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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)

2017 INTERIM RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICES

- 1 This interim results announcement is extracted from the 2017 Interim Report. To comprehensively understand operating results, financial position and future development plans of Beijing Jingcheng Machinery Electric Company Limited (the “Company”), investors should carefully read the full text of the 2017 Interim Report.**
- 2 The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”), the directors, the supervisors and senior management of the Company guarantee the authenticity, accuracy and completeness of the contents of the 2017 interim results announcement, in which there are no false representations, misleading statements contained, or material omissions, and assume several and joint responsibilities.**
- 3 Attendance of the Board meeting**

Position of absent director	Name of absent director	Reason for absence	Name of proxy
Independent Director	Fan Yong	Work	Yang Xiaohui

- 4 The 2017 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	*ST 京城	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
Office address	No.2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing	No.2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing
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	1,894,232,599.36	1,849,908,902.76	2.40
Net assets per share attributable to shareholders of listed company	520,650,799.43	565,197,855.29	-7.88
	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	-62,482,402.26	-1,879,841.43	N/A
Operating income	535,806,085.23	485,074,778.92	10.46
Net profit attributable to shareholders of listed company	-44,049,991.70	-62,164,227.60	N/A
Net profit attributable to shareholders of listed company after extraordinary items	-46,841,842.65	-70,312,199.06	N/A
Return on net assets on weighted average basis (%)	-8.46	-9.11	Increased by 0.65 percentage points
Basic earnings per share (RMB/share)	-0.10	-0.15	N/A
Diluted earnings per share (RMB/share)	-0.10	-0.15	N/A

2.3 Shareholdings held by top ten shareholders

Unit: share

Total number of shareholders as at the end of the reporting period	18,828
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	23.51	99,221,200	0	Unknown	–
Tsinghua Unigroup Co., Ltd.	Unknown	0.67	2,841,200	0	Unknown	–
He Yong	Unknown	0.44	1,864,100	0	Unknown	–
Wen Wei	Unknown	0.36	1,500,000	0	Unknown	–
Yang Qing	Unknown	0.33	1,401,300	0	Unknown	–
Liu Shuizhen	Unknown	0.29	1,230,400	0	Unknown	–
Xu Rui	Unknown	0.27	1,149,600	0	Unknown	–
Liao Lunwan	Unknown	0.25	1,035,900	0	Unknown	–
Wang Xueli	Unknown	0.23	956,034	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 2017, 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 2017, 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

Review of the first half of the year

1. To streamline capacity planning and accelerate the adjustment on spatial layout

To put the strategic idea of spatial layout adjustment of the Company in place, the Company relocated the production of impact extruded cylinders from Langfang Tianhai High Pressure Cylinder Co., Ltd. (“Langfang Tianhai”) to Kuancheng Tianhai Pressure Vessel Co., Ltd. (“Kuancheng Tianhai”), and relocated the production of wrapped cylinders and part of tube type cylinders to Tianjin Tianhai High Pressure Containers Co., Ltd. (“Tianjin Tianhai”),

so as to reduce overcapacity and centralize the production for enhancing efficiency. At the same time, following onsite visits and research on Kuancheng Shenghua Pressure Vessel Manufacturing Co., Ltd. (“Kuancheng Shenghua”), Beijing Tianhai Industry Co., Ltd. (“Beijing Tianhai”) decided to cooperate with Kuancheng Shenghua to establish Kuancheng Tianhai through joint investment. The establishment of Kuancheng Tianhai not only made use of Beijing Tianhai’s product advantages in respect of brand, technology and quality, but also made use of Kuancheng Shenghua’s advantages in respect of cost management in order to complement each other and increase market share.

2. Transformation and upgrade of management and control

With the completion of adjustment on the industry layout, the products of each industrial base now have a clearer position and target on a more specific market. The original management and control of comprehensively unified management, procurement and sales can no longer cope with the needs of the changing market competition. 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.

3. Revitalization and use of land resources

With the strategic adjustment on the product plan of Langfang Tianhai, the property assets of Langfang Tianhai located at the east of Huaxiang Road and north of Yaohua Road, Lang Fang Development Zone were unoccupied. The Company disclosed the transfer of property assets of Langfang Tianhai through public tender in the announcement published on 21 July 2017. It is expected that such project will be considered and approved and Langfang Tianhai will be authorized to determine the matters relating to the base price of the tender at the general meeting to be convened on 4 September 2017. The current assessed value of the property assets is approximately RMB170 million. After the general meeting and subject to the approval of SASAC, Langfang Tianhai will convene a board meeting to determine the price of tender and will officially be open for bidding on the China Beijing Equity Exchange. After the acceptance of tender, it is expected that the Company will complete the relevant settlement procedures within the year and realize economic benefits.

To revitalize the land resources in the old plant area of Wufangqiao, as at the end of last year, Beijing Tianhai and 樂成老年事業有限公司 intended to establish a joint venture to jointly develop the land in Wufangqiao. However, the procedure for the change of land use was not completed despite of the efforts from both parties for six months, and as a result, the cooperation purpose of both parties could not be achieved. After friendly negotiation, both parties have terminated the cooperation. Currently, the Company is actively carrying out discussion and preparation of other proposals for achieving the revitalization of land resources in Wufangqiao as soon as possible so as to create better economic benefits for promoting the operation and development of the Company.

Outlook for the second half of the year

1. To put more efforts on the adjustment of spatial layout of the industry and the revitalization of resources, and focus on achieving breakthroughs in key projects

In the second half of the year, reform initiatives will be deepened based on the existing efforts on reforms so as to ensure the effective implementation of various reform initiatives and turn loss into profit for the year. Focus will be placed on the following tasks:

- (1) Careful planning and orderly proceeding of the relocation of Langfang Tianhai are needed for on-schedule implementation of the project and maintain profitability of the Company.
- (2) Business construction for Kuancheng Tianhai will be carried out under the legal entity governance structure of the Company, while the businesses including projects and procurement of materials shall be subject to approval and audit, with budgets and final accounts being prepared within the institutional framework, and become a “Sunshine Project” while ensuring the progress according to schedule.
- (3) Continuous promotion of the development of the land in Wufangqiao will be carried out.

2. To accelerate the technical innovation, technical transformation and technical reform

With a market-oriented approach, technical personnel will actively visit customers and understand their needs, together with the feedback of the sales department and changes of competitors, we will be able to timely optimize the design and manufacturing process of the Company’s products, such as weight reduction of winding cylinders and cost reduction of Type III cylinders. We shall launch innovation boldly and break the norm so as to continue to optimize and improve the design concepts, keep pace with the market trend and enhance competitiveness. We shall speed up the introduction, development and industrialization of strategic products including hydrogen technology and Type IV cylinders, so as to maintain the momentum for the future development of the Company.

3. To strengthen the management of costs, strictly control inventories receivable and put more efforts on the control of cash flows

Firstly, we shall raise funds through multi-channels including revitalization of idle assets, strengthening the management of receivables and bank financing, so as to improve cash flows and ensure the financial support for material projects, production and operation. Secondly, we shall set up a capital balancing plan to reasonably establish the rules of use of capital. Approvals on all matters and budgets for all projects are required. The capital expenditures of each business department/subsidiary shall be kept in line with the indicators including income, refunds and use of funds of the departments.

4. *To put more efforts on the supervision and improve the risk prevention mechanism*

We shall fully promote the implementation of a risk prevention system for operation, prepare risk evaluation and establish risk management policies to achieve comprehensive control and effective prevention of operational risks.

We shall continue to strengthen the establishment of a precautionary system for legal risks. By strengthening the management of legal affairs of the Company and its subsidiaries and retention of the external legal adviser, we will establish a system covering the management of legal affairs of the Company and each subsidiary in order to provide business guidelines and effective supervision of the legal affairs of the subsidiaries by the Company, which will perform and effectively link the respective functions in the management of legal affairs between the Company and each subsidiary, and effective prevention of the overall legal risks of the Company's systems would be achieved. Each department of the Company and its subsidiaries shall enhance the awareness of legal risks, strengthen the ability of performing their duties in accordance with law, and attach great importance to each part of the procedures including project research, investigation of counterparty's credit information, project negotiation, contract review and continuous follow-up of performance, so as to minimize the risks.

5. *To further strengthen the establishment of the Party's discipline and integrity and perform "single position with dual duties"*

The leading cadres at all levels of the Company should take the lead in implementing a series of new systems, new rules and new regulations promulgated since the 18th National Congress of the CPC by the central government. We shall thoroughly learn from and implement the spirit of the 12th City Congress, and will earnestly study and carry out the spirit of the 19th National Congress, setting an example in raising the political stance and realizing the requirements of "Three Compliances and Three Implementations". Responsibility Documents for Construction of Incorrupt Party which was signed at the beginning of the year shall be fully implemented. We shall manage the business, the subordinates and people around in respective areas and dare to do and speak with strict management in the long run. For key areas and key aspects in particular, we shall carry out strict management, strict requirements, strict supervision, strict assessment of accountability, and earnestly establish an incorrupt style by "single position with dual duties".

I. MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2017, facing with the continuously severe external situation, the Company adhered to the operation target of “comprehensively addressing the delisting risk with profits as the core”. To achieve such operation target, the Company has always insisted on a market-oriented approach for its principal business and promoted the research and development of new products, actively captured market share, accelerated the adjustment on product structure and spatial layout. For non-principal business, the Company carried out proper revitalization and utilization of land resources after consideration and laid a foundation for the healthy and sustainable development of the Company.

During the reporting period, the following work was focused on:

1. Regulate the operation of general meetings of the Company, the Board and Supervisory Committee and strictly perform the obligation of information disclosure

The Company has been in strict compliance with the authority as required by the articles of association of the Company and the Listing Rules to perform the review and approval procedures. All significant matters would be implemented only after the consideration and approval at general meetings or by the Board and Supervisory Committee. Special matters, such as connected transactions, significant investment and financing and significant asset disposal, were further subject to the independent opinion from the independent non-executive Directors.

As a listed company of A and H shares, the Company has taken into account the information disclosure requirements of Shanghai Stock Exchange and the Hong Kong Stock Exchange, and perform the disclosure accurately, timely and comprehensively. At the same time, to protect the legal interests of the informed employees, the Company timely completed the registration of persons with access to inside information in order to effectively guarantee the legal compliance of the decision-making process and information disclosure.

2. Strengthen the management of internal control and prevent corporate operational risk

In accordance with the Audit Guidelines on Corporate Internal Control of Shanghai Stock Exchange, the Corporate Governance Code of the Hong Kong Stock Exchange and the internal audit policy of the Company, combining with the changes in operating environment and business development needs, the Company adopted a “top-down” approach, assessment of the risks and control points relating to the Company and five subsidiaries of the Company namely Beijing Tianhai, Tianjin Tianhai, Langfang Tianhai, Beijing Tianhai Cryogenic Equipment Co., Ltd. and Beijing Minghui Tianhai Gas Storage Equipments Trading Co., Ltd. were carried out by both internal inspection and audit by external audit firm to address the issues identified by internal control audit and recommendations and deadlines were made for rectification in respect of the issues identified from the internal audit so as to ensure the effective implementation of internal control and safeguard the orderly management of the operations of the Company.

In the first half of the year, the Company strictly implemented the regulation systems, operating decision-making and fulfilled 100% the requirement of legal review on economic contracts, so as to provide legal review, consultation and solutions for the daily operation of the business departments of the Company. Through the three parts of review and legal risks control, the legal risks of the Company were effectively mitigated.

3. Improve the financial system and strengthen the comprehensive budget management

- (1) To strengthen the asset management, promote the regulation of the operation of the Company and effectively prevent and address various risks in the course of handling loss of accounts receivables, the Company established the Management Measures for Recognition, Verification and Cancellation of Loss of Accounts Receivables.
- (2) To further strengthen the comprehensive budget management, the Company included the budget management in OA system, which refined the management process, defined the division of rights, achieved reasonable allocation of corporate resources and reflected the actual needs of the corporation. Support was provided to the final decision-making in respect of business collaboration, implementation of strategies, current operating situation and growth of value.

4. External investment and the establishment of Kuancheng Tianhai

According to the strategic ideas on the adjustment of product plan of the Company, and by onsite visits and research on Kuancheng Shenghua, together with several in-depth, comprehensive and detailed communication between both parties, Beijing Tianhai decided to cooperate with Kuancheng Shenghua to establish Kuancheng Tianhai through joint investment on 7 April 2017, of which Beijing Tianhai contributed in cash and the right of use of technologies, holding 61.1% equity interest, while Kuancheng Shenghua contributed in specie, holding 38.9% equity interest. The establishment of Kuancheng Tianhai not only made use of Beijing Tianhai's advantages in respect of brand, technologies and quality of its products, but also made use of Kuancheng Shenghua's advantages in respect of cost management. At the same time, the relocation of traditional gas cylinder products and transfer of properties of Beijing Tianhai were achieved and land resources were utilised reasonably. The cooperation between a State-owned enterprise and a private enterprise is beneficial to the enhancement of product competitiveness and profitability of an enterprise, and would also facilitate the mixed-ownership reform.

5. Property resource revitalization of Langfang Tianhai

On 14 November 2016, Langfang Tianhai and Kuancheng Shenghua entered into a strategic cooperation letter of intent. On 7 April 2017, Langfang Tianhai cooperated with Kuancheng Shenghua to establish Kuancheng Tianhai. To implement the strategic adjustment plan of spatial layout of the Company, Kuancheng Tianhai purchased equipment including impact extruded cylinders of Langfang Tianhai and the Company relocated the production lines including winding cylinders product lines of Langfang Tianhai to Tianjin Tianhai for production. Hence, the properties of Langfang Tianhai located at the east of Huaxiang Road and north of Yaohua Road, Lang Fang Development Zone were unoccupied. The properties included the land use right area of 62,946.02 sq.m. (Land use right certificate: Lang Kai Guo Yong (2007) No. 119), buildings, structures and other auxiliary facilities, pipelines product lines and grooves with gross floor area of 45,045.80 sq.m. (Lang Kai Zi No. 05020, No. 05021, No. 05022, and No. 05023 of Langfang's property ownership certificate as well as Lang Kai Zi No. H5741 of Langfang's property ownership certificate). The Company had disclosed the transfer of property assets of Langfang Tianhai through public tender in the announcement published on 21 July 2017. It is expected that such project will be considered and approved and Langfang Tianhai will be authorized to determine the matters relating to the floor price of tender at the general meeting to be convened on 4 September 2017. The current assessed value of the property assets is RMB170 million. If the relevant works are commenced smoothly, Langfang Tianhai will convene a board meeting to determine the price of public tender and will officially list on China Beijing Equity Exchange subject to the approval of SASAC and after the convening of the general meeting.

6. Lead by technological innovation for development reserve

As time waits for no one, transformations and developments are needed in the future. The Company greatly promoted the structure adjustment and transformation and upgrade by implementing an innovative strategy for driving development, which formed a development model leading by innovation. We adhered to taking technological innovation as the core, and increased investment in technological innovation and enhanced the potential of services so as to comprehensively enhance the quality and efficiency of the development. The Company captured the new opportunities brought by the development of natural gas and strategic products including Type III cylinders, large diameter LNG cylinders and tank containers gained the recognition from the market. At the same time, facing the new global trend of energy conservation and emission reduction, the Company will have active business cooperation in the international high-end technology field for fields in respect of hydrogen refueling stations, hydrogen systems and hydrogen valves.

(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	535,806,085.23	485,074,778.92	10.46
Operating cost	473,578,921.99	458,962,623.15	3.18
Sales expense	25,484,211.91	30,334,796.09	-15.99
Management expense	47,484,756.46	64,377,046.08	-26.24
Financial expense	11,421,395.05	8,676,593.25	31.63
Net cash flows from operating activities	-62,482,402.26	-1,879,841.43	N/A
Net cash flows from investment activities	-3,923,639.17	-28,054,435.89	N/A
Net cash flows from financing activities	26,065,995.67	-46,519,790.14	N/A
R&D expenditure	5,830,781.93	5,232,563.66	11.43

Reasons for the change in the operating income: increase of 10.46% as compared with the corresponding period of last year, attributable to increase in the operating income from primary business affected by the favourable national policies and active expansion of market by the Company;

Reasons for the change in operating cost: increase of 3.18% as compared with the corresponding period of last year, attributable to increase in the income from the primary business;

Reasons for the change in sales expense: decrease of 15.99% as compared with the corresponding period of last year, attributable to decrease in transportation expense as compared with the corresponding period of last year;

Reasons for the change in management expense: decrease of 26.24% as compared with the corresponding period of last year, attributable to the adjustment of taxes in the management expense to the item of taxes and surcharges in accordance with the Value-added Tax Accounting Treatment Rules issued by the Ministry of Finance;

Reasons for the change in financial expenses: increase of 31.63% as compared with the corresponding period of last year, attributable to increase in the exchange loss for the current period due to changes in the exchange rates;

Reasons for the change in the net cash flow from operating activities: decrease of RMB60,602,600 as compared with the corresponding period of last year, mainly because the growth rate of cash received from operating activities was lower than that of cash paid for operating activities;

Reasons for the change in the net cash flow from investing activities: increase of RMB24,130,800 as compared with the corresponding period of last year, mainly attributable to decrease of cash outflows from investing activities;

Reasons for the change in the net cash flow from financing activities: increase of RMB72,585,800 as compared with the corresponding period of last year, attributable to increase of borrowings of subsidiaries;

Reasons for the change in R&D expenditure: increase of 11.43% 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**

Applicable Not Applicable

(2) **Others**

*Unit: Yuan
Currency: RMB*

Applicable Not Applicable

Items	Current period	Corresponding period of last year	Changes as compared with corresponding period of last year (%)	Description
Taxes and surcharges	6,794,558.21	2,352,420.20	188.83	Mainly due to the adjustment of taxes in the management expense to the item of taxes and surcharges in accordance with the Value-added Tax Accounting Treatment Rules issued by the Ministry of Finance

Items	Current period	Corresponding period of last year	Changes as compared with corresponding period of last year (%)	Description
Impairment loss on assets	17,676,453.36	12,642,014.18	39.82	Mainly due to the assets were tested during the current period, impairment loss for Inventories and account receivables were increased as compared with same period of last year
Investment incomes	-2,506,578.34	2,414,445.17	-203.82	Mainly due to the substantial decrease in net profits of joint ventures during the current period
Non-operating income	5,043,594.46	10,007,222.20	-49.6	Mainly due to the decrease in government grants as compared with same period of last year
Non-operating expenses	2,155,095.48	86,136.79	2,401.95	Mainly due to the compensation paid for the damaged assets by a subsidiary of a subsidiary according to the settlement agreement during the current period
Total profits	-46,252,291.11	-79,935,183.45		Mainly due to the increase in operating income as compared with same period of last year and the increase in the profitability of products
Income taxes expense	2,090,406.64	1,342,234.26	55.74	Mainly due to the increase in profits of a subsidiary of a subsidiary
Net profits	-48,342,697.75	-81,277,417.71		Mainly due to the increase in profitability as compared with same period of last year
Minority interests income	-4,292,706.05	-19,113,190.11		Mainly due to the increase in profitability as compared with same period of last year
Other net comprehensive incomes after-tax	-976,481.27	2,773,782.50	-135.2	Mainly due to the decrease in the translation balance in the financial statements of foreign currency

Items	Current period	Corresponding period of last year	Changes as compared with corresponding period of last year (%)	Description
Cash received from sales of goods or rendering services	417,007,169.45	292,645,356.19	42.50	Mainly due to the increase in cash received from sales of goods
Refunds of taxes	16,745,281.95	10,223,011.22	63.80	Mainly due to the increase in export tax refund
Other cash received concerning operating activities	8,280,323.01	18,014,491.71	-54.04	Mainly due to the decrease in deposit during the Period
Cash paid for purchasing goods or receiving services	350,394,790.39	138,291,643.70	153.37	Mainly due to the increase in cash paid for purchasing goods
Other cash paid concerning operating activities	27,884,450.85	46,833,949.37	-40.46	Mainly due to the decrease in other cash paid concerning operating activities during the current period
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	1,411,693.13	-100.00	Mainly due to the decrease in cash received from disposal of fixed assets during the current period
Cash paid for purchasing fixed assets, intangible assets and other long-term assets	3,923,639.17	29,466,129.02	-86.68	Mainly due to the decrease in cash paid for purchasing fixed assets
Cash received from borrowing	181,877,073.31	120,000,000.00	51.56	Mainly due to the increase in borrowings during the Period as compared with same period of last year
Other cash paid concerning financing activities	1,200,000.00	2,500,000.00	-52.00	Mainly due to the decrease in repayment of borrowings from the holding company

(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	77,666,624.57	4.10	118,829,271.77	6.42	-34.64	Mainly due to the increase in cash paid for purchasing goods
Notes receivable	11,102,994.10	0.59	16,314,951.71	0.88	-31.95	Mainly due to the increase in notes paid for purchasing goods
Accounts receivable	280,554,200.65	14.81	215,185,885.26	11.63	30.38	Mainly due to the increase in operating income and accounts receivable
Dividends receivable	6,075,169.12	0.32				Mainly due to the distribution of dividends of joint ventures
Other receivables	6,031,076.59	0.32	4,580,549.80	0.25	31.67	Mainly due to the increase in advanced payments with the aging over 5 years of the subsidiaries
Construction in progress	2,882,759.15	0.15				Mainly due to the increase in investment in construction in progress
Notes payable	15,000,000.00	0.79	30,000,000.00	1.62	-50.00	Mainly due to the bank acceptance notes matured to acceptance
Taxes payable	8,216,271.96	0.43	4,755,774.34	0.26	72.76	Mainly due to the increase in the unpaid taxes payables
Interest payable	557,523.71	0.03	26,583.33	0.00	1,997.27	Mainly due to the increase in the unpaid interest payable

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	16,219,392.00	Bill margin, letter of credit
Fixed assets	95,720,999.35	Pledged to secure bank borrowings and bills
Intangible assets	17,807,844.08	Pledged to secure bank borrowings and bills
Total	129,748,235.43	—

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

Beijing Tianhai cooperated with Kuancheng Shenghua in the joint establishment of Kuancheng Tianhai in Kuancheng Manchu Autonomous County, Chengde City, Hebei Province to produce impact extruded cylinders and large tube type cylinders. Beijing Tianhai, contributed in cash and patent technologies and the right of use of patent technologies in respect of impact extruded cylinders and fire-fighting cylinders management, while Kuancheng Shenghua contributed through land use rights, plants and used equipment, with a total project investment amount of RMB119,954,000. Kuancheng Tianhai was established on 7 April 2017, with a registered capital of RMB81,584,000. Beijing Tianhai and Kuancheng Shenghua held 61.1% and 38.9% equity interest respectively. For details, please refer to the Announcement

on the External Investment by Beijing Tianhai Industry Co., Ltd., a Subsidiary of the Company, in establishing Kuancheng Tianhai Pressure Vessel Co., Ltd. (Announcement No.: Lin 2017-012) disclosed by the Company on 6 April 2017.

Beijing Tianhai proposed to acquire a total of 49% of the shares, from its external individual shareholders, Bill Zheng (鄭國祥) and Susan Guo (郭志紅), each of whom held 24.5% of the shares of BTIC America Corporation with the Share Transfer Agreement signed. On 3 August 2017, the Company was informed by Beijing Municipal Commission of Commerce that the above share transfer did not meet the latest national policies, that the relevant application and information would not be considered, hence, such share transfer cannot proceed. For details, please refer to the Announcement on the External Share Transfer Agreement Relating to the Acquisition of Shares of BTIC America Corporation by Beijing Tianhai Industry Co., Ltd., a Subsidiary of the Company, not taking effect (Announcement No.: Lin 2017-033) disclosed by the Company on 3 August 2017.

(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

Langfang Tianhai High Pressure Containers Co., Ltd., a subsidiary of Beijing Tianhai Industry Co. Ltd., proposed to dispose of the property assets, including the land use right area of 62946.02 sq.m., and buildings, structures and other auxiliary facilities with gross floor area of 45045.80 sq.m., located in the east of Huaxiang Road and north of Yaohua Road, Lang Fang Development Zone by means of transfer through public tender. Currently, the valuation report for the property assets is under the review of Beijing SASAC.

(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	1,894,036,965.30	589,488,791.48	-53,715,328.57
Jingcheng Holding (Hong Kong) Company Limited	Trading and investment	Import and export trade, investment holding and consultancy services, etc.	HK\$1,000	157,187,753.34	156,369,467.60	1,705.28

(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

In accordance with the relevant requirements of the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, if the audited net profit of the Company for the year 2017 remains negative, the listing of A shares of the Company will be suspended.

(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	49.67%	47.46%
(2) Quick ratio	58.49%	60.19%
(3) Liquidity ratio	102.80%	103.05%

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 RMB225,000,000, representing an increase of 18.42% as compared with the beginning of the year. Long-term loan was nil.

3. *Foreign exchange risk management*

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 2017, 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. The Group is closely monitoring the effects on the Group arising from the changes in exchange rates.

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 RMB442,032,800, while cash outflow amounted to RMB504,515,200. Net cash flow during the reporting period from operating activities amounted to RMB-62,482,400.

(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 RMB3,923,600, 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-3,923,600.

(3) Cash flows from fund-raising activities

Cash inflow from fund-raising activities during the Reporting Period amounted to RMB181,877,100, which was mainly derived from bank loans. Cash outflow to fundraising activities during the reporting period amounted to RMB155,811,100. Net cash flow from fund-raising activities for the reporting period amounted to RMB26,066,000.

Net cash flow from operating activities during the current period decreased by RMB60,602,600 compared with the corresponding period last year, which was mainly due to the growth rate of the cash received from operating activities was lower than that of the cash paid for operating activities. Net cash flow generated from the investment being increased by RMB24,130,800 compared with the corresponding period last year was mainly attributable to the decrease in cash payment for purchase of fixed assets for the current period. Net cash flow generated from fundraising activities increased by RMB72,585,800 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 RMB-62,482,400. Net profit for the current period was RMB-48,342,700, 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 RMB953,353,200, of which, minority interests amounted to RMB432,702,400, and total liabilities amounted to RMB940,879,400. Total assets amounted to RMB1,894,232,600. As at the end of the Reporting Period, the Company's gearing ratio was 49.67%.

Capital structure by liquidity

Total current liabilities	RMB800,871,100	Accounting for 42.28% of assets
Total equity interest attributable to shareholders	RMB953,353,200	Accounting for 50.33%% of assets
Of which: minority shareholders interests	RMB432,702,400	Accounting for 22.84% 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	16,219,392.00	Bill margin, letter of credit
Fixed assets	95,720,999.35	Pledged to secure bank borrowings and bills
Intangible assets	17,807,844.08	Pledged to secure bank borrowings and bills
Total	129,748,235.43	—

8. *Government subsidies*

Item	Amount for the current period	Source
Government subsidies for “double independent” enterprises	230,443.00	Government subsidies for “double independent” enterprises
Supporting fund for short-term export credit insurance	14,629.00	Supporting fund for short-term export credit insurance of Beijing Municipal Commission of Commerce
Subsidies of Beijing Environmental Protection Bureau for elimination and upgrade of old and used vehicles	85,500.00	Proposal for further promotion of elimination and upgrade of old and used motor vehicles of Beijing City
Technical standard funds of Science and Technology Committee of Chaoyang of Beijing	54,000.00	Incentives for Establishment (Amendment) of technical standard of Chaoyang District
Suspension subsidies for enterprises in Langfang Development Zone	1,383,800.00	Funds for enterprises in polluting industries by the government of Langfang Economic and Technology Development Zone
Outstanding Contribution Award for Addressing Employment Issue	50,000.00	Huo Xian Nan District Management Committee
Employment subsidies of Social Security Bureau of Tianjin City	507,600.00	Employment subsidies of Social Security Bureau of Tianjin City
Work safety standardization subsidies of State Administration of Work Safety of Management Committee	25,000.00	Work safety standardization subsidies of State Administration of Work Safety of Management Committee
Incentives for Outstanding Contribution for the year 2016	200,000.00	Decision on Honour to Enterprises and Technological Innovation Teams for Outstanding Contribution to Economic Development for the year 2016 by Working Committee and Management Committee of Langfang Development Zone of CPC (Lang Kai Gong [2017] No. 13)
Total	2,550,972.00	–

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 1,560.

(2) Remunerations:

Remunerations during the reporting period: RMB69,041,400

(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 51 training programs were completed in the first half of 2017 with training of 1,001 staff members, number of training hours per staff reached 16.5 hours. According to the strategic layout requirements of the Company in the first half of the year, the Company organized trainings in relation to external invoice management, construction of incorruptibility and main responsibilities of Party Committee. The Company also provided trainings for key staff. Induction training for new staff and training in relation to changing position were also provided.

10. Corporate Governance

During the Reporting Period, the Company re-elected and appointed members for a new session of the Board and the Supervisory Committee, appointed senior and middle-level management members, and 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 2017 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 2017.
- (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. Brand advantage

The Company has long been upholding its policy of producing world-class products in accordance with international standards in respect of manufacturing technology and management. It has successfully obtained 41 international certifications such as ISO9001:2008, ISO/TS16949:2009 quality management system, ISO14001:2004 environment management system and OHSAS18001:1999 occupational health and safety management system certifications. With over 20 years' efforts, the Company has established the largest product sales network in the industry and a complete and efficient after-sales service system. Its products have a nationwide coverage and are sold to more than 40 countries and regions in five continents around the world, and the sales volume of its seamless steel gas cylinders ranked first in the world.

The Company adheres to the corporate spirit of “integrity, dedication, learning, innovation and aiming at first-class” and has established a good reputation for its safe and reliable products and quality services. With its improving core competitiveness and rapidly growing performance, the Company has been awarded the honours of China's Top 100 Enterprises, Beijing Top Ten Foreign-invested Enterprises, Beijing High-tech Enterprise, Leading Enterprise in the PRC Metal Pressure Vessel Manufacturing Industry and National “Labour Day” Certificate.

2. Technology advantage

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.

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 with over 30 distribution offices scattering across the country, realizing a full geographical coverage nationwide. The Company has also set up eight overseas sales offices mainly located in the United States, Singapore, Korea, India, Australia and other countries with value of direct export accounting for around 50% of total income. Its products have been accepted by seven out of the world's top eight gas companies. In particular, its asbestos-free acetylene cylinders are the first in the global industry to enter the high-end cylinder market in the United States.

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 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

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

Summary of matter

Index for enquiry

Concerning Tianjin Tianhai High Pressure Containers Co., Ltd. and Kuancheng Tianhai Pressure Containers Co., Ltd. entered into the Gas Cylinder Pipe Sale and Purchase Framework Agreement with Tianjin Steel Pipe and Steel Trade Co., Ltd. separately.

For details, please refer to Shanghai Securities News on 29 April 2017 and the websites of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and Hong Kong Stock Exchange (<http://www.hkexnews.hk>)

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

On 6 April 2017, Beijing Tianhai, a subsidiary of the Company, entered into the Share Transfer Agreement with Bill Zheng and Susan Guo (“Equity Transferors”), being individuals and external parties holding shares in BTIC America Corporation (“BAC”), a subsidiary of Beijing Tianhai. Please refer to the “Announcement relating to the acquisition of shares in BTIC America Corporation by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, from external parties and connected transaction” (Announcement No.: Lin 2017-011) (關於公司子公司北京天海工業有限公司收購天海美洲公司外方股權暨關聯交易的公告(公告編號：臨2017-011號)) published on 6 April 2017 for details. As the abovementioned share transfer constitutes a connected transaction, the resolution on the acquisition of shares in BAC by Beijing Tianhai from external parties and connected transaction was considered and approved at the 22nd interim meeting of the eighth session of the Board on 6 April 2017.

On 3 August 2017, the Company received a notice from the Beijing Municipal Commission of Commerce, which stated that as the abovementioned share transfer did not meet the latest national policies, that the related application and information would not be considered, hence, such share transfer cannot proceed. On 3 August 2017, an announcement was made in relation to the above matter. Please refer to the “Announcement relating to the non-effectiveness of the share transfer agreement entered into by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, for the acquisition of shares in BTIC America Corporation from external parties” (Announcement No.: Lin 2017-033) (關於公司子公司北京天海工業有限公司簽署收購天海美洲公司外方股權轉讓協議未生效的公告》(公告編號：臨2017-033)) for details.

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	1,445,056.73	752,025.27	2,197,082.00	3,340.00	1,323,316.12	1,326,656.12
Jiangsu Tianhai Special Equipment Co., Ltd.	Associate	9,147,887.45	1,233,378.27	10,381,265.72			
Beijing Jingcheng Industrial Logistics Co., Ltd.	Wholly-owned subsidiary of parent company				1,202,227.27		1,202,227.27
Jingcheng Holdings	Controlling shareholder				247,900,000.00	-1,200,000.00	246,700,000.00
Tianjin Steel Pipe and Steel Trade Co., Ltd.	Other related party				21,452,293.35	-3,348,421.95	18,103,871.40
Tianjin Seamless Investment Co. Ltd.	Other related party				1,704,203.53	41,676.30	1,745,879.83
Total							
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. DESCRIPTION ON THE ENVIRONMENTAL PROTECTION OF THE COMPANY AND ITS SUBSIDIARIES FALLING UNDER KEY SEWAGE EMISSION ENTITIES ANNOUNCED BY THE ENVIRONMENT PROTECTION AUTHORITIES OF THE PRC

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

(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

3.2 *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

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

Applicable ✓ Not Applicable

IV FINANCIAL STATEMENTS

Consolidated Balance Sheet

June 30, 2017

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	VI. 1	77,666,624.57	118,829,271.77
Settlement reserve			
Loans to banks and other financial institutions			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	VI. 2	11,102,994.10	16,314,951.71
Accounts receivable	VI. 3	280,554,200.65	215,185,885.26
Advances to suppliers	VI. 4	30,080,742.50	36,211,833.81
Premiums receivable			
Reinsurance premium receivable			
Reinsurance contract reserves receivable			
Interest receivable			
Dividends receivable	VI. 5	6,075,169.12	
Other receivables	VI. 6	6,031,076.59	4,580,549.80
Financial assets purchased under agreements to resell			
Inventories	VI. 7	354,894,515.89	317,127,619.90
Held-for-sale assets			
Current portion of non-current assets			
Other current assets	VI. 8	56,898,227.32	54,172,565.88
Total current assets		<u>823,303,550.74</u>	<u>762,422,678.13</u>

Consolidated Balance Sheet (Continued)*June 30, 2017*

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			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	<i>VI. 9</i>	64,260,405.15	75,181,681.58
Investment properties			
Fixed assets	<i>VI. 10</i>	827,393,537.14	841,900,126.42
Construction in progress	<i>VI. 11</i>	2,882,759.15	
Construction materials			
Disposal of fixed assets			
Bearer biological assets			
Oil and gas assets			
Intangible assets	<i>VI. 12</i>	159,247,905.59	151,586,583.57
Development expenditures			
Goodwill	<i>VI. 13</i>	3,679,654.40	3,679,654.40
Long-term deferred expenses	<i>VI. 14</i>	13,180,166.31	14,852,487.39
Deferred income tax assets	<i>VI. 15</i>	284,620.88	285,691.27
Other non-current assets			
Total non-current assets		1,070,929,048.62	1,087,486,224.63
Total assets		1,894,232,599.36	1,849,908,902.76

Consolidated Balance Sheet (Continued)

June 30, 2017

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	<i>VI. 16</i>	225,000,000.00	190,000,000.00
Borrowings from the central bank			
Deposits and placements from other financial institutions			
Placements from banks and other financial institutions			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	<i>VI. 17</i>	15,000,000.00	30,000,000.00
Accounts payable	<i>VI. 18</i>	319,836,920.07	268,518,401.08
Advances from customers	<i>VI. 19</i>	41,474,427.17	43,159,742.00
Financial assets sold under agreements to repurchase			
Fees and commissions payable			
Employee benefits payable	<i>VI. 20</i>	18,255,105.84	25,073,101.25
Taxes payable	<i>VI. 21</i>	8,216,271.96	4,755,774.34
Interest payable	<i>VI. 22</i>	557,523.71	26,583.33
Dividends payable			
Other payables	<i>VI. 23</i>	161,329,258.84	167,017,675.53
Reinsurance amounts payable			
Reserve of insurance contract			
Securities brokering			
Securities underwriting			
Held for sale liabilities			
Non-current liabilities due within one year	<i>VI. 24</i>	11,000,000.00	11,000,000.00
Other current liabilities	<i>VI. 25</i>	201,563.68	279,193.40
		<hr/>	<hr/>
Total current liabilities		800,871,071.27	739,830,470.93
		<hr/>	<hr/>

Consolidated Balance Sheet (Continued)

June 30, 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Closing Balance	Opening Balance
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bond			
Long-term payables			
Long-term employee benefits payable	VI. 26	32,978,853.78	31,163,678.50
Special payables	VI. 27	103,900,000.00	103,900,000.00
Provisions	VI. 28	3,129,430.00	3,129,430.00
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		140,008,283.78	138,193,108.50
Total liabilities		940,879,355.05	878,023,579.43
Owner's equity:			
Share capital	VI. 29	422,000,000.00	422,000,000.00
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserves	VI. 30	683,803,181.69	683,803,181.69
Less: treasury stocks			
Other comprehensive incomes	VI. 31	1,893,851.37	2,390,915.53
Special reserves			
Surplus reserves	VI. 32	45,665,647.68	45,665,647.68
Provisions for general risk			
Undistributed profit	VI. 33	-632,711,881.31	-588,661,889.61
Total shareholders' equity attributable to parent company		520,650,799.43	565,197,855.29
Minority interests	VIII. 1	432,702,444.88	406,687,468.04
Total shareholders' equity		953,353,244.31	971,885,323.33
Total liabilities and shareholders' equity		1,894,232,599.36	1,849,908,902.76

Balance Sheet of Parent Company

June 30, 2017

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		2,625,500.32	3,764,017.52
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Advances to suppliers			
Interest receivable		13,104,312.82	16,270,562.82
Dividends receivable			
Other receivables	XVI. 1	345,100,000.00	345,100,000.00
Inventories			
Held for sale assets			
Current portion of non-current assets			
Other current assets		103,761.03	9,393.32
Total current assets		360,933,574.17	365,143,973.66
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	XVI. 2	694,842,724.41	694,842,724.41
Investment properties			
Fixed assets		6,299.98	6,923.08
Construction in progress			
Construction materials			
Disposal of fixed assets			
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		694,849,024.39	694,849,647.49
Total assets		1,055,782,598.56	1,059,993,621.15

Balance Sheet of Parent Company (Continued)

June 30, 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Closing Balance	Opening Balance
Current liabilities:			
Short-term borrowings			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advances from customers			
Employee benefits payable		41,493.76	718,140.84
Taxes payable		69,847.47	15,154.89
Interest payable			
Dividends payable			
Other payables		3,349,574.89	5,565,688.80
Held for sale liabilities			
Current portion of non-current liabilities			
Other current liabilities		201,563.68	279,193.40
		<hr/>	<hr/>
Total current liabilities		3,662,479.80	6,578,177.93
		<hr/>	<hr/>
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bond			
Long-term payables			
Long-term employee benefits payable			
Special payables			
Provisions			
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities			
		<hr/>	<hr/>
Total non-current liabilities		<hr/>	<hr/>
		<hr/>	<hr/>
Total liabilities		3,662,479.80	6,578,177.93

Balance Sheet of Parent Company (Continued)*June 30, 2017*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan
Currency: RMB*

Item	<i>Note</i>	Closing Balance	Opening Balance
		<hr/> <hr/>	<hr/> <hr/>
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 profit		-74,591,151.33	-73,295,826.87
		<hr/>	<hr/>
Total shareholders' equity		1,052,120,118.76	1,053,415,443.22
		<hr/>	<hr/>
Total liabilities and shareholders' equity		1,055,782,598.56	1,059,993,621.15
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Income Statement

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
I. Total operating revenue		535,806,085.23	485,074,778.92
Including: operating revenues	VI. 37	535,806,085.23	485,074,778.92
Interest incomes			
Earned premiums			
Fees and commissions incomes			
II. Total operating cost		582,440,296.98	577,345,492.95
Including: operating cost	VI. 37	473,578,921.99	458,962,623.15
Interest expenses			
Fees and commissions expenses			
Cash surrender amount			
Net expenses of claim settlement			
Net provision for insurance contract reserves			
Policyholder dividend expenses			
Expenses for reinsurance accepted			
Taxes and surcharges	VI. 38	6,794,558.21	2,352,420.20
Selling expenses	VI. 39	25,484,211.91	30,334,796.09
Administrative expenses	VI. 40	47,484,756.46	64,377,046.08
Financial expenses	VI. 41	11,421,395.05	8,676,593.25
Asset impairment losses	VI. 42	17,676,453.36	12,642,014.18
Add: gains from changes of fair value (with "-" for losses)			
Investment incomes (with "-" for losses)	VI. 43	-2,506,578.34	2,414,445.17
Including: investment incomes from associated enterprise and joint venture		-2,506,578.34	2,414,445.17
Exchange gains (with "-" for losses)			
III. Operating profit (with "-" for losses)		-49,140,790.09	-89,856,268.86
Add: non-operating income	VI. 44	5,043,594.46	10,007,222.20
Including: gains from disposal of non-current assets		813,871.18	598,517.22
Less: non-operating expenses	VI. 45	2,155,095.48	86,136.79
Including: losses from disposal of non-current assets		119,797.02	68,525.43
IV. Total profits (with "-" for total losses)		-46,252,291.11	-79,935,183.45
Less: income tax expenses	VI. 46	2,090,406.64	1,342,234.26
V. Net profits (with "-" for net losses)		-48,342,697.75	-81,277,417.71
Net profits attributable to shareholders of parent company		-44,049,991.70	-62,164,227.60
Non-controlling interests		-4,292,706.05	-19,113,190.11

Consolidated Income Statement (Continued)

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
VI. Other net comprehensive incomes after-tax	VI. 47	-976,481.27	2,773,782.50
Other comprehensive incomes after-tax attributable to owners of the parent company		-497,064.16	1,400,356.53
(I) Other comprehensive incomes that can not be reclassified into loss and profit in the future.			
1. Changes recalculating and setting the net liabilities or net assets of the benefit plan			
2. Under the equity method, share enjoyed in other comprehensive incomes in the invested entity that can not be reclassified into loss and profit in the future			
(II) Other comprehensive incomes can be reclassified into loss and profit in the future.		-497,064.16	1,400,356.53
1. Under the equity method, share enjoyed in other comprehensive incomes in the invested entity that can be reclassified into loss and profit in the future			
2. Change loss and profit of fair value of financial assets available-for-sale			
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		-497,064.16	1,400,356.53
6. Others			
Other comprehensive incomes after-tax attributable to minority shareholders		-479,417.11	1,373,425.97
VII. Total comprehensive incomes		-49,319,179.02	-78,503,635.21
Total comprehensive incomes attributable to shareholders of the parent company		-44,547,055.86	-60,763,871.07
Total comprehensive incomes attributable to minority shareholders		-4,772,123.16	-17,739,764.14
VIII. Earnings per share:			
(I) Basic earnings per share		-0.10	-0.15
(II) Diluted earnings per share		-0.10	-0.15

Income Statement of Parent Company

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
I. Operating revenues	<i>XVI. 3</i>	786,556.61	708,789.32
Less: operating costs	<i>XVI. 3</i>		
Taxes and surcharges			1,908.20
Selling expenses			
Administrative expenses		2,093,390.84	3,506,351.81
Financial expenses		-11,509.77	-6,718.95
Asset impairment losses			169.50
Add: gains from changes of fair value (with "-" for losses)			
Investment incomes (with "-" for losses) Including: investment incomes from related enterprise and joint venture			
II. Operating profits (with "-" for losses)		-1,295,324.46	-2,792,921.24
Add: non-operating income			
Including: gains from disposal of non-current assets			
Less: non-operating expenses			
Including: losses from disposal of non-current assets			
III. Total profits (with "-" for total losses)		-1,295,324.46	-2,792,921.24
Less: income tax expenses			
IV. Net profits (with "-" for net losses)		-1,295,324.46	-2,792,921.24
V. Other comprehensive incomes after-tax			
(I) Other comprehensive incomes that can not be reclassified into loss and profit in the future.			
1. Changes recalculating and setting the net liabilities or net assets of the benefit plan			

Income Statement of Parent Company (Continued)

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
2. Under the equity method, share enjoyed in other comprehensive incomes in the invested entity that can not be reclassified into loss and profit in the future			
(II) Other comprehensive incomes can be reclassified into loss and profit in the future.			
1. Under the equity method, share enjoyed in other comprehensive incomes in the invested entity that can be reclassified into loss and profit in the future			
2. Change loss and profit of fair value of financial assets available-for-sale			
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		-1,295,324.46	-2,792,921.24

Consolidated Cash Flow Statement

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

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		417,007,169.45	292,645,356.19
Net increase in deposits and placements from financial institutions			
Net increase in due to central banks			
Net increase in placement from 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		16,745,281.95	10,223,011.22
Other cash receipts related to operating activities	VI. 51	8,280,323.01	18,014,491.71
Subtotal of cash inflows from operating activities		442,032,774.41	320,882,859.12
Cash paid for goods and services		350,394,790.39	138,291,643.70
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		101,079,477.44	103,175,755.92
Taxes and surcharges cash payments		25,156,457.99	34,461,351.56
Other cash payments related to operating activities	VI. 51	27,884,450.85	46,833,949.37
Subtotal of cash outflows from operating activities		504,515,176.67	322,762,700.55
Net cash flows from operating activities		-62,482,402.26	-1,879,841.43

Consolidated Cash Flow Statement (Continued)

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
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			1,411,693.13
Net cash received from disposal of subsidiaries and other business entities			
Other cash received concerning investing activities			
Subtotal of cash inflows from investing activities			1,411,693.13
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		3,923,639.17	29,466,129.02
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		3,923,639.17	29,466,129.02
Net cash flows from investing activities		-3,923,639.17	-28,054,435.89

Consolidated Cash Flow Statement (Continued)

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
III. Cash flows from financing activities:			
Cash received from absorbing investment Including: cash received from minority shareholder investment by subsidiaries			
Cash received from borrowings		181,877,073.31	120,000,000.00
Cash received from issuing bonds			
Other cash received from concerning financing activities			
Subtotal of cash inflows from financing activities		<u>181,877,073.31</u>	<u>120,000,000.00</u>
Cash paid for repayments of debts		146,948,504.30	155,906,160.00
Cash paid for allocation of dividends, profits or interest repayment		7,662,573.34	8,113,630.14
Including: dividends and profits paid to minority shareholders by subsidiaries			
Other cash paid concerning financing activities	VI. 51	<u>1,200,000.00</u>	<u>2,500,000.00</u>
Subtotal of cash outflows from financing activities		<u>155,811,077.64</u>	<u>166,519,790.14</u>
Net cash flows from financing activities		<u>26,065,995.67</u>	<u>-46,519,790.14</u>
IV. Effects from change of exchange rate to cash and cash equivalents		<u>-793,333.44</u>	<u>1,207,391.37</u>
V. Net increase in cash and cash equivalents	VI. 51	-41,133,379.20	-75,246,676.09
Add: Opening balance of cash and cash equivalents	VI. 51	<u>102,580,611.77</u>	<u>175,776,574.47</u>
VI. Closing balance of cash and cash equivalents	VI. 51	<u><u>61,447,232.57</u></u>	<u><u>100,529,898.38</u></u>

Cash Flow Statement of Parent Company

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

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		545,601.60	734,994.31
Subtotal of cash inflows from operating activities		545,601.60	734,994.31
Cash paid for goods and services			
Cash paid to and for employees		2,225,875.75	478,732.82
Taxes and surcharges cash payments		531,934.74	742,284.84
Other cash payments related to operating activities		2,926,308.31	2,384,817.56
Subtotal of cash outflows from operating activities		5,684,118.80	3,605,835.22
Net cash flows from operating activities		-5,138,517.20	-2,870,840.91
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		4,000,000.00	
Subtotal of cash inflows from investing activities		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			
Subtotal of cash outflows from investing activities		—	—
Net cash flows from investing activities		4,000,000.00	—

Cash Flow Statement of Parent Company (Continued)

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Note	Amount in the current period	Amount in the previous period
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			
Other cash paid concerning financing activities			
Subtotal of cash outflows from financing activities		—	—
Net cash flows from financing activities		—	—
IV. Effects from change of exchange rate to cash and cash equivalents			
V. Net increase in cash and cash equivalents		-1,138,517.20	-2,870,840.91
Add: Opening balance of cash and cash equivalents		3,764,017.52	4,152,554.89
VI. Closing balance of cash and cash equivalents		2,625,500.32	1,281,713.98

Consolidated Statement of Changes of Owners' Equity

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Current period												Total owners' equities
	Total owners' equity attributable to parent company												
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive incomes	Special reserves	Surplus reserves	Provisions for general risk	Undistributed profit	Minority interests	
Preferred shares		Perpetual bond	Others										
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												30,787,100.00	30,787,100.00
1. Common shares input by shareholders												30,787,100.00	30,787,100.00
2. Input capital by other equity instrument owners													
3. Amounts of share-based payments recorded in owner's equity													
4. Others													
(III) Profits distribution													
1. Appropriation of surplus reserves													
2. Appropriation to general risk reserves													
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. Share capital increased from transfer of surplus reserves													
3. Losses made up with surplus reserves													
4. Others													
(V) Special reserves													
1. Appropriation for the current period													
2. Use for the current period													
(VI) Others													
IV. Closing balance in the current period	422,000,000.00				683,803,181.69		1,893,851.37		45,665,647.68		-632,711,881.31	432,702,444.88	953,353,244.31

Consolidated Statement of Changes of Owners' Equity (Continued)

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Previous period												Total owners' equities
	Total owners' equity attributable to parent company												
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive incomes	Special reserves	Surplus reserves	Provisions for general risk	Undistributed profit	Minority interests	
Preferred shares		Perpetual bond	Others										
I. Closing balance of 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
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		1,068,547.60		45,665,647.68		-439,874,304.42	437,310,484.44	1,149,973,556.99
III. Increases and decreases in the current period (with "-" for decrease)							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) Capital input and reduced by owners													
1. Common shares input by shareholders													
2. Input capital by other equity instrument owners													
3. Amounts of share-based payments recorded in owner's equity													
4. Others													
(III) Profits distribution													
1. Appropriation of surplus reserves													
2. Appropriation to general risk reserves													
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. Share capital increased from transfer of surplus reserves													
3. Losses made up with surplus reserves													
4. Others													
(V) Special reserves													
1. Appropriation for the current period													
2. Use for the current period													
(VI) Others													
IV. Closing balance in 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

Statement of Changes of Owners' Equity of Parent Company

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

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 the 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)										-1,295,324.46	-1,295,324.46
(I) Total comprehensive income										-1,295,324.46	-1,295,324.46
(II) Capital input and reduced by owners											
1.Common shares input by shareholders											
2.Input capital by other equity instrument owners											
3.Amounts of share-based payments recorded in owner's equity											
4.Others											
(III) Profits distribution											
1.Appropriation of surplus reserves											
2.Distribution to shareholders											
3.Others											
(IV) Internal carry-over in shareholders' equity											
1.Share capital increased from transfer of capital reserves											
2.Share capital increased from transfer of surplus reserves											
3.Losses made up with surplus reserves											
4.Others											
(V) Special reserves											
1.Appropriation for the current period											
2.Use for the current period											
(VI) Others											
IV. Closing balance in the current period	422,000,000.00				666,639,987.85				38,071,282.24	-74,591,151.33	1,052,120,118.76

Statements of Changes in Owners' Equity of Parent Company (Continued)

January ~ June 2017

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan
Currency: RMB

Item	Previous period										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred shares	Perpetual bond	Others							
I. Closing 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 early errors											
Others											
II. Opening balance of current period	422,000,000.00				666,639,987.85				38,071,282.24	-76,299,743.92	1,050,411,526.17
III. Increases and decreases in the current period											
(with "-" for decrease)										-2,792,921.24	-2,792,921.24
(I) Total comprehensive income										-2,792,921.24	-2,792,921.24
(II) Capital input and reduced by owners											
1.Common shares input by shareholders											
2.Input capital by other equity instrument owners											
3.Amounts of share-based payments recorded in owner's equity											
4.Others											
(III)Profits distribution											
1.Appropriation of surplus reserves											
2.Distribution to shareholders											
3.Others											
(IV)Internal carry-over in shareholders' equity											
1.Share capital increased from transfer of capital reserves											
2.Share capital increased from transfer of surplus reserves											
3.Losses made up with surplus reserves											
4.Others											
(V) Special reserves											
1. Appropriation for the current period											
2. Use for the current period											
(VI)Others											
IV. Closing balance in the current period	422,000,000.00				666,639,987.85				38,071,282.24	-79,092,665.16	1,047,618,604.93

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

Unit: Yuan
Currency: RMB

Account Age	Ending Balance	Beginning Balance
Within 1 year	227,053,160.52	168,459,143.80
1-2 years	41,183,032.04	17,304,999.74
2-3 years	5,756,244.89	33,814,665.70
3-4 years	24,040,903.00	9,734,919.15
4-5 years	8,567,090.85	4,588,205.00
More than 5 years	5,951,852.20	2,691,401.00
Net amount	321,552,283.50	236,593,334.39

2. AGING ANALYSIS OF ACCOUNTS PAYABLE

Unit: Yuan
Currency: RMB

Item	Closing Amount	Opening Amount
Within one year	214,937,270.38	170,792,265.42
One to two years	40,119,980.34	87,809,198.38
Two to three years	55,633,259.00	6,809,605.43
More than three years	9,146,410.35	3,107,331.85
Total	319,836,920.07	268,518,401.08

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	130,823,394.15	244,377,340.98
Full-wrapped Cylinder	99,773,930.42	53,738,322.28
Cryogenic Cylinder	141,166,345.91	96,996,900.42
Cryogenic Storage and Transportation Equipment	63,047,862.80	22,243,581.30
Other	83,852,594.65	43,801,011.83
Gross Sales	518,664,127.93	461,157,156.81
Less: Sales Tax and Other Additional Charges	6,794,558.21	2,352,420.20
Total	511,869,569.72	458,804,736.61

4. TAXES

(1) MAIN TAX TYPES AND TAX RATE

Tax Types	Taxation Basis	Tax Rate
Value-added Tax	Taxable Added Value	17%
Urban Maintenance and Construction Tax	VAT Payable	5%, 7%
Educational Surtax	VAT Payable	3%
Local Educational Surtax	VAT Payable	2%
Property Tax	70%-80% of the original value of the property	1.2% and 12%
	Income from House Leasing	
Corporate Income Tax	Taxable Income	25%
Hong Kong Profits Tax	Taxable Income	16.50%

(2) TAXPAYER'S DESCRIPTION OF THE TAX RATE OF DIFFERENT BUSINESS INCOME TAX:

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%
BTIC AMERICA CORPORATION	Progressive Tax Rate
Kuancheng Tianhai Pressure Container Co., Ltd.	25%
Jingcheng Holding (Hong Kong) Company Limited	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, the subsidiary of the Company, has obtained the High-tech Enterprise Certificate on December 22, 2016 jointly issued by Beijing Municipal Science & Technology Commission, Beijing Fiscal Bureau, Beijing Municipal Office, 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 the year 2017.

Beijing Tianhai Cryogenic Equipment Co., Ltd., the subsidiary of the Company, has obtained the High-tech Enterprise Certificate on December 22, 2016 jointly issued by Beijing Municipal Science & Technology Commission, Beijing Fiscal Bureau, Beijing Municipal Office, 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 the year 2017.

(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	Unit: Yuan Currency: RMB	
	Amount in the Current Period	Amount in the Previous Period
Corporate Income Tax in the Current Year	2,089,336.25	1,304,937.38
Deferred Income Taxes	1,070.39	37,296.88
Total	2,090,406.64	1,342,234.26

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	Unit: Yuan Currency: RMB	
	Current period	Previous period
Consolidated net profit attributable to the common shareholders of the parent company	-44,049,991.70	-62,164,227.60
Consolidated net profit attributable to the common shareholders of the parent company (net of non-operating gains and loss)	-46,841,842.65	-70,312,199.06
The weighted average numbers of outstanding common shares of the parent company	422,000,000	422,000,000
Basic earnings per share (Yuan/share)	-0.10	-0.15
Basic earnings per share (Yuan/share) (net of non-operating gains and loss)	-0.10	-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	422,000,000
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	422,000,000

(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	-44,049,991.70	-62,164,227.60
Adjusted consolidated net profit attributable to the basic shareholders of the parent (Yuan) (net of non-operating gains and loss)	-46,841,842.65	-70,312,199.06
The adjusted weighted average numbers of outstanding common shares	422,000,000	422,000,000
Diluted earnings per share (Yuan/share)	-0.10	-0.15
Diluted earnings per share (Yuan/share) (net of non-operating gains and loss)	-0.11	-0.17

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: 1000)
Currency: RMB

Item	Opening Amount		Change in the Current Period					Closing Amount	
	Amount	Proportion (%)	Issuing New shares	Share Donation	Transfer into Shares from Accumulation Funds	Other	Subtotal	Amount	Proportion (%)
Total Shares with Trading									
Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares without Trading Limited									
RMB Ordinary Share	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 Shares without Trading									
Limited	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 was paid or declared from January to June of 2017. No dividend was declared during this reporting period (January to June 2016: none).

Beijing Jingcheng Machinery Electric Company Limited

Wang Jun

Chairman

Beijing, the PRC

11 August 2017

As at the date of this announcement, the Board is comprised of Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive directors, Mr. Du Yuexi, Mr. Xia Zhonghua, Ms. Jin Chunyu 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.