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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)

2018 INTERIM RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICES

- 1 This interim results announcement is extracted from the 2018 Interim Report. To comprehensively understand operating results, financial position and future development plans of the Company, investors should carefully read the full text of the 2018 Interim Report published on websites designated by China Securities Regulatory Commission, including the website of the Shanghai Stock Exchange.**
- 2 The board of directors, the supervisory committee, the directors, the supervisors and senior management of the Company guarantee the authenticity, accuracy and completeness of the contents of the 2018 interim report, in which there are no false representations, misleading statements contained, or material omissions, and assume several and joint responsibilities.**
- 3 All directors of the Company have attended the meetings of the Board.**
- 4 The 2018 interim results has not been is not audited.**
- 5 The proposal of distribution of profit for the reporting period or the transfer of capital reserve to equity considered by the Board**

Nil

II. BASIC INFORMATION OF THE COMPANY

2.1 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	Luan Jie	Chen Jian
Telephone number	010-67365383	010-67365383
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Email address	jcgf@btic.com.cn	jcgf@btic.com.cn

2.2 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	1,967,484,247.06	1,925,062,021.12	2.20
Net assets per share attributable to shareholders of listed company	559,974,735.81	588,375,286.55	-4.83
	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	27,405,511.86	-62,482,402.26	-
Operating income	474,972,512.03	535,806,085.23	-11.35
Net profit attributable to shareholders of listed company	-28,682,450.33	-44,049,991.70	-
Net profit attributable to shareholders of listed company after extraordinary items	-30,049,827.55	-46,841,842.65	-
Return on net assets on weighted average basis (%)	-5.12	-8.46	3.34
Basic earnings per share (RMB/share)	-0.07	-0.10	N/A
Diluted earnings per share (RMB/share)	-0.07	-0.10	N/A

2.3 Shareholdings held by top ten shareholders

Unit: share

Total number of shareholders as at the end of the reporting period	15,694
Total number of preference shareholders with voting rights restored at the end of the reporting period	0

Shareholding of top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding ratio (%)	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	43.30	182,735,052	0	Nil	0
HKSCC NOMINEES LIMITED	Unknown	23.52	99,243,200	0	Unknown	–
Tsinghua Unigroup Co., Ltd.	Unknown	0.89	3,738,095	0	Unknown	–
Dou Jinhua	Unknown	0.62	2,613,252	0	Unknown	–
Liao Lunwan	Unknown	0.59	2,506,274	0	Unknown	–
He Yong	Unknown	0.47	1,982,300	0	Unknown	–
Cheng Hao	Unknown	0.43	1,801,000	0	Unknown	–
Yang Qing	Unknown	0.33	1,409,500	0	Unknown	–
Xin Xiangdong	Unknown	0.33	1,382,300	0	Unknown	–
Huang Zhixiong	Unknown	0.30	1,265,312	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 2018, the directors of the Company (“Directors”) were not aware of any person (not being a Director, supervisor or chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the 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 2018, the Company did not issue any convertible securities, options, warrants or any other similar right.

2.4 Particulars of the total number of shareholders of preference shares and top ten shareholders of preference shares as at the end of the reporting period

Applicable Not Applicable

2.5 Changes in controlling shareholder or beneficial controller

Applicable Not Applicable

2.6 Undue and unpaid or overdue corporate bonds

Applicable Not Applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Management discussion and analysis

Under the influence of various adverse factors, such as the normalization of the economic downturn, the fluctuation of the natural gas market and overcapacity etc., the workload of the gas storage and transportation industry has also been fluctuated. During the first half of 2018, friction of China-US trade has been continuously escalating, export markets faced significant uncertainty risks. Faced with complex and changing market situation and arduous development task, the Company paid concerted efforts to overcome difficulties and advanced the work in an orderly manner. In terms of principal business of the Company, we always adhere to market orientation, speed up research and development of new products, actively seize market share and accelerate adjustment of product structure and spatial layout. In terms of non-principal business, the Company should look at the whole picture and properly revitalize and utilize land resources so as to lay solid foundation for its sustainable and healthy development.

During the reporting period, the Company realized operating income of RMB475,000,000, representing a decrease of 11.35% as compared with the corresponding period of last year. Net profits attributable to shareholders of the listed Company was approximately RMB-28,680,000, representing a loss of approximately RMB15,370,000 as compared with the corresponding period of last year.

During Reporting Period, the Company had focused on the following work:

1. In the face of unfavorable market conditions, intensely cultivate the principal business of gas storage and transportation equipment business

In the field of industrial gas cylinders, the industrial gas market remained stable, the competition of low cost has become increasingly fierce. Based on product quality and brand advantages, the Company actively implemented sales policy of agency plus direct sales to maintain market share. In the field of natural gas, during the first half of 2018, the market for wrapping bottle modification has warmed up. Facing the unfavorable situation of fierce price competition, in order to guarantee the market would not decline, through weight reduction measures and precise marketing measures for major customers, the Company gradually opened up the market in key areas and business income increased steadily. Due to the “gas shortage” in winter, the LNG heavy truck market caused the supply and price of LNG to fluctuate drastically. In the first half of 2018, the loading volume dropped in a cliff-like manner. The Company opened up market in face of adversity, seized opportunities and actively developed customers and laid a foundation for the market recovery for the second half of year. In the field of hydrogen energy, the Company has been keeping up with new markets and new business formats, actively explored the target customer market, actively occupied market share in the field of new energy fuel cell vehicles and hydrogen infrastructure construction; and cooperated with OEMs and a number of hydrogen supply system for new vehicle models were completed, which ensured the subsequent application of new development products.

2. Improve management system and assessment mechanism, and enhance management level through multiple measures

The Company established and revised a number of internal management systems in accordance with the “Articles of Association” and regulations of the PRC and combined with the actual situation of the Company to ensure that all aspects of the Company’s work were carried out efficiently and orderly and relevant decisions were made based on evidence.

During the reporting period, a number of remuneration management measures were formulated and revised to enable the salary distribution and performance appraisal of all levels of management to be combined with the performance of the Company and shareholder’s value, so as to establish a better incentive and constraint mechanism work platform for enterprise operators, and improve the construction of incentive system of the Company.

By improving systems such as the “Legal Affairs Management System” and the “Legal Disputes Management Measures”, the Company established a legal affairs management system to prevent and control legal risks; promoted subsidiaries to establish a sound internal control systems, strengthened internal control management, improved audit systems, conducted internal audits, and strengthened audit supervision to ensure the orderly operation and management of the Company.

3. Improve financial management and secure fund security

During the first half of the year, in the face of complex situations such as staff placement during the Company’s reform and adjustment and equipment depreciation, the Company strengthened overall budget management and strictly controlled the increase in expenditures; through measures such as collection situation analysis and the improvement of the credit rating system for customers and agents, reduced the risk of receivables from the source, notes receivable decreased by approximately RMB20,600,000 and account receivables decreased by approximately RMB72,040,000, representing a decrease of approximately RMB92,640,000 in total as compared with the beginning of the year.

4. Reform and adjustment progressed smoothly and achieved remarkable results

On 11 May 2018, the Company disclosed the early dissolution and liquidation of Langfang Tianhai High Pressure Containers Co., Ltd. (“Langfang Tianhai”) and the authorization to the board of directors of Langfang Tianhai to determine the subsequent matters of dissolution and liquidation in Announcement on the Resolutions Passed at the Fourth Extraordinary Meeting of the Ninth Session of the Board of Directors (announcement no.: Lin 2018-015). On 18 May 2018, the Company disclosed the Supplementary Announcement in relation to Early Dissolution and Liquidation of Langfang Tianhai (announcement no.: Lin 2018-019). At present, Langfang Tianhai has entered the liquidation stage, and the work is progressing smoothly. The Company will disclose the progress in a timely manner in accordance with relevant regulations. The Company actively promoted the Wufangqiao Plant Development Project, determined the development plan as soon as possible, and timely promoted the project implementation to realize the effective use of resources.

5. New product development and certification

During the first half of the year, the Company made every effort to promote the construction of the four-type bottle production line. The four-type bottle products are classified as clean energy and new energy, and are high value-added products. Following the AQSIQ project, it will be one of development directions of the Company in the future; Kuancheng Tianhai passed the DOT audit and obtained the DOT certificate; Beijing Tianhai, Minghui Tianhai, Tianjin Tianhai completed the IATF16949:2016 revision work and obtained the certificate.

During the second half of the year, the Company will focus on the following work:

1. Focus on the principal business of gas storage and transportation equipment, and actively explore the market

For international market, we will continue to explore potential customers, implement accurate marketing of large customers, and expand the proportion of overseas business of multinational gas companies to ensure the continued growth of sales; pay attention to the national policy of “One Belt, One Road” and market investment in countries along the route, vigorously carry out international cooperation and expand the development space of overseas markets. For field of industrial fire protection, aiming at the mid-to-high-end market, the Company will maintain stable and established channels for large customers; maintain the leading position of fire-fighting bottles in the market, moderately increase the scale and improving profitability. For natural gas market, the Company will further maintain the weight loss advantage of CNG wrapped cylinders, meeting the existing market demand, and stabilize market share and profit level. Based on large-diameter and lightweight system solutions, we will gradually expand the market share of automotive cylinder products; vigorously develop ultra-large natural gas tank storage business while also actively expanding marine tanks market. For hydrogen energy market, the Company will extend its cooperation with automobile manufacturers and system integrators based on the “high-tech” industrial development planning of the capital city and perform well on cultivating new products and form economies of scale as soon as possible. At the same time, we will integrate the gas, bottle and station into the industrial chain based on the existing hydrogen bottle and hydrogen system, seek better business cooperation model, establish industry chain strategic cooperation relationship, open up product sales channel.

2. Perform well on deepening reform, resolving and adjusting, resolve and adjust tough battle

Fully promote the development project of the Wufangqiao Plant development project, realize the plan as soon as possible; devote every effort to perform liquidation work of Langfang Tianhai, and carry out relevant work in a solid manner to ensure that the disclosure obligations of the Company are fulfilled in compliance with laws and regulations.

3. Develop financing methods and guarantee working capital

Optimize the mode of fund management and promote efficient operation of funds. In addition to making use of bank loans and bank acceptance drafts, develop new financial instruments and expand financing methods.

At the same time, it is necessary to perform well on fund income and expenditure plan management, strengthen the inspection, analysis and examination of the implementation of the income and expenditure plan; strengthen the management of accounts receivable, to establish and improve the receivables management system, and to ensure that the measures for the accounts receivable management are implemented; constantly optimize tax planning, realize the effective integration of enterprise economic activities and tax administration, reduce taxes and save taxes according to law, and strive to reduce the tax burden of enterprises.

4. Strengthen legal risk prevention and establish a sound internal control system

Continue to implement 100% of “three parts of review”, promote the effective work of the legal affairs management organization system of the Company, and guard against legal risks; continue to perform well on internal audit work in accordance with the 2018 internal audit plan.

5. Strengthen the construction of professional talents and enhance the capital operation ability

On the one hand, the Company should pay attention to the training of internal personnel and cultivate professional talents; on the other hand, the Company should also make full use of the extensive contacts between various resources and capital markets, and actively introduce relevant professional talents, thereby improving the Company’s capital operation capability and enhances the Company’s value.

(1) 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	474,972,512.03	535,806,085.23	-11.35
Operating cost	412,718,486.70	473,578,921.99	-12.85
Sales expense	23,603,845.45	25,484,211.91	-7.38
Management expense	49,780,676.47	41,653,974.53	19.51
Financial expense	12,012,276.65	11,421,395.05	5.17
Net cash flows from operating activities	27,405,511.86	-62,482,402.26	–
Net cash flows from investment activities	-30,892,011.27	-3,923,639.17	–
Net cash flows from financing activities	36,800,588.87	26,065,995.67	41.18
R&D expenditure	1,486,494.42	5,830,781.93	-74.51

Reasons for the change in the operating income: decrease of 11.35% as compared with the corresponding period of last year, attributable to income from principal businesses decreased affected by unfavorable market conditions;

Reasons for the change in operating cost: decrease of 12.85% as compared with the corresponding period of last year, attributable to decrease in the income from the principal business;

Reasons for the change in sales expense: decrease of 7.38% as compared with the corresponding period of last year, attributable to the decrease in sales income, thus leads to decrease in sales expense;

Reasons for the change in management expense: increase of 19.51% as compared with the corresponding period of last year, attributable to increase in severance benefits;

Reasons for the change in financial expense: increase of 5.17% as compared with the corresponding period of last year, attributable to increase in financial costs;

Reasons for the change in net cash flows from operating activities: increase of RMB 89,887,900 as compared with the corresponding period of last year, attributable to the cash received from operating activities increased significantly, and decrease in the cash paid for operating activities;

Reasons for the change in net cash flows from investment activities: decrease of RMB 26,968,400 as compared with the corresponding period of last year, attributable to the increase in cash payment for purchase of fixed assets;

Reasons for the change in net cash flows from financing activities: increase of RMB 10,734,600 as compared with the corresponding period of last year, attributable to the borrowings increased in the current period as compared to the corresponding period of last year;

Reasons for the change in R&D expenditure: decrease of 74.51% as compared with the corresponding period of last year, attributable to the payment of subsidies of the 70MPa hydrogen cylinder development project during the current period.

2 Others

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

Applicable Not Applicable

(2) Others✓ Applicable Not Applicable*Unit: Yuan
Currency: RMB*

Items	Current period	Corresponding period of last year	Changes as compared with corresponding period of last year (%)	Description
Investment income	3,195,881.57	-2,506,578.34	-	Mainly due to the substantial increase in net profits of subsidiaries, joint ventures and associates during the Period
Income from disposal of assets	-	813,871.18	-	Mainly due to the impact of disposal of fixed assets during the corresponding period of last year
Non-operating income	2,472,503.68	4,229,723.28	-41.54	Government subsidy decreased during the current period
Non-operating expenses	314,219.56	2,155,095.48	-85.42	Mainly due to the compensation paid for the damaged assets by a subsidiary of a subsidiary according to the settlement agreement during the corresponding period of last year
Net profit attributable to the parent company's shareholders	-28,682,450.33	-44,049,991.70	-	Mainly due to the increase in profitability for the Period as compared with corresponding period of last year
Non-controlling interests	-12,442,054.75	-4,292,706.05	189.84	Profit of subsidiaries with minority shareholders decreased during the Period
Other net comprehensive income after tax	546,273.29	-976,481.27	-	Mainly due to the effect of the translation balance in the financial statements of foreign currency

(II) Description of material change in profit due to non-principal business Applicable ✓ Not Applicable

(III) Analysis of assets and liabilities

✓ Applicable □ Not Applicable

1. Assets and liabilities

Unit: Yuan
Currency: RMB

Name of item	Balance at the end of the current period	Balance at the end of the current period over total assets (%)	Balance at the end of the previous period	Balance at the end of the previous period over total assets (%)	Change in amount at the end of current period over the previous period (%)	Description
Monetary funds	127,045,463.00	6.46	78,367,503.16	4.07	62.11	Mainly due to the substantial increase in cash inflow from operating activities during the current period
Prepayments	74,012,334.05	3.76	49,912,905.26	2.59	48.28	Mainly due to the increase in prepayments as a result of the payment policy of steel suppliers during the current period
Construction in progress	13,207,195.59	0.67	68,468,558.01	3.56	-80.71	Mainly due to the transfer of construction in progress to fixed assets upon completion
Contract liabilities	67,583,309.84	3.44	45,878,250.70	2.38	47.31	Mainly due to the increase in customer prepayments received in the current period
Employee benefits payable	22,412,833.54	1.14	36,862,542.56	1.91	-39.20	Mainly due to the decrease in employee benefits payable at the end of the year
Taxes payable	6,905,084.45	0.35	16,683,209.97	0.87	-58.61	Mainly due to the decrease in the unpaid taxes payables
Other current liabilities	201,563.70	0.01	5,380,893.08	0.28	-96.25	Mainly due to the decrease in pending changeover VAT on sales

Name of item	Balance at the end of the current period	Balance at the end of the current period over total assets (%)	Balance at the end of the previous period	Balance at the end of the previous period over total assets (%)	Change in amount at the end of current period over the previous period (%)	Description
Long-term borrowings	18,000,000.00	0.91	5,060,000.00	0.26	255.73	Mainly due to the increase in long-term borrowings by Kuancheng Tianhai, a subsidiary of the Company
Deferred income	851,166.94	0.04	2,000,000.00	0.10	-57.44	Mainly due to payment of R&D subsidies of the 70MPa hydrogen cylinder development project during the current period

Other descriptions

Nil

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

Applicable Not Applicable

Unit: Yuan
Currency: RMB

Item	Ending carrying amount	Reasons for restrictions
Monetary funds	18,000,000.00	Bill margin
Fixed assets	245,616,255.04	Pledged to secure bank borrowings
Intangible assets	116,584,562.28	Pledged to secure bank borrowings
Total	380,200,817.32	—

3. *Other descriptions*

Applicable Not Applicable

(IV) **Analysis of investments**

1. *General analysis of external equity investments*

Applicable Not Applicable

(1) *Material equity investments*

Applicable Not Applicable

(2) *Material non-equity investments*

Applicable Not Applicable

(3) *Financial assets measured at fair value*

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

Company name	Business nature	Principal products or services	Registered capital	Total assets	Net assets	Net profit
Beijing Tianhai Industry Co. Ltd.	Production	Production and sale of gas cylinders accumulator shells, pressure vessels and auxiliary equipment, etc.	US\$61,401,800	1,969,789,718.63	623,051,612.51	-35,210,237.55
Jingcheng Holding (Hong Kong) Company Limited	Trading and investment	Import and export trade, investment holding and consultancy services, etc.	HK\$1,000	159,044,068.21	153,796,188.47	896,297.85

(VII) Structured entities under the control of the Company

Applicable Not Applicable

II. OTHER DISCLOSURES

(I) Warning and explanation about predicted negative accumulated net profit for the period from the beginning of the year to the end of the next reporting period or significant change as compared with the corresponding period of last year

Applicable Not Applicable

(II) Potential risks

Applicable Not Applicable

(1) *Industry risk*

Due to the fluctuation of international oil prices, the subsidy policy of new energy vehicles and the increasingly strict environmental protection policies, the demand for natural gas storage and transportation industry fluctuated significantly, which had a great impact on the Company's principal business. Therefore, the Company's operations in 2018 are under greater pressure.

(2) *Raw material price fluctuation risk*

The Company's major raw materials are stainless steel etc. The price of steel is affected by factors such as economic situations and environmental protection policies etc., and is under great fluctuations. At present, steel mills generally require the delivery of goods by cash on delivery or even cash on production, which bring greater pressure to the Company with insufficient cash flow.

(III) Other disclosures

Applicable Not Applicable

1. 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	50.00%	46.79%
(2) Quick ratio	68.08%	77.08%
(3) Liquidity ratio	123.68%	128.80%

2. 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 RMB333,985,200, representing an increase of 17.19% as compared with the beginning of the year. Long-term loan amounted to RMB1,800,000, representing an increase of 255.73% as compared with the beginning of the year.

3. Foreign exchange risk management

Foreign exchange risk refers to the risk of loss due to exchange rate changes. The Group is mainly exposed to foreign exchange risk relating to USD. The Group's main operation is settled by RMB, except BTIC America Corporation, a subsidiary of the Company, has US dollar sales and purchases. On 30 June 2018, the Group's assets and liabilities were in RMB, except the balances were in Euro, HKD and Pound in the following sheet. The foreign exchange risk arising from the assets and liabilities in foreign currency may affect the results of operation of the Group.

4. *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 RMB524,136,100, while cash outflow amounted to RMB496,730,600. Net cash flow during the reporting period from operating activities amounted to RMB27,405,500.

(2) Cash flows from investment activities

Cash inflow from investment activities during the reporting period was nil while cash outflow to investment activities amounted to RMB30,892,000, 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-30,892,000.

(3) Cash flows from fund-raising activities

Cash inflow from fund-raising activities during the reporting period amounted to RMB219,088,100, which was mainly derived from bank loans. Cash outflow to fundraising activities during the reporting period amounted to RMB182,287,500. Net cash flow from fund-raising activities for the reporting period amounted to RMB36,800,600.

Net cash flow from operating activities during the current period increased by RMB89,887,900 compared with the corresponding period last year, which was mainly due to the cash received from operating activities increased significantly and the cash paid for operating activities decreased. Net cash flow generated from the investment being decreased by RMB26,968,400 compared with the corresponding period last year was mainly attributable to the increase in cash payment for purchase of fixed assets for the current period. Net cash flow generated from fundraising activities increased by RMB10,734,600 compared with the corresponding period last year, which was mainly due to the borrowings increased in the current period as compared to the corresponding period of last year.

Net cash flow generated from operating activities for the current period was RMB27,405,500. Net profit for the current period was RMB-41,124,500, which was mainly attributable to the capital raised by internal cash flow generated and borrowings for operation.

5. Capital Structure

The Company's capital structure consists of shareholders' equity interests and liabilities during the reporting period. Shareholders' equity interests amounted to RMB983,764,100, of which, minority interests amounted to RMB423,789,300, and total liabilities amounted to RMB983,720,200. Total assets amounted to RMB1,967,484,200. As at the end of the reporting period, the Company's gearing ratio was 50.00%.

Capital structure by liquidity

Total current liabilities	RMB823,036,700	Accounting for 41.83% of assets
Total equity interest attributable to shareholders	RMB983,764,100	Accounting for 50.00%% of assets
Of which: minority shareholders interests	RMB423,789,300	Accounting for 21.54% of assets

6. Contingent liabilities

As at the end of the reporting period, the Company has no significant contingent liabilities that needs to be disclosed.

7. Details of the Company's charge on assets

Unit: Yuan
Currency: RMB

Item	Book value at the end of period	Reason for restriction
Monetary funds	18,000,000.00	Bill margin
Fixed assets	245,616,255.04	Pledged to secure bank borrowings
Intangible assets	116,584,562.28	Pledged to secure bank borrowings
Total	380,200,817.32	—

8. *Government subsidies*

Item	Amount for the current period	Source
Government subsidies for “double independent” enterprises	905,895.00	Government subsidies for “double independent” enterprises
Supporting fund for short-term export credit insurance	35,282.00	Supporting fund for short-term export credit insurance of Beijing Municipal Commission of Commerce
Energy saving target assessment incentive grant by Development and Reform Committee of Chaoyang District of Beijing	200,000.00	“The Development of Chaoyang District Energy Saving Guide Funds Management Measures”
Technical standard funds of Science and Technology Committee of Chaoyang of Beijing	22,500.00	Notice in relation to the publishment of “2018 Incentives for Establishment (Amendment) of Technical Standard of Chaoyang District”
Patent award by Science and Technology Commission of Chaoyang District of Beijing	4,880.00	Chao Zhi Wen [2016] No. 7: “Chaoyang District Patent Funding and Incentive Measures Implementation Rules”
Subsidies for addressing overcapacity of steel enterprises and providing positions for their employees	648,000.00	Jin Ren She Ju Fa [2016] No. 80 (津人社局發[2016]80號)
Total	1,816,557.00	–

9. *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 1,716.

(2) *Remunerations:*

Remunerations during the reporting period: RMB19,367,100.

(3) Remuneration Policies

The Company implemented a diversified salaries system based on the performance of positions as the main remuneration policy. On the basis of performance-based salary standards of positions, the salary level of the each position is determined by job evaluation with reference to labour market for confirming the relative value of the position, so as to ensure the internal and external 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 91 training programs were completed in the first half of 2018 with training of 1,476 staff members, number of training hours per staff reached 12.66 hours. According to the Company's annual training plan, the Company organized continuing education, internal control training, construction of the Party's working style and its clean and honest administration, position and quality enhancement, safety production training, emergency plan training, fire safety training, product and process knowledge training for team leaders, financial and statisticians.

10. Corporate Governance

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

11. Others

- (1) The applicable enterprise income tax rate for the Company for the reporting period was 25%.
- (2) The unaudited 2018 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 Hong Kong 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 of the Hong Kong Stock Exchange. 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 2018.
- (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 scope of the consolidated statements as compared to the financial report for the previous year.

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

1. Scale and Brand Advantages

The Company is a group company consisted of 9 production bases manufacturing of professional gas storage and transportation equipment (including Beijing Tianhai, Minghui Tianhai, Tianhai Low Temperature, Tianjin Tianhai, Shanghai Tianhai, Langfang Tianhai, Kuancheng Tianhai, Shandong Tianhai and Jiangsu Tianhai), a vehicle chassis reassembled base (Beijing Pioneer Up Lifter Co., Ltd.) and an American Company. With 20 years' operation development, the Company has established a corporate image of fine technology basis and product stability and reliability and the brand Tianhai has become one of the well-known brand.

2. Technology advantage

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

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

3. Sales network advantage

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

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

4. Human resource advantage

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

IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Description of appointment and dismissal of accounting firms

Applicable Not Applicable

Description of change of accounting firms during the audit period

Applicable Not Applicable

The Company's description of "Non-Standard Auditors' Report" of the accounting firm

Applicable Not Applicable

The Company's description of "Non-Standard Auditors' Report" on the financial report in the annual report for the previous year issued by the accountant

Applicable Not Applicable

V. MATTERS RELATING TO BANKRUPTCY AND REORGANISATION

Applicable Not Applicable

VI. MATERIAL LITIGATIONS AND ARBITRATIONS

The Company has material litigations and arbitrations during the Reporting Period

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

VII. PUNISHMENT AND RECTIFICATION AGAINST LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, BENEFICIAL CONTROLLER AND BUYER

Applicable Not Applicable

VIII. DESCRIPTION OF THE REPUTATION OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS, BENEFICIAL CONTROLLER DURING THE REPORTING PERIOD

Applicable Not Applicable

During the reporting period, the Company and its controlling shareholders were in good faith.

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

(I) Incentives disclosed in extraordinary announcements without progress or change in the follow-up implementation

Applicable Not Applicable

(II) Incentives not disclosed in extraordinary announcements or with progress in the follow-up implementation

Share incentive

Applicable ✓ Not Applicable

Other descriptions

Applicable ✓ Not Applicable

Employee share scheme

Applicable ✓ Not Applicable

Other incentive measures

Applicable ✓ Not Applicable

X. MATERIAL CONNECTED TRANSACTIONS

(I) Connected transactions related to daily operation

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

Applicable ✓ Not Applicable

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

Applicable ✓ Not Applicable

3. *Matters which were not disclosed in extraordinary announcements*

Applicable ✓ Not Applicable

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

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

Applicable ✓ Not Applicable

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

Applicable ✓ Not Applicable

3. Matters which were not disclosed in extraordinary announcements

Applicable ✓ Not Applicable

4. Results which are relating to result agreements and shall be disclosed for the Reporting Period

Applicable ✓ Not Applicable

(III) Material connected transactions relating to common external investments

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

Applicable ✓ Not Applicable

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

Applicable ✓ Not Applicable

3. Matters which were not disclosed in extraordinary announcements

Applicable ✓ Not Applicable

(IV) Related creditor's right and debt transactions

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

Applicable ✓ Not Applicable

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

Applicable Not Applicable

3. Matters which were not disclosed in extraordinary announcements

Applicable Not Applicable

*Unit: Yuan
Currency: RMB*

Related party	Relationship	Provision of funding to related party			Provision of funding by related party to listed company		
		Beginning balance	Amount occurred	Ending balance	Beginning balance	Amount occurred	Ending balance
Shandong Tianhai High Pressure Container Co., Ltd.	Joint venture	10,625,105.09	-2,287,061.28	8,338,043.81	1,580,792.28	-1,580,792.28	0.00
Jiangsu Tianhai Special Equipment Co., Ltd.	Associate	13,664,365.94	-5,086,320.12	8,578,045.82	5,191,239.08	-5,001,004.08	190,235.00
Beijing Jingcheng Industrial Logistics Co., Ltd.	Wholly-owned subsidiary of parent company				1,202,227.27	-300,000.00	902,227.27
Jingcheng Holdings	Controlling shareholder				164,900,000.00		164,900,000.00
Beijing No. 1 Machine Tool Plant	Wholly-owned subsidiary of parent company				395,000.00	22,359.09	417,359.09
Tianjin Steel Pipe and Steel Trade Co., Ltd.	Other related party		1,962,622.83	1,962,622.83	4,060,722.44	-4,060,722.44	0.00
Tianjin Seamless Investment Co. Ltd.	Other related party				1,745,879.83	2,590,165.89	4,336,045.72
Total		<u>24,289,471.03</u>	<u>-5,410,758.57</u>	<u>18,878,712.46</u>	<u>179,075,860.90</u>	<u>-8,329,993.82</u>	<u>170,745,867.08</u>

Reasons for occurrence of related creditor's right and debt transactions Under normal operation

Effects of related creditors' rights and debts on the results of operation and the financial conditions of the Company None

(V) Other material connected transactions

Applicable ✓ Not Applicable

(VI) Others

Applicable ✓ Not Applicable

XI. CONTRACTS OF SIGNIFICANCE AND THEIR EXECUTION

1 Trust, contracting and lease matters

Applicable ✓ Not Applicable

2 Guarantee

Applicable ✓ Not Applicable

3 Other material contracts of significance

Applicable ✓ Not Applicable

XII. POVERTY ALLEVIATION MEASURES OF THE LISTED COMPANY

Applicable ✓ Not Applicable

XIII. CONVERTIBLE BONDS

Applicable ✓ Not Applicable

XIV. ENVIRONMENTAL INFORMATION

(1) Description on the environment protection of the Company and its major subsidiaries falling under key sewage emission entities announced by the environment protection authorities of the PRC

Applicable ✓ Not Applicable

(2) Environmental information of companies other than those falling under key sewage emission entities

✓ Applicable Not Applicable

1. Industrial sewage:

Names of major pollutants and characteristic pollutants: chemical oxygen demand of approximately 9.61 tons, ammonia nitrogen of approximately 0.46 tons, suspended solids of approximately 0.90 tons, PH value of 6.64~7.56, total phosphorus of approximately 0.05 tons, animal and vegetable oil of approximately 0.01 tons, anionic surfactant of approximately 0.48 tons, mineral oil of approximately 0.02 tons; a total of 3 discharges, all meet the discharge standard.

2. Exhaust gas emissions:

Names of major pollutants and characteristic pollutants: nitrogen oxides of approximately 1,590 kg, sulfur dioxide of approximately 134 kg, benzene of approximately 15.51 Kg, benzene series of approximately 48.62 kg, non-methane total hydrocarbon of approximately 600.8 kg, particulate matter of approximately 76 kg; a total of 18 discharges, all meet the discharge standard.

3. Solid waste:

Total amount of waste generated was approximately 1,343.45 tons, of which total amount of hazardous waste generated was approximately 14.27 tons (excluding storage), total amount of hazardous waste disposed was approximately 11.27 tons, and the storage capacity was approximately 18 tons; the wastes were disposed by companies which possess hazardous waste treatment qualifications.

4. Construction and operation of pollution prevention & treatment facilities:

Beijing Minghui Tianhai added 66 welding dust treatment nozzles, 6 grinding and cleaning heads, and 32 new welding dust treatment nozzles in Tianhai low temperature equipment. The treatment facilities are regularly maintained and in good condition. Automatic sewage detection system were installed Beijing area.

5. *Environmental impact assessment of construction project and other administrative licenses regarding environmental protection:*

The Company's new construction project carried out environmental impact assessment first, and commenced work after approval was obtained in respect of environmental protection. At present, two projects are undergoing environmental impact assessment.

6. *Environmental Emergency Response Plan*

The Company formulated the "Emission Response Plan for Radiation Safety Accidents QSD/EH12-01-07", "Emergency Plan for Sudden Environmental Pollution Incidents QSD/EH12-01-08", "Beijing Tianhai Industry Co., Ltd.'s Emergency Plan for Heavy Air Pollution" to respond to sudden environmental problem.

7. *Environmental self-monitoring scheme:*

The Company accepts and cooperates with the local environmental protection bureau to supervise the inspection, and arranges third party to self-monitor according to the requirements of the Company's ISO14001:2015 "Environmental Management System Requirements and Usage Guidelines".

(3) Explanation of reasons for non-disclosure of environmental information of companies other than those falling under key sewage emission entities

Applicable Not Applicable

(4) Description of the follow-up progress or changes in the disclosure of environmental information during the reporting period

Applicable Not Applicable

XV. EXPLANATION ON OTHER IMPORTANT MATTERS

(I) Details, reasons and impact from the changes to the accounting policies, accounting estimates and audit methods compared with the last accounting period

✓Applicable Not Applicable

The Ministry of Finance revised and issued Accounting Standard for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement (Cai Kuai [2017] No. 7), Accounting Standard for Business Enterprises No. 23-Transfer of Financial Assets (Cai Kuai [2017] No. 8), Accounting Standard for Business Enterprises No. 37-Presentation of Financial Instruments (Cai Kuai [2017] No. 14) and Accounting Standard for Business Enterprises No. 24 – Hedging (Cai Kuai [2017] No. 9) in 2017, and was effective from 1 January 2018. The Ministry of Finance revised Accounting Standard for Business Enterprises No. 14 — Revenue (Cai Kuai [2017] No. 22) in July 2017. The Group is listed on both the domestic and overseas markets, and adopted such standards since 1 January 2018. In accordance with the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for the year 2018 (Cai Kuai [2018] No.15) promulgated by the Ministry of Finance, which revised the presentation format of financial statements of general enterprises in respect of the implementation of the new financial standards or new income standards by stages since 1 January 2018. The Group has adopted the new Accounting Standard for Business Enterprises as required and adjusted the comparative financial statements in accordance with the convergence requirements of the new standards. The impact of adopting the new standards on the comparative financial statements is as follows:

*Unit: Yuan
Currency: RMB*

Affected items as at the end of 2017/from January to June 2017	Amount not considering adopting new standard	Effect of adopting new standard	Reporting amount
Advances from customers	45,878,250.70	-45,878,250.70	0.00
Contract liabilities	00.00	45,878,250.70	45,878,250.70
Management expense	47,484,756.46	-5,830,781.93	41,653,974.52
R&D expenditure		5,830,781.93	5,830,781.93
Impairment loss on assets	17,676,453.36	-10,718,176.89	6,958,276.47
Credit impairment loss		10,718,176.89	10,718,176.89

(II) Particulars, correction amount, reason and its influence of significant accounting errors amended by retrospective restatement during the reporting period

Applicable ✓ Not Applicable

(III) Others

Applicable ✓ Not Applicable

IV Financial Statements

Consolidated Balance Sheet

June 30, 2018

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand		127,045,463.00	78,367,503.16
Settlement reserve			
Loans to banks and other financial institutions			
Trading financial assets			
Derivative financial assets			
Notes receivable and account receivables		290,107,878.31	382,745,366.93
Advances to suppliers		74,012,334.05	49,912,905.26
Premiums receivable			
Reinsurance premium receivable			
Reinsurance contract reserves receivable			
Other receivables		12,644,056.01	12,891,300.46
Financial assets purchased under agreements to resell			
Inventories		457,571,563.05	389,219,002.78
Contractual assets			
Held-for-sale assets			
Current portion of non-current assets			
Other Current Assets		56,555,232.01	56,240,621.78
Total current assets		<u>1,017,936,526.43</u>	<u>969,376,700.37</u>

Consolidated Balance Sheet (Continued)*June 30, 2018*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Closing balance	Opening balance
Non-current assets:			
Loans and advances			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investments		74,890,364.04	71,694,482.47
Other equity instruments investment			
Other non-current financial assets			
Investment properties			
Fixed assets		707,020,606.84	657,289,324.75
Construction in progress		13,207,195.59	68,468,558.01
Bearer biological assets			
Oil and gas assets			
Intangible assets		137,598,830.17	139,749,967.30
Development expenditures			
Goodwill		3,679,654.40	3,679,654.40
Long-term Deferred Expenses		12,862,492.27	14,514,756.50
Deferred income tax assets		288,577.32	288,577.32
Other non-current assets			
		<hr/>	<hr/>
Total non-current assets		949,547,720.63	955,685,320.75
		<hr/>	<hr/>
Total assets		1,967,484,247.06	1,925,062,021.12
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Balance Sheet (Continued)*June 30, 2018*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		333,985,181.37	285,000,000.00
Borrowings from the central bank			
Deposits and placements from other financial institutions			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable and accounts payable		277,277,114.74	260,850,663.86
Advances from customers			
Contractual liabilities		67,583,309.84	45,878,250.70
Financial assets sold under agreements to repurchase			
Fees and commissions payable			
Employee benefits payable		22,412,833.54	36,862,542.56
Taxes payable		6,905,084.45	16,683,209.97
Other payables		103,671,639.16	90,988,717.35
Reinsurance amounts payable			
Reserve of insurance contract			
Securities brokering			
Securities underwriting			
Held-for-sale liabilities			
Current portion of non-current liabilities		11,000,000.00	11,000,000.00
Other current liabilities		201,563.70	5,380,893.08
		<hr/>	<hr/>
Total current liabilities		823,036,726.80	752,644,277.52
		<hr/>	<hr/>

Consolidated Balance Sheet (Continued)

June 30, 2018

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Closing balance	Opening balance
Non-current liabilities:			
Long-term borrowings		18,000,000.00	5,060,000.00
Bonds payable			
Including: preferred shares			
Perpetual bond			
Long-term payables		103,900,000.00	103,900,000.00
Long-term employee benefits payable		33,688,734.45	32,871,892.94
Provisions		4,243,554.25	4,243,554.25
Deferred incomes		851,166.94	2,000,000.00
Deferred income tax liabilities			
Other non-current liabilities			
		<hr/>	<hr/>
Total current liabilities		160,683,455.64	148,075,447.19
		<hr/>	<hr/>
Total liabilities		983,720,182.44	900,719,724.71
		<hr/>	<hr/>
Owner's equity:			
Share capital		422,000,000.00	422,000,000.00
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserves		687,349,089.60	687,349,089.60
Less: treasury stocks			
Other comprehensive incomes		1,435,974.46	1,154,074.87
Special reserves			
Surplus reserves		45,665,647.68	45,665,647.68
Provisions for general risk			
Undistributed profits		-596,475,975.93	-567,793,525.60
		<hr/>	<hr/>
Total shareholders' equity attributable to parent company		559,974,735.81	588,375,286.55
		<hr/>	<hr/>
Non-controlling interests		423,789,328.81	435,967,009.86
Total stockholders' equity		983,764,064.62	1,024,342,296.41
		<hr/>	<hr/>
Total liabilities and stockholders' equity		1,967,484,247.06	1,925,062,021.12
		<hr/> <hr/>	<hr/> <hr/>

Balance Sheet of Parent Company

June 30, 2018

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand		745,318.98	2,638,253.33
Trading financial assets			
Derivative financial assets			
Notes receivable and account receivables			
Advances to suppliers			280.00
Other receivables		417,352,312.83	417,945,979.50
Inventories			
Contractual assets			
Held-for-sale assets			
Current portion of non-current assets			
Other Current Assets		11,740.57	
Total current assets		418,109,372.38	420,584,512.83
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investments		694,842,724.41	694,842,724.41
Other equity instruments investment			
Other non-current financial assets			
Investment properties			
Fixed assets		25,498.89	28,160.43
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term Deferred Expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		694,868,223.30	694,870,884.84
Total assets		1,112,977,595.68	1,115,455,397.67

Balance Sheet of Parent Company (Continued)

June 30, 2018

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	<i>Note</i>	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		50,000,000.00	50,000,000.00
Financial liabilities held for trading— Derivative financial liabilities			
Bills payable and accounts payable			
Advances from customers			
Contractual liabilities			
Employee benefits payable		429,967.31	1,352,402.33
Taxes payable		21,820.02	206,481.13
Other payables		2,607,063.70	2,243,356.96
Held-for-sale liabilities			
Current portion of non-current liabilities			
Other current liabilities		201,563.70	279,193.41
		<hr/>	<hr/>
Total current liabilities		53,260,414.73	54,081,433.83
		<hr/>	<hr/>
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bond			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities			
		<hr/>	<hr/>
Total current liabilities		<hr/>	<hr/>
		<hr/>	<hr/>
Total liabilities		53,260,414.73	54,081,433.83
		<hr/> <hr/>	<hr/> <hr/>

Balance Sheet of Parent Company (Continued)*June 30, 2018*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Closing balance	Opening balance
Owners' equity			
Share capital		422,000,000.00	422,000,000.00
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserves		666,639,987.85	666,639,987.85
Less: treasury stocks			
Other comprehensive incomes			
Special reserves			
Surplus reserves		38,071,282.24	38,071,282.24
Undistributed profits		-66,994,089.14	-65,337,306.25
		<hr/>	<hr/>
Total stockholders' equity		1,059,717,180.95	1,061,373,963.84
		<hr/>	<hr/>
Total liabilities and stockholders' equity		1,112,977,595.68	1,115,455,397.67
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Income Statement

January ~ June 2018

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
I. Total operating revenue		474,972,512.03	535,806,085.23
Including: operating revenues		474,972,512.03	535,806,085.23
Interest incomes			
Earned premiums			
Fees and commissions incomes			
II. Total operating cost		518,777,898.89	582,440,296.98
Including: operating cost		412,718,486.70	473,578,921.99
Interest expenses			
Fees and commissions expenses			
Cash surrender amount			
Net expenses of claim settlement			
Net provision for insurance contract reserves			
Policyholder dividend expenses			
Amortized reinsurance expenditures			
Taxes and surcharges		6,374,803.05	6,794,558.21
Selling expenses		23,603,845.45	25,484,211.91
Administrative expenses		49,780,676.47	41,653,974.53
R&D costs		1,486,494.42	5,830,781.93
Financial expenses		12,012,276.65	11,421,395.05
Including: interest expense		12,465,065.58	9,956,300.37
Interest incomes		1,022,640.84	100,579.17
Asset impairment losses		5,153,782.49	6,958,276.47
Credit impairment losses		7,647,533.66	10,718,176.89
Add: other incomes			
Investment incomes (with “-” for losses)		3,195,881.57	-2,506,578.34
Including: investment incomes from related enterprise and joint venture		3,195,881.57	-2,506,578.34
Exchange gains (with “-” for losses)			
Income of assets disposal (with “-” for losses)			813,871.18

Consolidated Income Statement (Continued)

January ~ June 2018

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
III. Operating profit (with“-”for losses)		-40,609,505.29	-48,326,918.91
Add: non-operating income		2,472,503.68	4,229,723.28
Less: non-operating expenses		314,219.56	2,155,095.48
IV. Total profits (with“-”for total losses)		-38,451,221.17	-46,252,291.11
Less: income tax expenses		2,673,283.91	2,090,406.64
V. Net profits(with “-” for net losses)		-41,124,505.08	-48,342,697.75
(I) Classified according to operating continuity		-41,124,505.08	-48,342,697.75
1. Net profit from continuing operations (with “-” for net losses)		-41,124,505.08	-48,342,697.75
2. Net profit from discontinuing operations (with “-” for net losses)			
(II) Classified according to attribution of the ownership		-41,124,505.08	-48,342,697.75
1. Net profits attributable to parent company		-28,682,450.33	-44,049,991.70
2. Non-controlling interests		-12,442,054.75	-4,292,706.05
VI. Other net comprehensive incomes after-tax		546,273.29	-976,481.27
Other comprehensive incomes after-tax attributable to owners of the parent company		281,899.59	-497,064.16
(I) Other comprehensive income that cannot be reclassified through profit or loss			
1. Changes arising from re-measurement of the defined benefit plan.			
2. Other comprehensive incomes that cannot be reclassified into profits or losses under the equity method			
(II) Other comprehensive incomes that will be re-classified into profits or losses		281,899.59	-497,064.16
1. Other comprehensive incomes that can be reclassified into profits or losses under the equity method			
2. Changes in fair value of available-for-sale financial assets			

Consolidated Income Statement (Continued)*January ~ June 2018**Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Amount in the current period	Amount in the previous period
3. Mature investment reclassified to loss and profit of available-for-sale financial assets			
4. Valid part of hedging loss and profit of cash flow			
5. Converted difference in foreign currency statements for foreign currency		281,899.59	-497,064.16
6. Others			
Other comprehensive incomes after-tax attributable to minority shareholders		264,373.70	-479,417.11
VII. Total comprehensive incomes		-40,578,231.79	-49,319,179.02
Total comprehensive incomes attributable to shareholders of the parent company		-28,400,550.74	-44,547,055.86
Total comprehensive incomes attributable to minority shareholders		-12,177,681.05	-4,772,123.16
VIII. Earnings per share:			
(I) Basic earnings per share		-0.07	-0.10
(II) Diluted earnings per share		-0.07	-0.10

Income Statement of Parent Company

January ~ June 2018

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
I. Operating revenues			786,556.61
Less: operating costs			
Taxes and surcharges		11,354.62	
Selling expenses			
Administrative expenses		2,362,210.00	2,093,390.84
R&D costs			
Financial expenses		-716,781.73	-11,509.77
Including: interest expense		1,343,062.52	
Interest incomes		2,062,394.19	13,666.86
Asset impairment losses			
Credit impairment losses			
Add: gains from changes of fair value (with “-” for losses)			
Investment incomes (with “-” for losses)			
Including: investment incomes from related enterprise and joint venture			
Income of assets disposal (with “-” for losses)			
Other incomes			
II. Operating profits(with “-” for losses)		-1,656,782.89	-1,295,324.46
Add: non-operating income			
Less: non-operating expenses			
III. Total profits(with “-” for total losses)		-1,656,782.89	-1,295,324.46
Less: income tax expenses			
IV. Net profits(with “-” for net losses)		-1,656,782.89	-1,295,324.46

Income Statement of Parent Company (Continued)*January ~ June 2018**Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Amount in the current period	Amount in the previous period
(I) Net profit from continuing operations (with “-” for net losses)		-1,656,782.89	-1,295,324.46
(II) Net profit from discontinuing operations (with “-” for net losses)			
V. Other comprehensive incomes after-tax			
(I) Other comprehensive income that cannot be reclassified through profit or loss			
1. Changes arising from re-measurement of the defined benefit plan			
2. Other comprehensive incomes that cannot be reclassified into profits or losses under the equity method			
(II) Other comprehensive incomes that will be reclassified into profits or losses			
1. Other comprehensive incomes that can be reclassified into profits or losses under the equity method			
2. Changes in fair value of available-for-sale financial assets			
3. Mature investment reclassified to loss and profit of available-for-sale financial assets			
4. Valid part of hedging loss and profit of cash flow			
5. Converted difference in foreign currency statements for foreign currency			
6. Others			
VI. Total comprehensive incomes		-1,656,782.89	-1,295,324.46
VII. Earnings per share			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Consolidated Cash Flow Statement

January ~ June 2018

Unit: Yuan
Currency: RMB

Item	Note	Amount in the Current Period	Amount in the Previous Period
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		510,815,869.11	417,007,169.45
Net increase in deposits and placements from financial institutions			
Net increase in borrowings due to central banks			
Net increase in loans from banks and other financial institutions			
Cash received from premiums of original insurance contract			
Net amount of reinsurance business			
Net increase in deposits of the insured and investment			
Net increase in disposal of financial assets at fair value through profit or loss			
Cash received from interests, fees and commissions			
Net increase in placements from banks and other financial institutions			
Net increase in repurchasing			
Taxes and surcharges refunds		7,878,451.79	16,745,281.95
Other cash receipts related to operating activities		5,441,760.38	8,280,323.01
		<hr/>	<hr/>
Subtotal of cash inflows from operating activities		524,136,081.28	442,032,774.41
		<hr/>	<hr/>
Cash paid for goods and services		328,194,485.55	350,394,790.39
Net increase in loans and advances			
Net increase in deposits in the Central Bank and other financial institutions			
Cash paid for claim settlements on original insurance contract			
Cash paid for interests, fees and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		111,936,126.94	101,079,477.44
Taxes and surcharges cash payments		35,588,157.62	25,156,457.99
Other cash payments related to operating activities		21,011,799.31	27,884,450.85
		<hr/>	<hr/>

Consolidated Cash Flow Statement (Continued)

January ~ June 2018

Unit: Yuan
Currency: RMB

Item	Note	Amount in the Current Period	Amount in the Previous Period
Subtotal of cash outflows from operating activities		496,730,569.42	504,515,176.67
Net cash flows from operating activities		27,405,511.86	-62,482,402.26
II. Cash flows from investing activities:			
Cash received from return of investment			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business entities			
Other cash received concerning investing activities			
Subtotal of cash inflows from investing activities			
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		30,892,011.27	3,923,639.17
Cash paid for investment			
Net increase in pledge loans			
Net cash paid for the disposal of subsidiaries and other business entities			
Other cash paid concerning investing activities			
Subtotal of cash outflows from investing activities		30,892,011.27	3,923,639.17
Net cash flows from investing activities		-30,892,011.27	-3,923,639.17
III. Cash flows from financing activities:			
Cash received from absorbing investment Including: cash received from minority shareholder investment by subsidiaries			
Cash received from borrowings		219,088,104.00	181,877,073.31
Cash received from issuing bonds			
Other cash received concerning financing activities			

Consolidated Cash Flow Statement (Continued)*January ~ June 2018**Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Amount in the Current Period	Amount in the Previous Period
Subtotal of cash inflows from financing activities		219,088,104.00	181,877,073.31
Cash paid for repayments of debts		157,230,244.00	146,948,504.30
Cash paid for allocation of dividends, profits or interest repayment		7,057,271.13	7,662,573.34
Including: dividends and profits paid to minority shareholders by subsidiaries			
Other cash paid concerning financing activities		18,000,000.00	1,200,000.00
Subtotal of cash outflows from financing activities		182,287,515.13	155,811,077.64
Net cash flows from financing activities		36,800,588.87	26,065,995.67
IV. Effects from change of exchange rate to cash and cash equivalents		-1,136,129.62	-793,333.44
V. Net increase in cash and cash equivalents		32,177,959.84	-41,133,379.20
Add: Opening balance of cash and cash equivalents		76,867,503.16	102,580,611.77
VI. Closing balance of cash and cash equivalents		109,045,463.00	61,447,232.57

Cash Flow Statement of Parent Company

January ~ June 2018

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services			
Taxes and surcharges refunds			
Other cash receipts related to operating activities		2,421,945.06	545,601.60
Subtotal of cash inflows from operating activities		2,421,945.06	545,601.60
Cash paid for goods and services			
Cash paid to and for employees		2,013,229.17	2,225,875.75
Taxes and surcharges cash payments		968,450.97	531,934.74
Other cash payments related to operating activities		2,674,220.09	2,926,308.31
Subtotal of cash outflows from operating activities		5,655,900.23	5,684,118.80
Net cash flows from operating activities		-3,233,955.17	-5,138,517.20
II. Cash flows from investing activities:			
Cash received from return of investment			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business entities			
Other cash received concerning investing activities		2,770,479.17	4,000,000.00
Subtotal of cash inflows from investing activities		2,770,479.17	4,000,000.00
Cash paid for purchasing fixed assets, intangible assets and other long-term assets			
Cash paid for investment			
Net cash paid for the disposal of subsidiaries and other business entities			
Other cash paid concerning investing activities			

Cash Flow Statement of Parent Company (Continued)*January ~ June 2018**Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Amount in the current period	Amount in the previous period
Subtotal of cash outflows from investing activities			
Net cash flows from investing activities		2,770,479.17	4,000,000.00
III. Cash flows from financing activities:			
Cash received from absorbing investment			
Cash received from borrowings			
Cash received from issuing bonds			
Other cash received concerning financing activities			
Subtotal of cash inflows from financing activities			
Cash paid for repayment of debts			
Cash paid for allocation of dividends, profits or interest repayment		1,429,458.35	
Other cash paid concerning financing activities			
Subtotal of cash outflows from financing activities		1,429,458.35	
Net cash flows from financing activities		-1,429,458.35	
IV. Effects from change of exchange rate to cash and cash equivalents			
V. Net increase in cash and cash equivalents		-1,892,934.35	-1,138,517.20
Add: Opening balance of cash and cash equivalents		2,638,253.33	3,764,017.52
VI. Closing balance of cash and cash equivalents		745,318.98	2,625,500.32

Consolidated Statement of Changes in Owners' Equity

January ~ June 2018

Unit: Yuan
Currency: RMB

Item	Current period												
	Total owners' equity attributable to parent company											Total owners' equity	
	Other equity instruments				Capital reserves	Less: treasury stocks	Other			Provisions for general risk	Undistributed profit		Non-controlling interests
Share capital	Preferred shares	Perpetual bond	Others	comprehensive incomes			Special reserves	Surplus reserves					
I. Closing balance of previous period	422,000,000.00				687,349,089.60		1,154,074.87		45,665,647.68		-567,793,525.60	435,967,009.86	1,024,342,296.41
Add: changes in accounting policies													
Corrections of early errors													
Business merger under common control													
Others													
II. Opening balance of current period	422,000,000.00				687,349,089.60		1,154,074.87		45,665,647.68		-567,793,525.60	435,967,009.86	1,024,342,296.41
III. Increases and decreases in the current period (with "+" for decrease)													
(I) Total comprehensive income							281,899.59				-28,682,450.33	-12,177,681.05	-40,578,231.79
(II) Capital input and reduced by owners							281,899.59				-28,682,450.33	-12,177,681.05	-40,578,231.79
1. Common shares input by shareholders													
2. Input capital by other equity instrument owners													
3. Amount of share-based payment recognized as shareholder's interest													
4. Others													
(III) Profit distribution													
1. Appropriation to surplus reserves													
2. Appropriation to provision for general risk													
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Internal carry-over in shareholders' equity													
1. Share capital increased from transfer of capital reserves													
2. Transfer from surplus reserves to paid-in capital													
3. Surplus reserves to recover loss													
4. Others													
(V) Special reserves													
1. Appropriation in current period													
2. Use in current period													
(VI) Others													
IV. Closing balance in current period	<u>422,000,000.00</u>	<u></u>	<u></u>	<u></u>	<u>687,349,089.60</u>	<u></u>	<u>1,435,974.46</u>	<u></u>	<u>45,665,647.68</u>	<u></u>	<u>-596,475,975.93</u>	<u>423,789,328.81</u>	<u>983,764,064.62</u>

Consolidated Statement of Changes in Owners' Equity (Continued)

January ~ June 2018

Unit: Yuan
Currency: RMB

Item	Previous period													
	Equity attributable to shareholders of the parent company											Total owners' equity		
	Other equity instruments				Capital reserves	Less: treasury stocks	Other			Provisions for general risk	Undistributed profit		Non-controlling interests	
Share capital	Preferred shares	Perpetual bond	Others	comprehensive incomes			Special reserves	Surplus reserves						
I. Closing balance of previous period	422,000,000.00				683,803,181.69			2,390,915.53		45,665,647.68		-588,661,889.61	406,687,468.04	971,885,323.33
Add: changes in accounting policies														
Corrections of early errors														
Business merger under common control														
Others														
II. Opening balance of current period	422,000,000.00				683,803,181.69			2,390,915.53		45,665,647.68		-588,661,889.61	406,687,468.04	971,885,323.33
III. Increases and decreases in the current period (with "-" for decrease)														
(I) Total comprehensive income								-497,064.16				-44,049,991.70	26,014,976.84	-18,532,079.02
(II) Capital input and reduced by owners								-497,064.16				-44,049,991.70	-4,772,123.16	-49,319,179.02
1. Common shares input by shareholders													30,787,100.00	30,787,100.00
2. Input capital by other equity instrument owners													30,787,100.00	30,787,100.00
3. Amount of share-based payment recognized as shareholder's interest														
4. Others														
(III) Profit distribution														
1. Appropriation to surplus reserves														
2. Appropriation to provision for general risk														
3. Distribution to owners (or shareholders)														
4. Others														
(IV) Internal carry-over in shareholders' equity														
1. Share capital increased from transfer of capital reserves														
2. Transfer from surplus reserves to paid-in capital														
3. Surplus reserves to recover loss														
4. Others														
(V) Special reserves														
1. Appropriation in current period														
2. Use in current period														
(VI) Others														
IV. Closing balance in current period	<u>422,000,000.00</u>	<u></u>	<u></u>	<u></u>	<u>683,803,181.69</u>	<u></u>	<u></u>	<u>1,893,851.37</u>	<u></u>	<u>45,665,647.68</u>	<u></u>	<u>-632,711,881.31</u>	<u>432,702,444.88</u>	<u>953,353,244.31</u>

Parent Company's Statement of Changes in Owner's Equity
January ~ June 2018

Unit: Yuan
Currency: RMB

Item	Current period										Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	
		Preferred shares	Perpetual bond	Others							
I. Closing balance of previous period	422,000,000.00				666,639,987.85				38,071,282.24	-65,337,306.25	1,061,373,963.84
Add: changes in accounting policies											
Corrections of early errors											
Others											
II. Opening balance of current period	422,000,000.00				666,639,987.85				38,071,282.24	-65,337,306.25	1,061,373,963.84
III. Increases and decreases in the current period (with "-" for decrease)											
(I) Total comprehensive income										-1,656,782.89	-1,656,782.89
(II) Capital input and reduced by owners										-1,656,782.89	-1,656,782.89
1.Common shares input by shareholders											
2.Input capital by other equity instrument owners											
3.Amount of share-based payment recognized as shareholder's interest											
4.Others											
(III) Profit distribution											
1.Appropriation to surplus reserves											
2.Distribution to the shareholders											
3.Others											
(IV) Internal carry-over in shareholders' equity											
1.Share capital increased from transfer of capital reserves											
2.Transfer from surplus reserves to paid-in capital											
3.Surplus reserves to recover loss											
4.Others											
(V) Special reserves											
1.Appropriation in current period											
2.Use in current period											
(VI) Others											
IV. Closing balance in current period	<u>422,000,000.00</u>	<u></u>	<u></u>	<u></u>	<u>666,639,987.85</u>	<u></u>	<u></u>	<u></u>	<u>38,071,282.24</u>	<u>-66,994,089.14</u>	<u>1,059,717,180.95</u>

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

January ~ June 2018

Unit: Yuan
Currency: RMB

Item	Current period										Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	
		Preferred shares	Perpetual bond	Others							
I. Closing balance of previous period	422,000,000.00				666,639,987.85				38,071,282.24	-73,295,826.87	1,053,415,443.22
Add: changes in accounting policies											
Corrections of early errors											
Others											
II. Opening balance of current period	422,000,000.00				666,639,987.85				38,071,282.24	-73,295,826.87	1,053,415,443.22
III. Increases and decreases in the current period (with "-" for decrease)											
(I) Total comprehensive income										-1,295,324.46	-1,295,324.46
(II) Capital input and reduced by owners										-1,295,324.46	-1,295,324.46
1.Common shares input by shareholders											
2.Input capital by other equity instrument owners											
3.Amount of share-based payment recognized as shareholder's interest											
4.Others											
(III) Profit distribution											
1.Appropriation to surplus reserves											
2.Distribution to the shareholders											
3.Others											
(IV) Internal carry-over in shareholders' equity											
1.Share capital increased from transfer of capital reserves											
2.Transfer from surplus reserves to paid-in capital											
3.Surplus reserves to recover loss											
4.Others											
(V) Special reserves											
1.Appropriation in current period											
2.Use in current period											
(VI) Others											
IV. Closing balance in current period	422,000,000.00				666,639,987.85				38,071,282.24	-74,591,151.33	1,052,120,118.76

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

Aging	Accounts receivable	Closing balance	
		Bad debt provision	Provision proportion (%)
Within one year	175,152,938.22	1,751,529.35	1.00
One to two years	25,101,962.92	2,510,196.30	10.00
Two to three years	28,833,899.92	5,766,779.99	20.00
Three to four years	6,730,991.48	3,365,495.74	50.00
Four to five years	21,587,798.24	17,270,238.59	80.00
More than five years	9,371,742.57	9,371,742.57	100.00
Total	266,779,333.35	40,035,982.54	—

2. AGING ANALYSIS OF ACCOUNTS PAYABLE**Significant payables with the aging over 1 year:**

Unit: Yuan
Currency: RMB

Company name	Closing balance	Reasons for unrepayment or carrying over
Tianjin Seamless Investment Co., Ltd.	2,582,070.00	Unsettled
Tianjin Lebeier Catering Management Co., Ltd.	2,032,245.00	Unsettled
Cangzhou Huiyou Wire & Cable Co., Ltd.	1,173,071.46	Unsettled
Lanxi Haide Machine Tool Manufacturing Co., Ltd.	1,712,284.71	Unsettled
Beijing Jingcheng Industrial Logistics Co., Ltd.	902,227.27	Unsettled
Total	8,401,898.44	—

3. REVENUE

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

Unit: Yuan
Currency: RMB

Item	Amount in the Current Period	Amount in the Previous Period
Seamless Steel Gas Cylinder	128,041,670.04	130,823,394.15
Full-wrapped Cylinder	102,317,911.84	99,773,930.42
Cryogenic Cylinder	124,560,936.16	141,166,345.91
Cryogenic Storage and Transportation Equipment	967,870.98	63,047,862.80
Other	88,972,097.25	83,852,594.65
Gross Sales	444,860,486.27	518,664,127.93
Less: Sales Tax and Other Additional Charges	6,374,803.05	6,794,558.21
Total	438,485,683.22	511,869,569.72

4. TAXES

(1) MAIN TAX TYPES AND TAX RATE

Tax category	Tax category	Tax category
Value-added tax	Taxable added value	17%, 6%, 5%, 0%
Consumption tax		
Business Tax		
City maintenance and construction tax	VAT payable	5%, 7%
Education surcharge	VAT payable	3%
Local education surcharge	VAT payable	2%
Property tax	70%-80% of the original house property value and income from house property leasing	1.2% and 12%
Corporate income tax	Taxable income	25%
Hong Kong profits tax	Taxable income	16.50%
Corporate income tax (USA)	Taxable income	Excess progressive of tax rate

(2) CORPORATE INCOME TAX RATES FOR EACH SUBSIDIARY OF THE GROUP ARE AS FOLLOWS:

Names of the taxpayer	Income tax rate
The Company	25%
Beijing Tianhai Industry Co., Ltd.	15%
Tianjin Tianhai High Pressure Container Co., Ltd.	25%
Langfang Tianhai High Pressure Container Co., Ltd.	25%
Shanghai Tianhai Composite Cylinders Co., Ltd.	25%
Beijing Tianhai Cryogenic Equipment Co., Ltd.	15%
Beijing Pioneer Up Lifter Co., Ltd.	25%
Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd.	25%
Kuancheng Tianhai Pressure Container Co., Ltd.	25%
BTIC AMERICA CORPORATION	
Jingcheng Holding (Hong Kong) Co., Ltd.	16.50%

BTIC AMERICA CORPORATION is a company incorporated in America, whose corporate income tax is based on the surtax system, and the tax rate of taxable income ranges from 15% to 39%.

(3) TAX PREFERENCE

Beijing Tianhai Industry Co., Ltd, a subsidiary of the Company, has obtained the High-tech Enterprise Certificate on December 22, 2016 jointly issued by Beijing Municipal Science & Technology Commission, Finance Bureau of Beijing Municipality, Beijing Municipal Office of SAT and Beijing Local Taxation Bureau, with the Certificate No. GR201611003805. The validity of the certificate is three years. The provision for corporate income tax for the time being is based on the 15% of its preferential tax rate for January to June 2018.

Beijing Tianhai Cryogenic Equipment Co., Ltd., a subsidiary of the Company, has obtained the High-tech Enterprise Certificate on December 22, 2016 jointly issued by Beijing Municipal Science & Technology Commission, Finance Bureau of Beijing Municipality, Beijing Municipal Office of SAT and Beijing Local Taxation Bureau, with the Certificate No. GR201611004210. The validity of the certificate is three years. The provision for corporate income tax for the time being is based on the 15% of its preferential tax rate for January to June 2018.

(4) CHANGES IN TAXATION AND TAXATION PREFERENTIAL POLICY

There is no change in taxation and taxation preferential policy this year compared with the previous year.

(5) TAXES

Item	Amount in the Current Period	Unit: Yuan
		Currency: RMB Amount in the Previous Period
Corporate Income Tax in the Current Year	2,673,283.91	2,089,336.25
Deferred Income Taxes	0.00	1,070.39
Total	2,673,283.91	2,090,406.64

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.

Item	Current period	Unit: Yuan
		Currency: RMB Previous period
Consolidated net profit attributable to the common shareholders of the parent company	-28,682,450.33	-44,049,991.70
Consolidated net profit attributable to the common shareholders of the parent company (net of non-operating gains and loss)	-30,049,827.55	-46,841,842.65
The weighted average numbers of outstanding common shares of the parent company	422,000,000	422,000,000
Basic earnings per share (Yuan/share)	-0.07	-0.10
Basic earnings per share (Yuan/share) (net of non-operating gains and loss)	-0.07	-0.11

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: Yuan
Currency: RMB

Item	Current period	Previous period
Adjusted consolidated net profit attributable to the basic shareholders of the parent company	-28,682,450.33	-44,049,991.70
Adjusted consolidated net profit attributable to the basic shareholders of the parent (Yuan) (net of non-operating gains and loss)	-30,049,827.55	-46,841,842.65
The adjusted weighted average numbers of outstanding common shares	422,000,000	422,000,000
Diluted earnings per share (Yuan/share)	-0.07	-0.10
Diluted earnings per share (Yuan/share) (net of non-operating gains and loss)	-0.07	-0.11

6. SHARE CAPITAL

The change of the legal, issued and paid share capital of the Company is as follows: All the shares of the Company are ordinary one with the face value of RMB1 per share.

(Unit: Yuan)
Currency: RMB

Item	Opening amount		Change in the current period					Closing amount	
	Amount	Proportion (%)	Issuing new shares	Bonus shares	Transfer from capital surplus to share capital	Others	Subtotal	Amount	Proportion (%)
Total restricted shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrestricted shares	-	-	-	-	-	-	-	-	-
RMB ordinary shares	322,000.00	76.30	0.00	0.00	0.00	0.00	0.00	322,000.00	76.30
Overseas listed foreign share	100,000.00	23.70	0.00	0.00	0.00	0.00	0.00	100,000.00	23.70
Total unrestricted shares	422,000.00	100.00	0.00	0.00	0.00	0.00	0.00	422,000.00	100.00
Total shares	422,000.00	100.00	0.00	0.00	0.00	0.00	0.00	422,000.00	100.00

7. STOCK DIVIDEND

No dividend paid or declared during the year of 2018. No dividend is declared during this reporting period (2017: none).

Beijing Jingcheng Machinery Electric Company Limited

Wang Jun

Chairman

Beijing, the PRC

9 August 2018

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive directors, Ms. Jin Chunyu, Mr. Du Yuexi, Mr. Xia Zhonghua and Ms. Li Chunzhi as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.