,609,882.41
Including: Operating income	229,373,055.81	290,609,882.41
Interest income		
Earned insurance premiums		
Fees and commission income		
<b>2. Total operating cost</b>	277,912,402.55	322,607,238.06
Including: Cost of operation	224,227,232.67	275,512,191.89
Interest expenses		
Fees and commission expenses		
Refunded premiums		
Net amount of compensation payout		
Net withdrawal from reserves for reinsurance contract		
Policy dividend payment		
Reinsured expenses		
Business taxes and surcharges	2,485,419.85	1,867,520.86
Selling and distribution expenses	16,292,580.79	10,251,492.32
Administrative expenses	30,575,107.53	28,893,608.41
Financial expenses	4,332,061.71	6,082,424.58
Loss on impairment of assets		
Add: Gain arising from the changes in fair value (loss listed with “-”)		
Investment income (Loss listed with “-”)	2,634,176.60	211,608.86
Including: Income from investments in associates and joint ventures (Loss listed with “-”)	2,634,176.60	211,608.86
Exchange gain (Loss listed with “-”)		

Item	Current period	Last period
<b>3. Operating profit (Loss listed with “-”)</b>	-45,905,170.14	-31,785,746.79
Add: Non-operating income	3,060,926.66	377,565.66
Including: Gain from disposal of non-current assets	0.00	264,653.66
Less: Non-operating expenses	32,308.70	1,016,178.25
Including: Loss on disposal of non-current assets	32,308.70	776,602.82
<b>4. Total profit (Loss listed with “-”)</b>	-42,876,552.18	-32,424,359.38
Less: Income tax expenses	787,543.48	600,291.52
<b>5. Net profit (Net loss listed with “-”)</b>	-43,664,095.66	-33,024,650.90
Net profit attributable to the owners of the parent company	-30,331,649.30	-25,520,328.32
Minority shareholder’s profit and loss	-13,332,446.36	-7,504,322.58
<b>6. Net other comprehensive income after tax</b>		
Net comprehensive income after-tax attributable to owners of the parent company		
(1) Other comprehensive income not reclassified to profit and loss in the future		
1. Net liability or net asset movement due to recalculation on defined benefit plan		
2. Other comprehensive income not classified to profit and loss in the future shared by investee accounted under equity method		
(2) Other comprehensive income reclassified to profit and loss in the future		
1. Other comprehensive income classified to profit and loss in the future shared by investee accounted under equity method		
2. Gain/loss on fair value movement for available-for-sale financial assets		
3. Gain/loss on held-till-maturity investment reclassified to financial assets available-for-sale		
4. Effective Gain/loss on cash flow hedge		
5. Difference in translation of foreign currencies		
6. Others		
After-tax net comprehensive income attributable to minority shareholders		

<b>Item</b>	<b>Current period</b>	<b>Last period</b>
<b>7. Total comprehensive income</b>	-43,664,095.66	-33,024,650.90
Total comprehensive income attributable to owners of the parent company	-30,331,649.30	-25,520,328.32
Total comprehensive income attributable to minority shareholders	-13,332,446.36	-7,504,322.58
<b>8. Earnings per share:</b>		
(1) Basic earnings per share (RMB/share)	-0.07	-0.06
(2) Diluted earnings per share (RMB/share)	-0.07	-0.06

Legal Representative:	Person-in-charge of accounting work:	Person-in-charge of accounting body:
Wang Jun	Chen Changge	Jiang Chi

## Income Statement of the Parent Company

January – March 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Audit type: Unaudited

Item	Current period	Last period
<b>1. Operating income</b>		11,224.42
Less: Operating cost		
Business taxes and surcharges		
Selling expenses		
Administrative expenses	2,298,769.09	2,796,489.72
Financial expenses	816.12	1,027.68
Loss on impairment of assets		
Add: Gain arising from the changes in fair value (Loss listed with “-”)		
Investment income (Loss listed with “-”)		
Including: income from investments in associates and joint ventures		
<b>2. Operating profit (Loss listed with “-”)</b>	-2,299,585.21	-2,786,292.98
Add: Non-operating income		
Including: Gain from disposal of non-current assets		
Less: Non-operating expenses		
Including: Loss on disposal of non-current assets		
<b>3. Total profit (Total loss listed with “-”)</b>	-2,299,585.21	-2,786,292.98
Less: Income tax expenses		
<b>4. Net profit (Net loss listed with “-”)</b>	-2,299,585.21	-2,786,292.98

Item	Current period	Last period
<b>5. After-tax net other comprehensive income</b>		
(1) Other comprehensive income not reclassified to profit and loss in the future		
1. Net liability or net asset movement due to recalculation on defined benefit plan		
2. Other comprehensive income not classified to profit and loss in the future shared by investee accounted under equity method		
(2) Other comprehensive income reclassified to profit and loss in the future		
1. Other comprehensive income classified to profit and loss in the future shared by investee accounted under equity method		
2. Gain/loss on fair value movement for available-for-sale financial assets		
3. Gain/loss on held-till-maturity investment reclassified to financial assets available-for-sale		
4. Effective Gain/loss on cash flow hedge		
5. Difference in translation of foreign currencies		
6. Others		
<b>6. Total comprehensive income</b>	-2,299,585.21	-2,786,292.98

**7. Earnings per share:**

- (1) Basic earnings per share (RMB/share)
- (2) Diluted earnings per share (RMB/share)

Legal Representative: Wang Jun	Person-in-charge of accounting work: Chen Changge	Person-in-charge of accounting body: Jiang Chi
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## Consolidated Cash Flow Statement

January – March 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan*

*Currency: RMB*

*Audit type: Unaudited*

<b>Item</b>	<b>Current period</b>	<b>Last period</b>
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	125,987,592.64	152,767,789.56
Net increase in deposits from customers and deposits from other banks		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Cash receipts of premium of direct insurance contracts		
Net cash received from reinsurance contracts		
Net increase in deposits from insurance policy holders and investment		
Net increase in disposal of financial assets at fair value through profit and loss		
Cash receipts of interest, fees and commission		
Net increase in placement from banks and other financial institution		
Net increase in sale and repurchase operations		
Cash received from taxes refund	6,719,462.44	
Cash received from other operating activities	2,975,634.97	1,868,370.66
Sub-total of cash inflows from operating activities	135,682,690.05	154,636,160.22
Cash paid for goods and services	71,679,318.72	75,903,528.77

<b>Item</b>	<b>Current period</b>	<b>Last period</b>
Net increase in loans and advances to customers		
Net increase in deposit with central bank and inter-banks		
Cash paid for claims of direct insurance contracts		
Cash paid for interest, fees and commission		
Cash paid for dividends of insurance policies		
Cash paid to and on behalf of employees	48,063,645.37	65,750,655.77
Payments of taxes and surcharges	15,926,194.86	14,023,925.49
Cash paid to other operating activities	27,246,568.45	24,150,672.80
Sub-total of cash outflows from operating activities	162,915,727.40	179,828,782.83
Net cash flows from operating activities	-27,233,037.35	-25,192,622.61
<b>2. Cash flows from investing activities:</b>		
Cash received from investment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	113,069.40	950,000.00
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		32,265.13
Sub-total of cash inflows from investing activities	113,069.40	982,265.13
Cash paid to acquire fixed assets, intangible assets and other long-term assets	24,130,522.00	23,865,199.67
Cash paid for investments		
Net increase in pledged deposits		
Net cash paid to acquire subsidiaries and other business units		
Cash paid to other investing activities		
Sub-total of cash outflow from investing activities	24,130,522.00	23,865,199.67
Net cash flows from investing activities	-24,017,452.60	-22,882,934.54



Item	Current period	Last period
<b>3. Cash flows from financing activities:</b>		
Cash received from investment		
Including: Cash received by subsidiaries from investment absorption of non-controlling interest		
Cash received from borrowings	60,000,000.00	80,000,000.00
Cash received from issuance of bonds		
Cash received from other financing activities		
Sub-total of cash inflows from financing activities	60,000,000.00	80,000,000.00
Cash paid for loan repayments	86,315,080.00	128,135,125.00
Cash paid for dividends, profits appropriation or payments of interest	4,173,934.73	6,411,673.47
Including: Dividends and profits paid to non-controlling interest		
Cash paid to other financing activities		
Sub-total of cash outflows from financing activities	90,489,014.73	134,546,798.47
Net cash flows from financing activities	-30,489,014.73	-54,546,798.47
<b>4. Effect of changes in foreign exchange rate on cash and cash equivalents</b>	-67,507.72	1,411,161.05
<b>5. Net increase in cash and cash equivalents</b>	-81,807,012.40	-101,211,194.57
Add: Cash and cash equivalents at the beginning of the period	175,776,574.47	163,962,823.33
<b>6. Cash and cash equivalents at the end of the period</b>	93,969,562.07	62,751,628.76

Legal Representative:  
Wang Jun

Person-in-charge of  
accounting work:  
Chen Changge

Person-in-charge of  
accounting body:  
Jiang Chi

## Cash Flow Statement of the Parent Company

January – March 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan*

*Currency: RMB*

*Audit type: Unaudited*

<b>Item</b>	<b>Current period</b>	<b>Last period</b>
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of good and rendering of services		
Cash received from taxes refund		
Cash received from other operating activities		681.93
Sub-total of cash inflows from operating activities		681.93
Cash paid for goods and services		
Cash paid to and on behalf of employees	79,912.33	31,715.84
Payments of taxes and surcharges		64,969.65
Cash paid to other operating activities	884,078.62	654,061.17
Sub-total of cash outflows from operating activities	963,990.95	750,746.66
Net cash flows from operating activities	-963,990.95	-750,064.73

<b>Item</b>	<b>Current period</b>	<b>Last period</b>
<b>2. Cash flows from investing activities:</b>		
Cash received from investment		
Cash received from investment income		
Cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Sub-total of cash inflows from investing activities		
Cash paid to acquire fixed assets, intangible assets and other long-term assets		
Cash paid for investments		
Net cash paid to acquire subsidiaries or other business units		
Cash paid to other investing activities		
Sub-total of cash outflows from investing activities		
Net cash flows from investing activities		
<b>3. Cash flows from financing activities:</b>		
Cash received from investment		
Cash received from borrowings		
Cash received from other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for loan repayments		
Cash paid for dividends, profits appropriation or payments of interests		
Cash paid to other financing activities		
Sub-total of cash outflows from financing activities		
Net cash flows from financing activities		
<b>4. Effect of changes in foreign exchange rate on cash and cash equivalents</b>		

Item	Current period	Last period
<b>5. Net increase in cash and cash equivalents</b>	-963,990.95	-750,064.73
Add: Cash and cash equivalents at the beginning of the period	4,152,554.89	11,915,900.48
<b>6. Cash and cash equivalents at the end of the period</b>	3,188,563.94	11,165,835.75

Legal Representative: Wang Jun	Person-in-charge of accounting work: Chen Changge	Person-in-charge of accounting body: Jiang Chi
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#### 4.2 Audit reports

Applicable     Not Applicable

By Order of the Board  
**Beijing Jingcheng Machinery Electric Company Limited**  
**Jiang Chi**  
*Company Secretary*

Beijing, the PRC  
29 April 2016

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Jun, Mr. Chen Changge, Mr. Li Junjie, and Mr. Du Yuexi as executive directors, Mr. Xia Zhonghua, Ms. Jin Chunyu and Mr. Fu Hongquan as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.*