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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 INTERIM REPORT SUMMARY

1 IMPORTANT NOTICES

1.1 This summary is extracted from the 2016 Interim Report. Investors are advised to read the full text of Interim Report for detailed information.

1.2 Company profile

Basic Information of the Company's Shares

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

Contact persons and contact information	Secretary to the Board	Securities affairs representative
Name	Jiang Chi	Chen Jian
Telephone number	010-67365383	010-67365383
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2 MAJOR FINANCIAL DATA AND CHANGE IN SHAREHOLDINGS

2.1 Major financial data of the Company

*Unit: Yuan
Currency: RMB*

	As at the end of the reporting period	As at the end of last year	Increase/ Decrease comparing the end of the reporting period with the end of last year (%)
Total assets	1,956,454,872.12	2,077,492,109.79	-5.83
Net assets per share attributable to shareholders of listed company	651,899,201.48	712,663,072.55	-8.53
	For the reporting period (January to June)	For the same period last year	Increase/ Decrease comparing the reporting period with the reporting period last year (%)
Net cash flow from operating activities	-1,879,841.43	-454,538.78	N/A
Operating income	485,074,778.92	598,184,100.98	-18.91
Net profit attributable to shareholders of listed company	-62,164,227.60	-47,824,744.93	N/A
Net profit attributable to shareholders of listed company after extraordinary items	-70,312,199.06	-65,371,188.26	N/A
Return on net assets on weighted average basis (%)	-9.11	-5.34	Decreased by 3.77 percentage points
Basic earnings per share (RMB/share)	-0.15	-0.11	N/A
Diluted earnings per share (RMB/share)	-0.15	-0.11	N/A

2.2 Shareholdings held by top ten shareholders

Unit: share

Total number of shareholders as at the end of the reporting period 23,234 (in which: 23,168 holders of A shares, 66 holders of H shares)

Total number of preference shareholders with voting rights restored at the end of the Reporting Period

Shareholding of top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Total number of shares held	Number of shareholdings subject to trading moratorium	Number of shares pledged or frozen
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	State-owned legal-person	42.80	180,620,000	0	Nil
HKSCC NOMINEES LIMITED	Unknown	23.50	99,155,200	0	Unknown
Bank Of Communications Co., Ltd. – Chang Xin Quantify the Mixed Type Securities Investment Fund (交通銀行股份有限公司—長信量化先鋒混合型證券投資基金)	Unknown	0.88	3,729,994	0	Unknown
Zeng Youquan	Unknown	0.42	1,768,774	0	Unknown
Zhongrong International Trust Co., Ltd.- Zhongrong-Zheng Ying No.196 Security Investment and Capital Raising Trust Plan (中融國際信託有限公司—中融—證贏196號證券投資集合資金信託計劃)	Unknown	0.35	1,475,100	0	Unknown
Zhang ping	Unknown	0.25	1,051,242	0	Unknown
Guo Xin	Unknown	0.21	886,400	0	Unknown
He yong	Unknown	0.17	735,200	0	Unknown
Hu Xiwen	Unknown	0.17	710,200	0	Unknown
Wang Xueli	Unknown	0.17	700,028	0	Unknown

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

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

Explanation on preferred shareholders whose voting rights has resumed and their shareholdings

N/A

Notes:

- (1) Beijing Jingcheng Machinery Electric Holding Co., Ltd. is the controlling shareholder of the Company, no share of which are being pledged or frozen.
- (2) HKSCC Nominees Limited held shares on behalf of many of its clients and the Company has not been notified by HKSCC Nominees Limited that there was any holder of H Shares who individually held 5% or more of the total share capital of the Company.
- (3) Save as disclosed above, as at 30 June 2016, the directors of the Company (“Directors”) were not aware of any person (not being a Director, supervisor or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”) or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.
- (4) There is no provision for pre-emptive rights under the laws of the PRC and the articles of association of the Company.
- (5) As of 30 June 2016, the Company did not issue any convertible securities, options, warrants or any other similar right.

2.3 Changes in controlling shareholder and beneficial controller

Applicable N/A

3. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Changes in shareholding of current and the resigned Directors, Supervisors and senior management during the Reporting Period

✓ Applicable □ Not Applicable

Name	Position	Shareholdings at the beginning of the period	Shareholdings at the end of the period	Change in the amount of shareholdings during the Reporting Period	Reason for the change
Wang Jun	Chairman	0	0	0	
Chen Changge	Executive director, General Manager	0	0	0	
Li Junjie	Executive director	0	0	0	
Du Yuexi	Executive director	0	0	0	
Xia Zhonghua	Non-executive director	0	0	0	
Jin Chunyu	Non-executive director	0	0	0	
Fu Hongquan	Non-executive director	0	0	0	
Wu Yan	Independent non-executive director	43,001	43,001	0	
Liu Ning	Independent non-executive director	0	0	0	
Yang Xiaohui	Independent non-executive director	0	0	0	
Fan Yong	Independent non-executive director	0	0	0	
Chang Yun	Chairman of Supervisory Committee	0	0	0	
Liu Zhe	Supervisor	0	0	0	
Wang Yiqing	Supervisor	0	0	0	
Jiang Chi	Chief accountant and secretary to the Board	0	0	0	
Shi Fengwen	Chief engineer	0	0	0	

Explanation on other information

- (1) Save as disclosed above, none of the directors, supervisors and senior management of the Company, as at 30 June 2016, had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO), which was required to be recorded in the register under section 352 of the SFO, nor which would have to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.
- (2) None of the directors, supervisors and senior management of the Company or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or had exercised any such right as at 30 June 2016.
- (3) Save as those set out in the register required to be maintained by directors and supervisors under section 352 of the SFO, during the Reporting Period, the Company had not engaged in any arrangement which would enable the directors or supervisors of the Company or their respective associates to acquire any interest in any shares or debt securities of the Company.

(2) Changes in Directors, Supervisors and Senior Management

Applicable Not Applicable

4. MANAGEMENT DISCUSSION AND ANALYSIS

(1) Review for the first half of 2016

In the first half of 2016, weak demands of external market and overcapacity have not been changed, the adjustment, transformation and upgrade of internal structure of the Company were still the key stage. Facing severe market conditions, the Company put strong efforts in adjusting industry structure, exploring new business forms and areas and research and development of new products by implementing its strategies, focusing on reform and innovation, and sticking to its goal of “lowering inventories, receivables, costs and expenses and improving financial performance” in order to seek development amid the adverse conditions. However, it was still unable to reverse the continuous downward trend, and there were considerable gaps between its economic indicators and the projections set at the beginning of the year. Since the first half of the year, the leaders carried out on-site research, the production, research and sales teams jointly conducted market survey, looking for new fields, new industries and new growth points.

(2) Outlook for the second half of 2016

In the second half of the year, the adjustment, transformation and upgrade of the Company's structure will be carried out. "China Manufacturing 2025 Beijing Action Outline" clearly states that, in order to implement the "Green Manufacturing Technology Transformation Action" and the "Joint Network of Function Demonstration Action of Beijing, Tianjin and Hebei" quickly, the PRC requires that, in respect of the enterprises in the manufacturing industry and high-end manufacturing industry which are without advantages, shall be moved outward. Summing up the present situation, the present adjustment plan of the Company is: in respect of businesses and enterprises which incurred losses due to regional cost differences, the reform adjustment will be industry transfer or termination; in respect of enterprises which industries development has shown downward trend, the reform adjustment shall mainly be industry structure adjustment and operation model transformation; in respect of industries and enterprises which have full market competition, diversity in and equity mixed ownership have to be promoted, and emphasize on reform transformation with strengthened mechanisms and systems as its core. Combining these three directions, the next step of the Company will be sorting out systemically each of the subsidiary and profitability of each the product, enterprises and products which have poor loss reduce or loss control, termination or transfer policy have to be carried out firmly, so as to spare out spacing and resources for use, and further reduce work-force.

Progress of projects such as gas supply system, intelligent gas cylinders, internet+, regular inspection stations have to be increased, new hydrogen fuel cell applications areas such as military, aerospace, communications, unmanned aerial vehicles; overall natural gas solutions competency will be enhanced, promote the businesses such as filling stations, marine, power generation and manufacturing "coal to gas" equipment, engineering and main operators of projects; strengthen the leading advantage and market position of traditional industrial gas cylinders (such as impact extruded cylinders, tube type cylinders etc.) and fire cylinders, to maintain appropriate scale and ensure profits.

Adhere to comprehensive budget management, strictly control each category of expense. According to the requirement of quality improvement and efficiency enhancement, growth rate of the three expenses shall not be higher than the growth rate of operation income; the growth rate of operation cost shall be lowered than the growth rate of operation income. Enhance fund management, and expand the finance sources. Enhance fund control, increase the frequency of enquiry and monitor of bank accounts, so as to grasp on time the in and out of the enterprise funding. Seriously follow the monthly and yearly budgets to distribute fund, and payable rates shall be consistent with the receivable rates. Select reasonably the financing methods such as bank acceptances, accounts receivable factoring, confirmer storage financing, finance leasing etc., which can supplement short-term loans effectively, and ensure cash flows.

Besides, technical departments have to analyze and research on leading technologies and applications with a forward-looking vision, so as to explore high income product lines; as for those existing products, design and technology will be optimized, and subject to laws and performance requirements, however, performance shall not be over-pursuit which will result in cost increase. Using technologies to lower costs will be researched and implemented as special projects, so that costs can be lowered in different ways such as product modifications, process optimization, technology reformation etc.

(3) Scope of principal operations of the Company

Normal shipping, professional contractor; developing, designing, selling, installation and set up, repair cryogenic storage transport vessel, compressor (piston compressor, diaphragm compressor, nuclear membrane compressor) and related parts; equipments, electrical equipments; technique consultancy and technical service; economic and trade consultancy, import and export of commodities and technology and acting as import and export agency.

(4) Analysis of principal businesses

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

Unit: Yuan
Currency: RMB

Item	Current period	Corresponding period of last year	Changes (%)
Operating income	485,074,778.92	598,184,100.98	-18.91
Operating cost	458,962,623.15	563,222,411.06	-18.51
Sales expense	30,334,796.09	28,422,048.37	6.73
Management expense	64,377,046.08	62,401,704.51	3.17
Financial expense	8,676,593.25	9,895,752.83	-12.32
Net cash flows from operating activities	-1,879,841.43	-454,538.78	N/A
Net cash flows from investment activities	-28,054,435.89	-25,556,471.33	N/A
Net cash flows from financing activities	-46,519,790.14	14,228,556.01	-426.95
R&D expenditure	5,232,563.66	2,816,577.08	85.78

Reasons for the change in the operating income: decrease of 18.91% as compared with the corresponding period of last year, attributable to decrease in the operating income from primary business affected by the domestic markets;

Reasons for the change in operating cost: decrease of 18.51% as compared with the corresponding period of last year, attributable to decrease in the income from the primary business;

Reasons for the change in sales expense: decrease of 6.73% as compared with the corresponding period of last year, attributable to the Company actively promoted the building and transformation of its sales teams, in order to adapt to the complex and volatile market conditions, the Company revised its performance assessment system of the sales teams during the Period, and led to the change in assessment system;

Reasons for the change in management expense: increase of 3.17% as compared with the corresponding period of last year, mainly attributable to the increase in research and development expense of the Company;

Reasons for the change in financial expenses: decrease of 12.32% as compared with the corresponding period of last year, mainly attributable to decrease of interest expenses for the period;

Reasons for the change in the net cash flow from operating activities: decrease of RMB 1,425,300 as compared with the corresponding period of last year, attributable to the decrease in cash received from operating activities;

Reasons for the change in the net cash flow from investing activities: decrease of RMB2,498,000 as compared with the corresponding period of last year, mainly attributable to increase of cash outflows from investing activities;

Reasons for the change in the net cash flow from financing activities: decrease of RMB 60,748,300 as compared with the corresponding period of last year, attributable to decrease of borrowings of subsidiaries;

Reasons for the change in R&D expenditure: increase of 85.78% as compared with the corresponding period, attributable to increase in R&D investment by subsidiaries.

2. *Others*

(1) Details of the material changes in profit components or income source

There were no material changes in profit components or income source in the Reporting Period.

(2) Analysis on the implementation progress of each type of financing and materiel asset reorganisation

As the Company was planning a significant matter, the trading in shares of the Company was suspended from 29 June 2015. After discussion, the Company intended to have a non-public issuance of shares or issue of shares in consideration of asset purchase. The trading in the Company's shares continued to be suspended from 6 July 2015. On 13 July 2015, the Company entered into the suspension of trading procedures in relation to the material assets reorganisation. On 11 August 2015, upon confirmation by the Company, the Company intended to acquire the assets in relation to equipment manufacture and service owned or controlled by Beijing Jingcheng Machinery Electric Holding Co., Ltd., ("Jingcheng Holding"), the controlling shareholder of the Company. On 30 September 2015, it was agreed by the board of directors that trading in the shares of the Company continued to be suspended for not more than two month with effect from 13 October 2015. In the afternoon on 12 October 2015, the Company convened an investors briefing session and published ANNOUNCEMENT ON INFORMATION PROVIDED AT INVESTORS BRIEFING SESSION on 13 October 2015. On 26 November 2015, the Company convened the meeting of the board of directors, at which relevant resolutions were considered and approved, including the RESOLUTION IN RELATION TO THE ISSUE OF SHARES IN CONSIDERATION OF ASSET PURCHASE AND FUND RAISING OF THE COMPANY CONSTITUTING CONNECTED TRANSACTION. On 4 December 2015, the Company received the vetting comments from the Shanghai Stock Exchange (Shang Zheng Gong Han [2015] No. 1964). On 11 December 2015, the Company submitted the responding documents to the Shanghai Stock Exchange and on the next day, disclosed relevant documents. Trading in A shares of the Company resumed on 14 December 2015. On 27 January 2016, as Jingcheng Holding entered into equity interests transfer and equity interest exchange agreement with Beijing Jinguofa Equity Investment Fund (Limited Partnership) ("Jingguofa") and Beijing Bashi Media Co., Ltd. ("Bashi Media"), which were deemed as disposal of equity during the period of material assets reorganisation, in accordance with laws and regulations, including the Rules Governing the Listing of Securities on the Stock Exchange and the Code on Takeovers and Mergers and in order to avoid triggering of any mandatory offer by Jingcheng Holding and further strengthening the Company's capital strength, the Company convened a meeting of the board of directors on 3 February 2016 to consider and disclose the amended proposal, trading in A shares of the Company resumed from 4 February

2016. On 21 June 2016, the Company published RISK ALERT ANNOUNCEMENT RELATING TO MATERIAL ASSETS REORGANISATION. On 27 June 2016, Jingcheng Machinery published the announcement of SUSPENSION OF TRADING IN A SHARES DUE TO MATERIAL EVENT. Trading in the A shares of the Company was suspended from 27 June 2016. Trading in A shares suspended from on 27 June 2016.

On 30 June 2016, the Company convened the nineteenth extraordinary meeting of the eighth session of the board of directors, at which the resolution in relation to the termination of the assets reorganisation was passed and the assets reorganisation was determined to be terminated. On the same date, the Company entered into the Termination Agreement for Assets Purchase Agreement by Share Issuance and Payment in Cash and Termination Agreement for Share Subscription Agreement with Jingcheng Holding; and Termination Agreement for Equity Transfer Framework Agreement with Jingcheng Europe.

(3) Progress of operation plan

The Company strictly follows the operation plan in 2015, and has mainly completed the following work:

- ① Open up of new market and new product development under the strategic guideline
- ② Intensify the cost and expense management
- ③ Strengthen the quantity and safety management, to ensure the efficient operation of management system
- ④ To speed up and promote industry transformation and resources revitalization
- ⑤ Improve risk prevention system, and strengthen the leading role of performance evaluation

(4) Others

Items	Changes as compared with the beginning of the period (%)	Description
Monetary fund	-42.1	Mainly due to the decrease in cash received from sale of products
Notes receivable	180.06	Mainly due to the increase in notes received
Other receivables	247.75	Mainly due to the subsidiaries have not received provisional import tax
Other current assets	-58.14	Mainly due to the decrease in provisional import tax of subsidiaries
Construction in progress	52.34	Mainly due to the increase in investment of construction in progress
Interest payable	-100.00	Mainly due to the decrease in interest payable
Other comprehensive income	131.05	Mainly due to the increase in conversion difference of foreign currency

Items	Changes as compared with the beginning of the period (%)	Description
Cash receipt from other operating activities	-48.81	Mainly due to the decrease in deposit during the Period
Cash receipt from borrowing	-51.10	Mainly due to the decrease in borrowing during the Period as compared with same period of last year
Cash payments for dividends, profit appropriation or payment of interest	-38.11	Mainly due to the decrease in interest payment during the Period
Business tax and surcharge	-47.59	Mainly due to the decrease in operation income
Impairment loss on assets	70.44	Mainly due to the assets were tested during the Period, impairment loss for Inventories and account receivables were increased as compared with same period of last year
Gain on investment	152.15	Mainly due to the increase in profits from joint ventures of the Company
Non-operating income	-46.16	Mainly due to the decrease in income from disposal of non-current assets
Non-operating cost	-92.56	Mainly due to the significant decrease in assets disposal expense as compared with the same period of last year

(V) Analysis of industry, products or regional operation

1. Principal businesses by industry and by product

Unit: Yuan
Currency: RMB

Sector of product	Operating income	Operating cost	Principal businesses by product			
			Profit margin (%)	Increase/Decrease in operating income over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in profit margin over last year (%)
Seamless steel gas cylinders	244,377,340.98	223,360,889.66	8.60	-18.26	-18.05	Decreased by 0.23 percentage points
Wrapped cylinders	53,738,322.28	59,413,089.11	-10.56	-6.44	14.13	Decreased by 19.92 percentage points
Cryogenic gas cylinders	96,996,900.42	89,140,151.49	8.10	21.04	4.95	Increased by 14.08 percentage points
Cryogenic storage tanks	22,243,581.30	20,931,210.00	5.90	-32.70	-32.96	Increased by 0.36 percentage points
Others	43,801,011.83	41,146,145.37	6.06	-53.26	-52.81	Decreased by 0.89 percentage points
Total	461,157,156.81	433,991,485.63	5.89	-18.13	-17.80	Decreased by 0.38 percentage points

Description of principal businesses by industry and by product

Affected by the international and domestic depressed macroeconomic situation, the demand for the gas storage and transportation industry decreased, which is particularly affected by the further reduced difference between the prices of oil and gas, adjustment of the oil to gas policy, market demand for products like model SI LNG cylinders, wrapped gas cylinders, gas stations and cryogenic tanks of the Company declined seriously, leading to a significant decline in sales income. Income from gas stations increased by RMB20,094,600 during the period, representing an increase of 545.05% as compared with same period of last year.

2. *Principal business by geographical location*

Unit: Yuan
Currency: RMB

Geographical location	Operating income	Increase/decrease operating income over last year (%)
Domestic	203,583,046.41	-3.27
Overseas	257,574,110.40	-27.00
Total	461,157,156.81	-18.13

Description of principal business by geographical location:

The domestic operating income of the Company decreased by 27%. Northern China, Southern China and Northwestern China remained the Company's principal marketing regions, whilst North America and Southeast Asia are the principal international marketing regions of the Company.

(VI) Analysis of core competitiveness

1. The brand of Tianhai had a relatively high reputation in the global gas storage and transportation industry. The major economic indicators of the Company were continuously in the leading position in the industry for 20 consecutive years.
2. The Company obtained ISO9001:2008, ISO/TS16949:2009 international quality management system certification and ISO1400:2004 environment management system, OHSAS18001:1998 OSH management system and 41 international product certifications such as American DOT, German TUV and Canadian TC etc. Seamless steel gas cylinders under JP brand received national quality award in 1984 and were honored as "Famous Brand of Beijing" products from 2002 to 2009.
3. The Company has established a complete sales network with over 30 distribution network points scattering across the country, realizing a full geographical coverage nationwide. The Company has also set up eight overseas sales network points mainly located in the United States, Singapore, Korea, India, Australia and other countries with value of direct export accounting for around 50% total income.

(VII) Analysis on investment condition

1. General analysis on external investment in equity

There was no external investment in equity during the Period.

(1) Securities investment

Applicable Not Applicable

(2) Equity holding in other listed companies

Applicable Not Applicable

(3) Equity holding in financial enterprises

Applicable Not Applicable

2. Entrusted investment in non-financial entity and investment in derivatives

(1) Entrusted Investment

Applicable Not Applicable

(2) Entrusted loans

Applicable Not Applicable

(3) Other investment in money management and derivative products

Applicable Not Applicable

3. Use of proceeds

(1) Overall use of proceeds

Applicable Not Applicable

(2) Projects funded by raised proceeds

Applicable Not Applicable

(3) Changes in projects funded by raised proceeds

Applicable Not Applicable

(4) Others

Nil

4. Analysis on principal subsidiaries and joint stock companies

Name of company	Business nature	Principal products or service	Registered capital	Total asset (RMB)	Net asset (RMB)	Net profit (RMB)
Beijing Tianhai Industry Co., Ltd.	Production	Production and sale of gas cylinders, accumulator shells, pressure vessels and auxiliary equipments, etc.	UD\$61.4018 million	1,956,825,127.64	711,994,912.41	-85,390,545.90
Jingcheng Holding (Hong Kong) Ltd.	Trade and investment	Import and export trade, advertising agency, investment holding and consultancy service etc..	HKD1,000	157,594,871.64	152,937,770.33	-54,158.90

5. *Projects financed by non-raised funds*

✓ Applicable □ Not Applicable

*Unit: Yuan
Currency: RMB*

Name of project	Project amounts	Project progress	Investment in the Reporting Period	Cumulative amount of actual investment	Project earnings
The construction project of the base for production of automotive liquefied gas bottle and cryogenic equipment (LNG industry)	926.20 million	Project commenced production, now undergoing acceptance testing procedures	0	610.00 million	Production commenced, but as there was less market demand, the project was running under capacity and loss was incurred
Total	926.20 million	/	0	610.00 million	/

Explanation of projects financed by non-raised funds

Nil.

(VIII) PROPOSAL ON THE PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE

1. Implementation of or adjustment to the proposal on the profit distribution for the Reporting Period

During the Reporting Period, the Company did not implement any proposal on the profit distribution.

2. Profit distribution plan or plan to convert capital reserves into share capital proposed for this interim period

Nil.

IX OTHER DISCLOSURES

1. *The Board and supervisory committee's explanation to "Non-Standard Auditors' Report".*

Applicable Not Applicable

2. *Revenue*

Revenue includes the net value of the received and receivable for the sales of different types of gas cylinders, accumulator, cryogenic storage tanks, gas storage special containers, bundle devices, the sales of spare parts and service rendered as follows:

Item	Amount for the current period	Amount for the previous period
Seamless steel gas cylinders	244,377,340.98	298,971,754.06
Wrapped bottle	53,738,322.28	57,436,328.79
Cold bottle	96,996,900.42	80,137,659.39
Cryogenic storage tanks	22,243,581.30	33,051,097.99
Others	43,801,011.83	93,716,428.34
Total sales	461,157,156.81	563,313,268.57
Less: Sales tax and other surcharges	<u>105,740,855.62</u>	<u>105,207,867.95</u>
Total	<u><u>355,416,301.19</u></u>	<u><u>458,105,400.62</u></u>

3. Taxation

(1) Main categories of tax and tax rate

Category	Tax basis	Tax rate
VAT	Revenue from sales of goods	17%
Business Tax	Taxable revenue	5%
Urban Construction & Maintenance Tax	VAT or business tax payable	5%, 7%
Education Surcharges	VAT or business tax payable	3%
Local Education surcharges	VAT or business tax payable	2%
Estate Tax	Lease income and 70-80% of the estate's original value	1.2% and 12%

(2) Corporate income tax rates for each subsidiary of the Group are as following:

Company name	Tax Rate
Beijing Jingcheng Holding Machinery Electric Holding Co., Ltd.	25%
Beijing Tianhai Industry Co., Ltd	15%
Tianjin Tianhai High Pressure Containers Co., Ltd	25%
Langfang Tianhai High Pressure Cylinder Co., Ltd.	25%
Shanghai Tianhai Gas Cylinder Co., Ltd.	25%
Beijing Tianhai Cryogenic Equipment Co., Ltd.	15%
Beijing Panni Gaokong Equipment Co., Ltd.	25%
Beijing Minghui Tianhai Gas Storage Equipments Trading Co., Ltd.	25%
BTIC AMERICA CORPORATION	Progressive tax rate
Jingcheng Holding (Hong Kong) Company Limited	16.50%

America Fortune Company is registered in USA, it applies progressive tax rate to calculate corporate income tax, which is 15% to 39% based on different taxable income.

(3) *Taxation benefits and approval*

On 11 November 2013, Beijing Tianhai Industry Co., Ltd. as the subsidiary of the Company was certified as High and New Technology Enterprise and issued the certificate with No. GR201311000576 was issued jointly by Beijing Science and Technology Commission, Beijing City Bureau of Finance, Beijing Administration of State Taxation and Beijing Administration of Local Taxation. The certificate is valid for three years. Beijing Tianhai enjoys 15% provisional corporate income tax rate from January to June 2016.

On 5 December 2013, Beijing Tianhai Cryogenic Equipment Co., Ltd. as the subsidiary of the Company was certified as High and New Technology Enterprise and issued the certificate with No. GR 201311001531 was issued jointly by Beijing Science and Technology Commission, Beijing City Bureau of Finance, Beijing Administration of State Taxation and Beijing Administration of Local Taxation. The certificate is valid for three years. Beijing Jingcheng Compressor Co., Ltd. enjoys 15% provisional corporate income tax rate from January to June 2016.

(4) *Changes in taxation and taxation preferential policy*

There is no change in taxation and taxation preferential policy in contrast to previous period.

(5) *Tax*

Item	Current period	Previous period
Current income tax	1,304,937.38	1,846,028.05
Deferred income tax	<u>37,296.88</u>	<u>65,850.31</u>
Total	<u>1,342,234.26</u>	<u>1,911,878.36</u>

4. Earnings per share

(1) Basic earnings per share

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

Item	Current period	Previous period
Consolidated net profit attributable to the ordinary shareholders of the parent	-62,164,227.60	-47,824,744.93
Consolidated net profit attributable to the ordinary shareholders of the parent (deducting non-operating gains and loss)	-70,312,199.06	-65,371,188.26
The weighted average numbers of outstanding ordinary shares of the parent	422,000,000.00	422,000,000.00
Basic earnings per share (Yuan/share)	-0.15	-0.11
Basic earnings per share (Yuan/share) (deducting non-operating gains and loss)	-0.17	-0.15

The calculation of the weighted average number of basic EPS:

Item	Current period	Previous period
The beginning balance of outstanding ordinary shares	422,000,000.00	422,000,000.00
Adjustment of capital reserves transfer to the capital	0.00	0.00
The balance of outstanding ordinary shares at the end of the period	422,000,000.00	422,000,000.00

(2) *Diluted earnings per share*

Item	Current period	Previous period
Adjusted consolidated net profit attributable to the ordinary shareholders of the parent	-62,164,227.60	-47,824,744.93
Adjusted consolidated net profit attributable to the ordinary shareholders of the parent (deducting non-operating gains and loss)	-70,312,199.06	-65,371,188.25
The adjusted weighted average numbers of outstanding ordinary shares	422,000,000.00	422,000,000.00
Diluted earnings per share (Yuan/share)	-0.15	-0.11
Diluted earnings per share (Yuan/share) (deducting of non-operating gains and loss)	-0.17	-0.15

5. Share Capital

Set out below is the statement of change in authorized, issued and paid-up share capital of the Company. All shares of the Company are ordinary shares of par value RMB1 each.

(Unit: RMB'000)

Items	Amount at the beginning of the period		Change in the current period				Amount at the end of the period		
	Amount	Proportion (%)	Issuance of new shares	Bonus issue	Conversion from capital reserve	Other	Subtotal	Amount	Proportion (%)
Shares subject to trading moratorium									
State-owned legal person shares									
Total shares subject to trading moratorium									
Shares not subject to trading moratorium									
RMB ordinary shares	322,000.00	76.30						322,000.00	76.30
Foreign shares listed overseas	100,000.00	23.70						100,000.00	23.70
Total shares not subject to trading moratorium	422,000.00	100.00						422,000.00	100.00
Total shares	422,000.00	100.00						422,000.00	100.00

6. Dividends

No dividend was paid or proposed from January to June 2016, nor has any dividend been proposed since the end of the Reporting Period.

7. Contingent liabilities

As at the end of the reporting period, the Company did not have any material contingent liabilities.

8. *Financial position analysis*

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

Liquidity and capital structure

	At the end of the period	At the beginning of the period
(1) Gearing ratio	45.23%	44.65%
(2) Quick ratio	60.91%	61.44%
(3) Liquidity ratio	106.02%	110.76%

9. *Bank loans*

The Company seriously implemented its annual capital budget plan in accordance with the market conditions and requirement of customers to strictly control the bank loan scale. The Company fully utilized financial tools to timely reduce financial costs and prevent against financial risks. 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 RMB170,000,000, representing a decrease of 17.41% as compared with the beginning of the year. Long-term loan was nil.

10. Principal Sources of Fund and Its Use

(1) Cash flows from operating activities

The Company's cash inflows are mainly derived from the income of product sales during the Reporting Period. Cash outflow was mainly related to the production and operating activities. The Company's cash inflow from operating activities for the Reporting Period amounted to RMB320,882,900, while cash outflow amounted to RMB322,762,700. Net cash flow during the Reporting Period from operating activities amounted to RMB-1,879,800.

(2) Cash flows from investment activities

Cash inflow from investment activities during the Reporting Period amounted to RMB1,411,700 while cash outflow to investment activities amounted to RMB29,466,100, which was mainly used for capital expense on the purchase of fixed assets. Net cash flow from investment activities for the Reporting Period amounted to RMB-28,054,400.

(3) Cash flows from fund-raising activities

Cash inflow from fund-raising activities during the Reporting Period amounted to RMB120,000,000, which was mainly derived from bank loans. Cash outflow to fund-raising activities during the Reporting Period being amounted to RMB166,519,800. Net cash flow from fund-raising activities for the Reporting Period amounted to RMB-46,519,800.

Net cash flow from operating activities during the current period decreased by RMB1,425,300 over the corresponding period for the last year, which was mainly due to the cash received from operating actives decreased. Net cash flow generated from the investment being decreased by RMB2,498,000 over last year was mainly attributable to the increase in cash payment for purchase of fixed assets for the year. Net cash flow generated from fundraising activities decreased by RMB60,748,300 over last year, which was mainly due to the borrowings decreased in for the year as compared to the same period in last year.

Net cash flow generated from operating activities for the year was RMB-1,879,800. Net profit for the year was RMB-81,277,400, which was mainly attributable to fundraising activities.

11. Capital Structure

The Company's capital structure consists of shareholders' equity interests and liabilities during the Reporting Period. Shareholders' equity interests amounted to RMB1,071,469,900, of which, minority interests amounted to RMB419,570,700, and total liabilities amounted to RMB884,985,000. Total assets amounted to RMB1,956,454,900. As at the end of the Reporting Period, the Company's gearing ratio was 45.23%.

Capital structure by liquidity

Total current liabilities	RMB747,284,300	Accounting for 38.20% of assets
Total equity interest attributable to shareholders	RMB1,071,469,900	Accounting for 54.77% of assets
of which: minority shareholders interests	RMB419,570,700	Accounting for 21.45% of assets

12. Number of Employees, Employees' rewards, Remuneration Policy and Training Program during the Reporting Period

(1) Number of employees:

Number of employees during the Reporting Period was 1,785.

(2) Remunerations

Remunerations during the period: RMB68,255,200.

(3) Remuneration Policies

The Company implemented diversified salaries system based on the performance of positions as the main remuneration policy. On the basis of performance-based salary standards of positions, the salary level of the each position is determined by job evaluation with reference to labor market for confirming the relative value of the post, so as to ensure the internal and external equality of salaries level. On this basis, the remuneration policy is to be implemented in accordance with different personnel and nature of work to undertake a diversified salaries system such as the implementation of technology and technological innovation incentives for technical staff; the sales commission approach for marketing staff; piecework or hourly wage system for production workers and annual salary system for senior management. In June 2015, the wages contracting program was implemented to improve the salary management system of the Company and the remuneration management system to truly reflect the hard work and stimulate the enthusiasm of staff.

(4) Training Plan

According to the Annual Training Program, a total of 76 training programs were completed in the first half of 2016 for training 951 staffs, number of training hours per staff reached 15.15 hours per person. According to the upgrade requirements of the Company in the first half of the year, the production staff of the conventional products have gradually changed and reorganised their positions. The Company has organized the trainings in relation to the knowledge of special cryogenic products. The Company has also provided trainings for key staff. Training program in relation to changing job position has also provided.

13. Pledged of Company's Assets or Mortgaged

During the Reporting Period, there was no pledged or mortgaged of the Company's assets.

14. Foreign Exchange Risk Management

The Company held a relatively small amount of deposits in foreign currencies. Apart from the payment of dividends of H shares and fees payable the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and newspaper for information disclosure, the partial export and import business of the Company is settled in US dollars and Jingcheng Hong Kong and Beijing Tianhai American Company (北京天海美國公司) adopted US dollars as their recording currency. Therefore, the Company is exposed to the foreign exchange risk arising from the fluctuation of the exchange rate between RMB and US dollars. The Company actively adopted measures to reduce the foreign exchange risk.

15. Material Acquisition or Disposal

During the Reporting Period, there was no material acquisition and disposal by the Group.

5. SIGNIFICANT ISSUES

(I) MATERIAL LITIGATION, ARBITRATION AND MATTERS COMMONLY QUESTIONED BY MEDIA

Applicable ✓ Not Applicable

(II) BANKRUPTCY AND RESTRUCTURING RELATED MATTER

Applicable ✓ Not Applicable

(III) EXCHANGE OF ASSETS AND MERGER OF COMPANIES MATTER

Applicable ✓ Not Applicable

(IV) COMPANY SHARE INCENTIVE AND ITS EFFECT

Applicable ✓ Not Applicable

(V) MATERIAL CONNECTED TRANSACTIONS

✓ Applicable Not Applicable

1. *Connected transactions related to daily operation*

(1) *Matters disclosed in extraordinary announcements without progress or change in the follow-up implementation*

Summary of matter

Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, waived its right of first refusal under the Capital Increase Agreement of Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd., Jingguofa and Beiba Media intended to enter into the Equity Transfer and Swap Agreement with Jingcheng Holding, of which Jingguofa and Beiba Media intended to swap the Company's shares held by Jingcheng Holding with 31.26% and 30.23% equity interest in Minghui Tianhai, respectively. The transaction prices of 31.26% and 30.23% equity interest in Minghui Tianhai are RMB222,009,206.83 and RMB214,713,441.59, respectively.

Index for enquiry

For details, please refer to the announcements published on the website of the SSE (<http://www.sse.com.cn>) and the website of the Stock Exchange (<http://www.hkexnews.hk>) on 27 January 2016 as well as on Shanghai Securities News and Securities Daily on 28 January 2016 in relation to connected transactions.

(2) *Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation*

The sixth meeting of the eighth session of the board of directors was held on 26 November 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. In order to ensure not to trigger the requirements of Takeovers Code in Hong Kong, on 3 February 2016, the sixteenth extraordinary meeting of the eighth session of the board of directors of the Company was held, at which the revised proposal and relevant resolutions were approved, and relevant announcement was published. On 30 June 2016, the eighth session of the board of directors of the Company convened the nineteenth extraordinary meeting, at which several resolutions have been passed, including the resolution in relation to “the Termination of the Assets Reorganisation” and the resolution in relation to “the Termination Agreement for Asset Purchase Agreement by Share Issuance and Payment

in Cash entered into between Beijing Jincheng Machinery Electric Company Limited and Beijing Jingcheng Machinery Electric Holding Co., Ltd. and the Termination Agreement for the Share Subscription Agreement entered into between Beijing Jincheng Machinery Electric Company Limited and Beijing Jingcheng Machinery Electric Holding Co., Ltd.”. For details, please refer to the announcements published on Shanghai Stock Exchange at <http://www.sse.com.cn>; HKEx at <http://www.hkexnews.hk>; Shanghai Securities News and Securities Daily on 26 November 2015, 3 February 2016 and 30 June 2016.

(3) *Matters which were not disclosed in extraordinary announcements*

Applicable Not Applicable

2. *Connected transactions in relation to the acquisition or disposal of assets*

(1) *Matters disclosed in extraordinary announcements without progress or change in the follow-up implementation*

Not Applicable

(2) *Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation*

Not Applicable

(3) *Matters which were not disclosed in extraordinary announcements*

Applicable Not applicable

3. *Material connected transactions relating to common external investments*

(1) *Matters disclosed in extraordinary announcements without progress or change in the follow-up implementation*

Not Applicable

(2) *Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation*

Not Applicable

(3) *Matters which were not disclosed in extraordinary announcements*

Applicable Not Applicable

4. Related creditor's right and debt transactions

(1) Matters disclosed in extraordinary announcements without progress or change in the follow-up implementation

Not Applicable

(2) Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation

Not Applicable

(3) Matters which were not disclosed in extraordinary announcements

Applicable Not Applicable

Unit: Yuan
Currency: RMB

Related party	Relationship with related party	Provide funding to related party			Related party providing funding to listed company		
		Balance as of beginning of the period	Occurred amount	Balance as of end of the period	Balance as of beginning of the period	Occurred amount	Balance as of end of the period
Jiangsu Tianhai Special Equipment Co., Ltd	Joint venture	7,301,886.17	-1,894,562.34	5,407,323.83		783,500.00	783,500.00
Shandong Tianhai High Pressure Container Co., Ltd.	Joint venture	6,938,282.87	-6,330,514.92	607,767.95	2,056,366.20	-1,285,295.92	771,070.28
Beijing Jingcheng Industrial Logistics Co. Ltd.	Wholly-owned subsidiary of parent company				1,202,227.27		1,202,227.27
Jingcheng Holdings	Controlling shareholder				252,900,000.00	-2,500,000.00	250,400,000.00
Beijing First General Machinery Plant	Wholly-owned subsidiary of parent company				311,652.09	40,575.00	352,227.09
Tianjin Steel Pipe and Steel Trade Co., Ltd.	Other related party				38,407,665.90	-1,185,676.36	37,221,989.54
Tianjin TPCO Investment Co., Ltd.	Other related party				1,917,312.44	-213,108.91	1,704,203.53
Total		<u>14,240,169.04</u>	<u>-8,225,077.26</u>	<u>6,015,091.78</u>	<u>296,795,223.90</u>	<u>-4,360,006.19</u>	<u>292,435,217.71</u>

Related party	Relationship with related party	Provide funding to related party		Related party providing funding to listed company			
		Balance as of beginning of the period	Occurred amount	Balance as of end of the period	Balance as of beginning of the period	Occurred amount	Balance as of end of the period
Occurred amount of the funding provided to the controlling shareholder and its subsidiaries by the Company during the Reporting Period (Yuan)							0
Balance of the funding provided to the controlling shareholder and its subsidiaries by the Company during the Reporting Period (Yuan)							0
Reasons for occurrence of related creditor's right and debt transactions	Normal Operation						
Settlement of connected debts and liabilities	Provision of funding to related party decreased by RMB8,225,100, and provision of funding by related party to listed company decreased by RMB4,360,000 during the Period.						
Commitment in relation to related creditors' rights and debts	None						
Effects of related creditors' rights and debts on the results of operation and the financial conditions of the Company	None						

(VI) CONTRACTS OF SIGNIFICANCE AND THEIR EXECUTION

1. Trust, contracting and lease matters

Applicable Not Applicable

(1) Trust

Applicable Not Applicable

(2) Contract

Applicable Not Applicable

(3) Lease

Applicable Not Applicable

*Unit: Yuan
Currency: RMB*

Name of lessor	Name of lessee	Details of lease of assets	Amount involved in lease of assets	Starting date of lease	Ending date of lease	Lease revenue	Defining base for lease revenue	Effect of lease revenue	Is it a connected transaction?	Relationship
Beijing Jingcheng Mechanical & Electrical Asset Management Co., Ltd.	Beijing Tianhai Industry Co., Ltd.	Housing and equipment	680,000.00						Yes	Wholly-owned subsidiary of parent company

Explanation on leases

Nil

2. *Guarantee*

Applicable Not Applicable

3. *Other material contracts or transactions*

During the Reporting Period, there was no other material contract or transaction for the Company.

(VII) APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Applicable Not Applicable

(VIII) PUNISHMENT AND RECTIFICATION OF LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS HOLDING MORE THAN 5% OF SHARES, BENEFICIAL CONTROLLER AND BUYER

Applicable Not Applicable

(IX) CONVERTIBLE BONDS

Applicable Not Applicable

(X) CORPORATE GOVERNANCE

During the Reporting Period, in order to further improve the incentive and restraint mechanism of the senior management of Beijing Jingcheng Machinery Electric Company Limited, achieve an organic integration of remuneration allocation, performance appraisal and the company results and shareholders' value, as well as enhancing the initiative on allocating staff and senior management, based on the Articles of Association, the Company made amendment on the "Management Measures on the Efficiency Assessment of Senior Management", and it was considered and approved at the eighth meeting of the eighth session of the Board and at the 2015 general meeting.

During the Reporting Period, the general meeting, the Board, the supervisory committee and managers of the Company well defined power and responsibilities, allowing them to maintain checks and balances and coordinate with each other. The Board of the Company and its strategic committee, the audit committee, the nomination committee and the remuneration and monitoring committee carried out their work according to their responsibilities. The information of the Company was disclosed on a true, accurate, complete and timely basis. The actual situation of the Company's governance complied with the Company Law and the requirements of China Securities Regulatory Commission.

(XI)EXPLANATION ON OTHER IMPORTANT MATTERS

1. *Description, reasons and effects of changes in accounting policies, accounting estimates and accounting methods as compared to the financial report for the previous year*

Applicable Not Applicable

2. *Description on reasons for and effects of important error correction in previous period*

Applicable Not Applicable

3. *Others*

1. The applicable enterprise income tax rate for the Company for the Reporting Period is 25%.
2. The unaudited 2016 Interim Report of the Company has been reviewed by the audit committee under the Board of the Company.
3. The Company has been in compliance with the provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules of the Stock Exchange during the Reporting Period.
4. During the Reporting Period, the Company has adopted the model code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standards set in the Model Code in Appendix 10 of the Listing Rules. After making specific enquiries to all directors and supervisors, the Company confirmed that, each of directors and supervisors has complied with the required standards on securities transactions by directors and supervisors as set in the Model Code for the six months ended 30 June 2016.
5. During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
6. There was no change in coverage of the consolidated statements as compared to the financial report for the previous year.

6. FINANCIAL STATEMENT RELATED MATTER

6.1 Compared with the financial statements for the previous year, the Company should provide explanation, reason and its impact for changes in accounting policy and accounting estimation.

There was no change in the accounting policies and accounting estimates as compared with the financial statements of the previous year.

6.2 During the reporting period, the Company should provide explanation, correction amount, reason and its impact for correction of material accounting error which required retroactive adjustment or restatement.

During the reporting period, the Company had no correction of material accounting error which required retroactive adjustment or restatement.

6.3 Compared with the financial statements for the previous year, the Company should provide specific explanation for changes of consolidation scope of financial statements.

The Company's consolidated financial statements include Jingcheng Holding (Hong Kong) Company Limited, Beijing Tianhai Industry Co., Ltd. and its subsidiary, Langfang Tianhai High Pressure Cylinder Co., Ltd., Tianjin Tianhai High Pressure Containers Co., Ltd., Shanghai Tianhai Gas Cylinder Co., Ltd., Beijing Tianhai Cryogenic Equipment Co., Ltd., Beijing Panni Aerial Equipment Co., Ltd., Beijing Minghui Tianhai Gas Storage Equipments Trading Co., Ltd. and Beijing Tianhai America Company.

6.4 The Interim Financial Report has been audited and the non-standard auditor's report has been issued. The Board and the Supervisory Committee should make clarifications on involved matters.

The 2016 Interim Financial Report of the Company has not been audited.

6.5 Financial Statements

Consolidated Balance Sheet

30 June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Ending Balances	Beginning Balance
Current assets:			
Monetary funds	VI.1	105,529,898.38	182,276,574.47
Settlement reserve			
Lending funds			
Financial assets measured at fair value with their variance included in current profits and losses			
Derivative financial assets			
Notes receivable	VI.2	9,042,846.73	3,228,891.44
Accounts receivable	VI.3	310,091,318.73	273,293,153.87
Prepayments	VI.4	21,348,169.12	19,166,811.68
Insurance premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Interests receivable			
Dividends receivable			
Other receivables	VI.5	6,178,333.80	1,776,665.84
Buying back the sale of financial assets			
Inventories	VI.6	337,102,337.11	390,738,839.19
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	VI.7	2,964,494.19	7,082,519.02
Total current assets		<u>792,257,398.06</u>	<u>877,563,455.51</u>

Consolidated Balance Sheet (Continued)

30 June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	<i>Note</i>	Ending Balances	Beginning Balance
Non-current assets:			
Loans and advances offered			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	<i>VI.8</i>	70,776,548.38	68,362,103.21
Investment real estate			
Fixed assets	<i>VI.9</i>	920,309,981.73	960,308,435.85
Projects under construction	<i>VI.10</i>	12,243,410.85	8,037,077.84
Construction materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets	<i>VI.11</i>	153,851,956.47	156,100,837.99
Development expenditures			
Goodwill	<i>VI.12</i>	6,562,344.06	6,562,344.06
Long-term deferred expenses	<i>VI.13</i>	213,198.72	280,524.60
Deferred tax assets	<i>VI.14</i>	240,033.85	277,330.73
Other non-current assets			
Total non-current assets		<u>1,164,197,474.06</u>	<u>1,199,928,654.28</u>
Total assets		<u>1,956,454,872.12</u>	<u>2,077,492,109.79</u>

Consolidated Balance Sheet (Continued)

30 June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	<i>Note</i>	Ending Balances	Beginning Balance
Current liabilities:			
Short-term borrowings	<i>VI.15</i>	170,000,000.00	205,844,240.00
Borrowings from the Central Bank Deposit taking and interbank placements			
Borrowing funds			
Financial liabilities measured at fair value through profit or loss in the current period			
Derivative financial liabilities			
Notes payable			
Accounts payable	<i>VI.16</i>	393,527,663.23	398,349,980.01
Accounts received in advance	<i>VI.17</i>	23,104,025.28	29,870,362.75
Financial assets sold for repurchase			
Handling charges and commissions payable			
Payroll payable	<i>VI.18</i>	17,869,040.35	22,674,924.84
Taxes payable	<i>VI.19</i>	-43,410,003.27	-42,085,395.89
Interests payable	<i>VI.20</i>		74,800.00
Dividends payable			
Other payables	<i>VI.21</i>	175,193,575.04	166,579,358.42
Reinsurance accounts payable			
Reserves for insurance contracts			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Liabilities classified as held for sale			
Non-current liabilities due within one year	<i>VI.22</i>	11,000,000.00	11,000,000.00
Other current liabilities			
Total current liabilities		747,284,300.63	792,308,270.13

Consolidated Balance Sheet (Continued)

30 June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	<i>Note</i>	Ending Balances	Beginning Balance
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred share			
Perpetual bond			
Long-term payables	VI.23	33,800,649.71	31,310,282.67
Long-term payroll payable	VI.24	103,900,000.00	103,900,000.00
Special payables			
Estimated liabilities			
Deferred incomes			
Deferred tax liabilities			
Other non-current liabilities			
		<hr/>	<hr/>
Total non-current liabilities		137,700,649.71	135,210,282.67
		<hr/>	<hr/>
Total liabilities		884,984,950.34	927,518,552.80
		<hr/> <hr/>	<hr/> <hr/>
Owner's equity:			
Capital stock	VI.25	422,000,000.00	422,000,000.00
Other equity instruments			
Including: preferred share			
Perpetual bond			
Capital reserves	VI.26	683,803,181.69	683,803,181.69
Less: treasury share			
Other comprehensive incomes	VI.27	2,468,904.13	1,068,547.60
Special reserves			
Surplus reserves	VI.28	45,665,647.68	45,665,647.68
General risk provision			
Undistributed profits	VI.29	-502,038,532.02	-439,874,304.42
		<hr/>	<hr/>
Total equity attributable to the shareholders of parent company		651,899,201.48	712,663,072.55
		<hr/>	<hr/>
Minority interest	VI.30	419,570,720.30	437,310,484.44
		<hr/>	<hr/>
Total shareholder's equity		1,071,469,921.78	1,149,973,556.99
		<hr/>	<hr/>
Total liabilities and shareholder's equity		1,956,454,872.12	2,077,492,109.79
		<hr/> <hr/>	<hr/> <hr/>

Parent Company's Balance Sheet

30 June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Ending Balances	Beginning Balance
Current assets:			
Monetary funds	XVI.1	1,281,713.98	4,152,554.89
Financial assets measured at fair value with their variance included in current profits and losses			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Prepayments			
Interests receivable	XVI.2	15,873,854.49	15,034,062.82
Dividends receivable			
Other receivables	XVI.3	342,716,780.50	342,700,000.00
Inventories			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		<u>359,872,348.97</u>	<u>361,886,617.71</u>
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	XVI.4	694,842,724.41	694,842,724.41
Investment real estate			
Fixed assets			
Projects under construction			
Construction materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets			
Total non-current assets		<u>694,842,724.41</u>	<u>694,842,724.41</u>
Total assets		<u><u>1,054,715,073.38</u></u>	<u><u>1,056,729,342.12</u></u>

Parent Company's Balance Sheet (Continued)

30 June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	<i>Note</i>	Ending Balances	Beginning Balance
Current liabilities:			
Short-term borrowings			
Financial liabilities measured at fair value through profit or loss in the current period			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Accounts received in advance			
Payroll payable	<i>XVI.5</i>	310,409.00	1,750,000.00
Taxes payable	<i>XVI.6</i>	-62,814.38	254,990.45
Interests payable			
Dividends payable			
Other payables	<i>XVI.7</i>	6,848,873.83	4,312,825.50
Liabilities classified as held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		<u>7,096,468.45</u>	<u>6,317,815.95</u>
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred share			
Perpetual bond			
Long-term payables			
Long-term payroll payable			
Special payables			
Estimated liabilities			
Deferred incomes			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		<u><u>7,096,468.45</u></u>	<u><u>6,317,815.95</u></u>

Parent Company's Balance Sheet (Continued)

30 June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	<i>Note</i>	Ending Balances	Beginning Balance
Owner's equity:			
Capital stock	<i>XVI.8</i>	422,000,000.00	422,000,000.00
Other equity instruments			
Including: preferred share			
Perpetual bond			
Capital reserves	<i>XVI.9</i>	666,639,987.85	666,639,987.85
Less: treasury share			
Other comprehensive incomes			
Special reserves			
Surplus reserves	<i>XVI.10</i>	38,071,282.24	38,071,282.24
Undistributed profits	<i>XVI.11</i>	-79,092,665.16	-76,299,743.92
		<hr/>	<hr/>
Total shareholder's equity		1,047,618,604.93	1,050,411,526.17
		<hr/>	<hr/>
Total liabilities and shareholder's equity		1,054,715,073.38	1,056,729,342.12
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Income Statement

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Amount Incurred in Current Period	Amount Incurred in Previous Period
I. Total operating income		485,074,778.92	598,184,100.98
Including: operating income	VI.34	485,074,778.92	598,184,100.98
Interest income			
Earned premium			
Handling charges and commission income			
II. Total operating cost		577,345,492.95	675,847,739.48
Including: operating cost	VI.34	458,962,623.15	563,222,411.06
Interest expenditure			
Handling charges and commission expenditure			
Surrender value			
Net compensation expenses			
Net amount of reserves for insurance contract			
Expenditures dividend policy			
Reinsurance expenses			
Business taxes and surcharges	VI.35	2,352,420.20	4,488,362.24
Selling expenses	VI.36	30,334,796.09	28,422,048.37
Administrative expenses	VI.37	64,377,046.08	62,401,704.51
Financial expenses	VI.38	8,676,593.25	9,895,752.83
Loss from asset impairment	VI.39	12,642,014.18	7,417,460.47
Add: incomes from changes in fair value (losses to be listed with “-”)			
Investment incomes (losses to be listed with “-”)	VI.40	2,414,445.17	-4,629,510.77
Including: income from investment in associates and joint ventures		2,414,445.17	-4,629,510.77
Exchange income (loss to be listed with “-”)			
III. Operating profits (losses to be listed with “-”)		-89,856,268.86	-82,293,149.27
Add: non-operating incomes	VI.41	10,007,222.20	18,587,326.24
Including: gains from disposal of non-current assets		598,517.22	18,474,414.24
Less: non-operating expenses	VI.42	86,136.79	1,157,160.65
Including: losses from disposal of non-current assets		68,525.43	134,864.96

Consolidated Income Statement (Continued)

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Amount Incurred in Current Period	Amount Incurred in Previous Period
IV. Total profits (total losses to be listed with “-”)		-79,935,183.45	-64,862,983.68
Less: income tax expenses	VI.43	1,342,234.26	1,911,878.36
V. Net profits (net loss to be listed with “-”)		-81,277,417.71	-66,774,862.04
Net profit attributable to shareholders of parent company		-62,164,227.60	-47,824,744.93
Minority interest income		-19,113,190.11	-18,950,117.11
VI. Net amount of other comprehensive income after tax	VI.48	2,773,782.50	-27,744.54
Net of tax of other comprehensive income attributable to the owners of parent company		1,400,356.53	-13,653.95
(I) Other comprehensive income that cannot be reclassified into profits or losses in future			
1. Changes arising from re-measurement of net liabilities or net assets of defined benefit plan			
2. Shares in other comprehensive income that cannot be reclassified into profits or losses in the invested entity under the equity law			
(II) Other comprehensive income to be reclassified to profit or loss in future		1,400,356.53	-13,653.95
1. Shares in other comprehensive income to be reclassified into profits or losses in the invested entity under the equity law			
2. Profits and losses arising from changes in fair value of financial assets available for sale			
3. Profit and loss arising from reclassifying held-to-maturity investment into available-for-sale financial assets			
4. Effective part of profits and losses from cash flow hedging			
5. Conversion difference of foreign currency statement		1,400,356.53	-13,653.95

Consolidated Income Statement (Continued)

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Amount Incurred in Current Period	Amount Incurred in Previous Period
6. Others			
Net of tax of other consolidated income attributable to the minority shareholders		1,373,425.97	-14,090.59
VII. Total comprehensive income		-78,503,635.21	-66,802,606.58
Total comprehensive income attributable to the shareholders of parent company		-60,763,871.07	-47,838,398.88
Total comprehensive income attributable to the minority shareholders		-17,739,764.14	-18,964,207.70
VIII. Earnings per share:			
(I) Basic earnings per share	VI.47	-0.15	-0.11
(II) Diluted earnings per share	VI.47	-0.15	-0.11

Parent Company's Income Statement

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Amount Incurred in Current Period	Amount Incurred in Previous Period
I. Business incomes	<i>XVI.12</i>	708,789.32	1,079,002.31
Less: operating costs	<i>XVI.12</i>		
Business taxes and surcharges		1,908.20	59,795.55
Selling expenses			
Administrative expenses		3,506,351.81	7,614,406.98
Financial expenses		-6,718.95	-19,788.10
Loss from asset impairment		169.50	
Add: incomes from changes in fair value (losses to be listed with “-”)			
Investment incomes (losses to be listed with “-”)			
Including: income from investment in associates and joint ventures			
II. Operating profit (loss to be listed with “-”)		-2,792,921.24	-6,575,412.12
Add: non-operating incomes			
Including: gains from disposal of non-current assets			
Less: non-operating expenses			
Including: losses from disposal of non-current assets			
III. Total profit (total loss to be listed with “-”)		-2,792,921.24	-6,575,412.12
Less: income tax expenses			
IV. Net profit (net loss to be listed with “-”)		-2,792,921.24	-6,575,412.12
V. Net of tax of other comprehensive income			
(I) Other comprehensive income that cannot be reclassified into profits or losses in future			
1. Changes arising from re-measurement of net liabilities or net assets of defined benefit plan			
2. Shares in other comprehensive income that cannot be reclassified into profits or losses in the invested entity under the equity law			

Parent Company's Income Statement (Continued)

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Amount Incurred in Current Period	Amount Incurred in Previous Period
(II) Other comprehensive income to be reclassified to profit or loss in future			
1. Shares in other comprehensive income to be reclassified into profits or losses in the invested entity under the equity law			
2. Profits and losses arising from changes in fair value of financial assets available for sale			
3. Profit and loss arising from reclassifying held-to-maturity investment into available-for-sale financial assets			
4. Effective part of profits and losses from cash flow hedging			
5. Conversion difference of foreign currency statement			
6. Others			
VI. Total comprehensive income		-2,792,921.24	-6,575,412.12

Consolidated Cash Flow Statement

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Amount Incurred in Current Period	Amount Incurred in Previous Period
I. Cash flow generated from operating activities			
Cash received from sales of goods or rendering of services		292,645,356.19	324,943,592.84
Net increase in deposits and interbank placements			
Net increase in loans from the Central Bank			
Net increase in funds borrowed from other financial institutions			
Cash received from receiving premium of original insurance contract			
Net cash received from reinsurance			
Net increase in deposits of the insured and investment			
Net increase in disposal of financial assets measured at fair value with their variance included in current profits and losses			
Cash from interests, handling charges and commissions			
Net increase in funds borrowed			
Net increase in repurchase business funds			
Refund of taxes and surcharges		10,223,011.22	8,316,283.18
Other received cash related to operating activities	VI.49	18,014,491.71	35,188,079.88
		<hr/>	<hr/>
Subtotal of cash inflows from operating activities		320,882,859.12	368,447,955.90
		<hr/>	<hr/>
Cash paid for goods and services		138,291,643.70	194,877,238.01
Net increase in loans and advances to customer			
Net increase in deposits in the Central Bank and other banks			
Cash paid for compensation under original insurance contract			
Cash paid for interests, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		103,175,755.92	95,792,184.19
Tax payments		34,461,351.56	33,688,281.46
Other paid cash related to operating activities	VI.49	46,833,949.37	44,544,791.02
		<hr/>	<hr/>
Subtotal of cash outflows from operating activities		322,762,700.55	368,902,494.68
		<hr/>	<hr/>
Net cash flows from operating activities		<hr/> -1,879,841.43 <hr/>	<hr/> -454,538.78 <hr/>

Consolidated Cash Flow Statement (Continued)

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Amount Incurred in Current Period	Amount Incurred in Previous Period
II. Cash flow generated from investing activities:			
Cash received from disposal of investments			
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,411,693.13	1,950,000.00
Net cash received from disposal of subsidiaries and other business entities			
Other received cash related to investing activities			
Subtotal of cash inflows from investing activities		1,411,693.13	1,950,000.00
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		29,466,129.02	27,506,471.33
Cash paid for investments			
Net increase in pledge loans			
Net cash paid for acquisitions of subsidiaries and other business entities			
Other cash paid related to investing activities			
Subtotal of cash outflow from investing activities		29,466,129.02	27,506,471.33
Net cash flow from investing activities		-28,054,435.89	-25,556,471.33

Consolidated Cash Flow Statement (Continued)

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Amount Incurred in Current Period	Amount Incurred in Previous Period
III. Cash flow generated from financing activities:			
Cash received from absorbing investments Including: cash received by subsidiaries in absorbing investment of minority shareholders			
Cash received from loans		120,000,000.00	245,389,798.30
Cash received from issuing bonds			
Other cash received related to financing activities			
		<hr/>	<hr/>
Subtotal of cash inflows from financing activities		120,000,000.00	245,389,798.30
		<hr/>	<hr/>
Cash paid for debt repayment		155,906,160.00	218,051,050.00
Cash payments for interest expenses and distribution of dividends or profits Including: dividends and profits paid to minority shareholders by subsidiary		8,113,630.14	13,110,192.29
Other cash paid related to financing activities	VI.49	2,500,000.00	
		<hr/>	<hr/>
Subtotal of cash outflows from financing activities		166,519,790.14	231,161,242.29
		<hr/>	<hr/>
Net cash flows from financing activities		-46,519,790.14	14,228,556.01
		<hr/>	<hr/>
IV. Effect of fluctuations in exchange rate on cash and cash equivalents		1,207,391.37	1,758,064.93
		<hr/>	<hr/>
V. Net increase in cash and cash equivalents	VI.49	-75,246,676.09	-10,024,389.17
Add: beginning balance of cash and cash equivalents	VI.49	175,776,574.47	125,462,823.33
		<hr/>	<hr/>
VI. Ending balance of cash and cash equivalents	VI.49	100,529,898.38	115,438,434.16
		<hr/> <hr/>	<hr/> <hr/>

Parent Company's Cash Flow Statement

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Amount Incurred in Current Period	Amount Incurred in Previous Period
I. Cash flow generated from operating activities			
Cash received from sales of goods or rendering of services			
Refunds of taxes			
Other cash received related to operating activities	XVI.13	734,994.31	1,183,754.52
		<hr/>	<hr/>
Subtotal of cash inflows from operating activities		734,994.31	1,183,754.52
		<hr/>	<hr/>
Cash paid for goods and services			
Cash paid to and on behalf of employees		478,732.82	768,115.38
Tax payments		742,284.84	1,226,442.66
Other cash paid related to operating activities	XVI.13	2,384,817.56	2,272,249.04
		<hr/>	<hr/>
Subtotal of cash outflows from operating activities		3,605,835.22	4,266,807.08
		<hr/>	<hr/>
Net cash flows from operating activities		<hr/> -2,870,840.91 <hr/>	<hr/> -3,083,052.56 <hr/>
II. Cash flows from investing activities:			
Cash received from disposal of investments			
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business entities			
Other cash received related to investing activities			
		<hr/>	<hr/>
Subtotal of cash inflows from investing activities		<hr/>	<hr/>

Parent Company's Cash Flow Statement (Continued)

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Note	Amount Incurred in Current Period	Amount Incurred in Previous Period
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets			
Cash paid for investments			
Net cash paid for acquisitions of subsidiaries and other business entities			
Other cash paid related to investing activities			
Subtotal of cash outflow from investing activities			
Net cash flow from investing activities			
III. Cash flows generated from financing activities:			
Cash received from absorbing investments			
Cash received from borrowings			
Cash received from issuing bonds			
Other cash received related to financing activities			
Subtotal of cash inflows from financing activities			
Cash paid for debt repayment			
Cash paid for distribution of dividends and profits or for interests			
Other cash paid related to financing activities			
Subtotal of cash outflows from financing activities			
Net cash flows from financing activities			

Parent Company's Cash Flow Statement (Continued)*January – June 2016*

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	<i>Note</i>	Amount Incurred in Current Period	Amount Incurred in Previous Period
IV. Effect of fluctuations in exchange rate on cash and cash equivalents			
V. Net increase in cash and cash equivalents	<i>XVI.13</i>	-2,870,840.91	-3,083,052.56
Add: beginning balance of cash and cash equivalents	<i>XVI.13</i>	4,152,554.89	11,915,900.48
VI. Ending balance of cash and cash equivalents	<i>XVI.13</i>	1,281,713.98	8,832,847.92

Consolidated Statement of Changes in Owner's Equity

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Current Period											Total owner's equity	
	Equity attributable to shareholders of the parent company												
	Capital stock	Other equity instruments			Capital reserves	Less: treasury share	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Undistributed profits		Minority interest
I. Ending balance of the previous period	422,000,000.00				683,803,181.69		1,068,547.60		45,665,647.68		-439,874,304.42	437,310,484.44	1,149,973,556.99
Plus: changes in accounting policies													
Corrections of Previous Period accounting errors													
Business merger under the same control													
Others													
II. Beginning balance of the current period	422,000,000.00				683,803,181.69		1,068,547.60		45,665,647.68		-439,874,304.42	437,310,484.44	1,149,973,556.99
III. Increase/decrease of the current period (decrease to be listed with "-")							1,400,356.53				-62,164,227.60	-17,739,764.14	-78,503,635.21
(I) Total comprehensive income							1,400,356.53				-62,164,227.60	-17,739,764.14	-78,503,635.21
(II) Invested and decreased capital of shareholders													
1. Shareholder's common share													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in shareholder's interest													
4. Others													
(III) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk provision													
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Internal carryover in shareholder's equities													
1. Capital surplus converted to capital													
2. Surplus reserve converted to capital													
3. Surplus reserves to recover loss													
4. Others													
(V) Special reserve													
1. Appropriation in current period													
2. Amount used in current period													
(VI) Others													
IV. Ending balance of the current period	422,000,000.00				683,803,181.69		2,468,904.13		45,665,647.68		-502,038,532.02	419,570,720.30	1,071,469,921.78

Consolidated Statement of Changes in Owner's Equity (Continued)

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Previous Period												
	Equity attributable to shareholders of the parent company											Total owner's equity	
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserves	Surplus reserves	General risk reserve	Undistributed profits		Minority interest
I. Ending balance of the previous period	422,000,000.00				683,803,181.69		118,733.00		45,665,647.68		-232,056,930.86	525,228,692.85	1,444,759,324.36
Add: changes in accounting policies													
Corrections of Previous Period accounting errors													
Business merger under common control													
Others													
II. Beginning balance of the current period	422,000,000.00				683,803,181.69		118,733.00		45,665,647.68		-232,056,930.86	525,228,692.85	1,444,759,324.36
III. Increase/decrease of the current period (decrease to be listed with "-")							-13,653.95				-47,824,744.93	-18,964,207.70	-66,802,606.58
(I) Total comprehensive income							-13,653.95				-47,824,744.93	-18,964,207.70	-66,802,606.58
(II) Invested and decreased capital of shareholders													
1. Shareholder's common share													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in shareholder's interest													
4. Others													
(III) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk provision													
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Internal carryover in shareholder's equities													
1. Capital surplus converted to capital													
2. Surplus reserve converted to capital													
3. Surplus reserves to recover loss													
4. Others													
(V) Special reserve													
1. Appropriation in current period													
2. Amount used in current period													
(VI) Others													
IV. Ending balance of the current period	422,000,000.00				683,803,181.69		105,079.05		45,665,647.68		-279,881,675.79	506,264,485.15	1,377,956,717.78

Parent Company's Statement of Changes in Owner's Equity
January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Current Period										
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred share	Perpetual bond	Others							
I. Ending balance of the previous period	422,000,000.00				666,639,987.85				38,071,282.24	-76,299,743.92	1,050,411,526.17
Add: changes in accounting policies											
Corrections of Previous Period accounting errors											
Others											
II. Beginning balance of the current period	422,000,000.00				666,639,987.85				38,071,282.24	-76,299,743.92	1,050,411,526.17
III. Increase/decrease of the current period (decrease to be listed with "-")										-2,792,921.24	-2,792,921.24
(I) Total comprehensive income										-2,792,921.24	-2,792,921.24
(II) Invested and decreased capital of shareholders											
1. Shareholder's common share											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholder's interest											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Distribution to the shareholders											
3. Others											
(IV) Internal carryover in shareholder's equities											
1. Capital surplus converted to capital											
2. Surplus reserve converted to capital											
3. Surplus reserves to recover loss											
4. Others											
(V) Special reserve											
1. Appropriation in current period											
2. Amount used in current period											
(VI) Others											
IV. Ending balance of the current period	<u>422,000,000.00</u>				<u>666,639,987.85</u>				<u>38,071,282.24</u>	<u>-79,092,665.16</u>	<u>1,047,618,604.93</u>

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

January – June 2016

Prepared by: Beijing Jingcheng Machinery Electric Company Ltd.

Unit: RMB

Item	Previous Period										
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred share	Perpetual bond	Others							
I. Ending balance of the previous period	422,000,000.00				666,639,987.85				38,071,282.24	-77,580,454.28	1,049,130,815.81
Add: changes in accounting policies											
Corrections of Previous Period accounting errors											
Others											
II. Beginning balance of the current period	422,000,000.00				666,639,987.85				38,071,282.24	-77,580,454.28	1,049,130,815.81
III. Increase/decrease of the current period (decrease to be listed with "-")										-6,575,412.12	-6,575,412.12
(I) Total comprehensive income										-6,575,412.12	-6,575,412.12
(II) Invested and decreased capital of shareholders											
1. Shareholder's common share											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholder's interest											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Distribution to the shareholders											
3. Others											
(IV) Internal carryover in shareholder's equities											
1. Capital surplus converted to capital											
2. Surplus reserve converted to capital											
3. Surplus reserves to recover loss											
4. Others											
(V) Special reserve											
1. Appropriation in current period											
2. Amount used in current period											
(VI) Others											
IV. Ending balance of the current period	<u>422,000,000.00</u>				<u>666,639,987.85</u>				<u>38,071,282.24</u>	<u>-84,155,866.40</u>	<u>1,042,555,403.69</u>

Notes:**1. AGING ANALYSIS OF ACCOUNTS RECEIVABLE**

	<i>Unit: RMB</i>	
Account Age	Ending Balance	Beginning Balance
Within 1 year	236,700,975.06	213,010,960.72
1-2 years	46,188,983.25	45,006,024.98
2-3 years	23,182,463.24	12,631,718.15
3-4 years	3,128,488.58	2,605,221.90
4-5 years	890,408.60	39,228.12
More than 5 years	0.00	0.00
Net amount	310,091,318.73	273,293,153.87

2. AGING ANALYSIS OF ACCOUNTS PAYABLE

	<i>Unit: RMB</i>	
Item	Ending Balance	Beginning Balance
Within 1 year	302,261,911.77	337,795,661.58
1-2 years	61,263,881.65	47,459,433.08
2-3 years	19,136,151.10	4,759,163.51
More than 3 years	10,865,718.71	8,335,721.84
Total	393,527,663.23	398,349,980.01

3. REVENUE

Revenue includes the net value of the received and receivable for the sales of different types of gas cylinders, accumulator, cryogenic storage tanks, gas storage special containers, bundle devices, the sales of spare parts and service rendered as follows:

	<i>Unit: RMB</i>	
Item	Amount for the current period	Amount for the previous period
Seamless steel gas cylinders	244,377,340.98	298,971,754.06
Wrapped bottle	53,738,322.28	57,436,328.79
Cold bottle	96,996,900.42	80,137,659.39
Cryogenic storage tanks	22,243,581.30	33,051,097.99
Others	43,801,011.83	93,716,428.34
Total sales	461,157,156.81	563,313,268.57
Less: Sales tax and other surcharges	105,740,855.62	105,207,867.95
Total	355,416,301.19	458,105,400.62

4. TAXATION

(1) Main categories of tax and tax rate

Unit: RMB

Category	Tax basis	Tax rate
VAT	Revenue from sales of goods	17%
Business Tax	Taxable revenue	5%
Urban Construction & Maintenance Tax	VAT or Business tax payable	5%, 7%
Education Surcharges	VAT or Business tax payable	3%
Local Education surcharges	VAT or Business tax payable	2%
Estate Tax	Lease income and 70-80% of the estate's original value	1.2% and 12%

(2) Corporate income tax rates for each subsidiary of the Group are as following:

Unit: RMB

Company name	Tax Rate
Beijing Jingcheng Holding Machinery Electric Holding Co., Ltd.	25%
Beijing Tianhai Industry Co., Ltd	15%
Tianjin Tianhai High Pressure Containers Co., Ltd	25%
Langfang Tianhai High Pressure Cylinder Co., Ltd.	25%
Shanghai Tianhai Gas Cylinder Co., Ltd.	25%
Beijing Tianhai Cryogenic Equipment Co., Ltd.	15%
Beijing Panni Gaokong Equipment Co., Ltd.	25%
Beijing Minghui Tianhai Gas Storage Equipments Trading Co., Ltd.	25%
BTIC AMERICA CORPORATION	Progressive tax rate
Jingcheng Holding (Hong Kong) Company Limited	16.50%

America Fortune Company is registered in the USA, it applies progressive tax rate to calculate corporate income tax, which is 15% to 39% based on different taxable income.

(3) Taxation benefits and approval

On 11 November 2013, Beijing Tianhai Industry Co., Ltd. as the subsidiary of the Company was certified as High and New Technology Enterprise and issued the corresponding certificate with No. GR201311000576 jointly by Beijing Science and Technology Commission, Beijing City Bureau of Finance, Beijing Administration of State Taxation and Beijing administration of Local Taxation. The certificate is valid for three years. Upon approval of this certificate, Beijing Tianhai enjoys 15% corporate income tax rate from January to June 2016.

On 5 December 2013, Beijing Tianhai Cryogenic Equipment Co., Ltd. as the subsidiary of the Company was certified as High and New Technology Enterprise and issued the corresponding certificate with No. GR 201311001531 jointly by Beijing Science and Technology Commission, Beijing City Bureau of Finance, Beijing Administration of State Taxation and Beijing administration of Local Taxation. The certificate is valid for three years. Upon approval of this certificate, Beijing Jingcheng Compressor Co., Ltd. enjoys 15% corporate income tax rate from January to June 2016.

(4) Changes in taxation and taxation preferential policy

There is no change in taxation and taxation preferential policy in contrast to previous period.

(5) Tax

Unit: RMB

Item	Current period	Previous period
Current income tax	1,304,937.38	1,846,028.05
Deferred income tax	37,296.88	65,850.31
Total	1,342,234.26	1,911,878.36

5. EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share is calculated through consolidated net profit attributable to the common shareholders of the parent divided by the weighted average outstanding common shares.

Unit: RMB

Item	Current period	Previous period
Consolidated net profit attributable to the common shareholders of the parent company	-62,164,227.60	-47,824,744.93
Consolidated net profit attributable to the common shareholders of the parent company (net of non-operating gains and loss)	-70,312,199.06	-65,371,188.26
The weighted average numbers of outstanding common shares of the parent company	422,000,000.00	422,000,000.00
Basic earnings per share (Yuan/share)	-0.15	-0.11
Basic earnings per share (Yuan/share) (net of non-operating gains and loss)	-0.17	-0.15

The calculation of the weighted average number of basic EPS:

Item	Current period	Previous period
The beginning balance of outstanding common shares	422,000,000.00	422,000,000.00
Adjustment of capital reserves transfer to the capital	0.00	0.00
The balance of outstanding common shares at the end of the period	422,000,000.00	422,000,000.00

(2) Diluted earnings per share

Unit: RMB

Item	Current period	Previous period
Adjusted consolidated net profit attributable to the basic shareholders of the parent company	-62,164,227.60	-47,824,744.93
Adjusted consolidated net profit attributable to the basic shareholders of the parent (Yuan) (net of non-operating gains and loss)	-70,312,199.06	-65,371,188.25
The adjusted weighted average numbers of outstanding common shares	422,000,000.00	422,000,000.00
Diluted earnings per share (Yuan/share)	-0.15	-0.11
Diluted earnings per share (Yuan/share) (net of non-operating gains and loss)	-0.17	-0.15

6. SHARE CAPITAL

Set out below is the statement of change in authorized, issued and paid-up share capital of the Company. All shares of the Company are ordinary shares of par value RMB1 each.

Unit: RMB'000

Items	Amount at the beginning of the period		Change in the current period				Amount at the end of the period		
	Amount	Proportion (%)	Issuance of new shares	Bonus issue	Conversion from reserves	Other	Subtotal	Amount	Proportion (%)
Shares subject to trading moratorium									
State-owned legal person shares									
Total shares subject to trading moratorium									
Shares not subject to trading moratorium									
RMB ordinary shares	322,000.00	76.30						322,000.00	76.30
Foreign shares listed overseas	100,000.00	23.70						100,000.00	23.70
Total shares not subject to trading moratorium	422,000.00	100.00						422,000.00	100.00
Total shares	422,000.00	100.00						422,000.00	100.00

7. DIVIDENDS

No dividend was paid or proposed for the six months ended 30 June 2016, nor has any dividend been proposed since the end of the Reporting Period.

Beijing Jingcheng Machinery Electric Company Limited
Wang Jun
Chairman

Beijing, the PRC, 11 August 2016

As at the date of this announcement, the Board 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.