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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)

2014 INTERIM REPORT SUMMARY

1 IMPORTANT NOTICES

- 1.1 This summary is extracted from the 2014 Interim Report. Investors are advised to read the full text of Interim Report for detailed information.
- 1.2 Introduction to the Beijing Jingcheng Machinery Electric Company Limited (“Company”)

Abbreviated name of A Shares	*ST 京城
A Shares stock code	600860
Place of listing of the A Shares	Shanghai Stock Exchange
Abbreviated name of H Shares	JINGCHENG MAC
H Shares stock code	0187
Place of listing of the H Shares	The Stock Exchange of Hong Kong Limited

**Contact persons and
contact information**

Secretary to the Board

**Representative in charge of
securities affairs**

Name	Jiang Chi	Lu Ruiping
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2 MAJOR FINANCIAL DATA AND CHANGE IN SHAREHOLDINGS

2.1 Major financial data

Unit: Yuan
Currency: RMB

	As at the end of last year			Increase/ Decrease comparing the end of the reporting period with the end of last year (%)
	As at the end of the reporting period	After Adjustment	Before Adjustment	
Total assets	2,864,350,199.23	2,829,360,876.07	2,829,360,876.07	1.24
Net assets per share attributable to shareholders of listed company	899,502,007.96	803,573,308.22	803,573,308.22	11.94
	For the same period last year			Increase/ Decrease comparing the reporting period with the reporting period last year (%)
	For the reporting period	After Adjustment	Before Adjustment	
Net cash flow from operating activities	-9,515,295.21	-148,574,769.45	-60,817,381.32	N/A
Operating income	936,857,460.55	1,576,505,289.93	389,136,011.51	-40.57
Net profit attributable to shareholders of listed company	20,818,005.76	-21,286,267.36	-18,729,299.73	N/A
Net profit attributable to shareholders of listed company after extraordinary items	-45,140,213.05	-21,700,491.46	-20,688,253.77	N/A
Return on net assets on weighted average basis (%)	2.56	-1.49	-3.24	Increased by 4.05 percentage points
Basic earnings per share (RMB/share)	0.05	-0.05	-0.04	N/A
Diluted earnings per share (RMB/share)	0.05	-0.05	-0.04	N/A

Before adjustment in 2013 interim report means that with respect to relevant financial data in the financial report as disclosed by the Company in 2013 interim report. Pursuant to Corporate Accounting Standard 20, Business Combination, adjustments shall be made to the relevant items of the statements for acquisition under same control and the amounts at the beginning of the period in the combined balance sheet. As such, the financial data after adjustments as stated in 2013 interim report includes the financial data of outgoing assets and incoming assets.

2.2 Top ten shareholders

Unit: share

Total number of shareholders as at the end
of the reporting period

16,663 (in which: 16,588 holders of A shares,
75 holders of H shares)

Shareholding of top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Total number of shares held	Increase/decrease during the reporting period	Number of shareholdings subject to trading moratorium	Number of shares pledged or frozen
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	State-owned legal-person	47.78	201,620,000	0	0	Nil
HKSCC NOMINEES LIMITED	Unknown	23.45	98,965,199	12,000	0	Unknown
Pictet & CIE	Beneficial owner	1.42	5,978,000	0	0	Unknown
788 China Fund Ltd.	Beneficial owner	1.21	5,124,000	0	0	Unknown
Ningbo Liyuan Import and Export Co., Ltd.	Unknown	0.94	3,951,970	2,086,701	0	Unknown
Zeng Youquan (曾佑泉)	Unknown	0.35	1,457,289	1,457,289	0	Unknown
Lin Xin(林新)	Unknown	0.22	916,726	916,726	0	Unknown
Beijing Haohong Real Estate Co., Ltd.	Unknown	0.20	850,000	-202,925	0	Unknown
Xiong Sanzhong (熊三忠)	Unknown	0.20	849,340	279,399	0	Unknown
Wu Zhiqiang (伍志強)	Unknown	0.20	828,049	400	0	Unknown

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 2014, the directors of the Company (“Directors”) were not aware of any person (not being a Director, supervisor or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”) or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.
- (4) There is no provision for pre-emptive rights under the laws of the PRC and the articles of association of the Company.
- (5) As of 30 June 2014, the Company did not issue any convertible securities, options, warrants or any other similar right.

2.3 Changes in controlling shareholder and beneficial controller

☐ Applicable ☒ N/A

3 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in shareholding of current and the resigned Directors, Supervisors and Senior Management during the reporting period

Unit: share

Name	Position	Shareholdings at the beginning of the period	Shareholdings at the end of the period	Change in the amount of shareholdings during the reporting period	Reason for the change
Hu Chuanzhong	Chairman	0	0	0	
Li Junjie	Executive director, General Manager	0	0	0	
Zhou Yongjun	Non-executive director	0	0	0	
Chang Yun	Non-executive director	0	0	0	
Xia Zhonghua	Non-executive director	0	0	0	
Wu Yanzhang	Executive director	0	0	0	
Jiang Chi	Executive director, Chief Accountant and Secretary to the Board	0	0	0	
Wu Yan	Independent non-executive director	57,301	57,301	0	
Liu Ning	Independent non-executive director	0	0	0	
Yang Xiaohui	Independent non-executive director	0	0	0	
Fan Yong	Independent non-executive director	0	0	0	
Liu Zhe	Chairman of the Supervisory Committee	0	0	0	
Han Bingkui	Supervisor	0	0	0	
Ruan Aihua	Supervisor	0	0	0	
Xie Yuemei	Chief Engineer	0	0	0	
Jiang Zili	Former Chairman	0	0	0	
Wang Pingsheng	Former vice chairman	0	0	0	

Name	Position	Shareholdings			Reason for the change
		at the beginning of the period	Shareholdings at the end of the period	Change in the amount of shareholdings during the reporting period	
Wu Dongbo	Former non-executive director	0	0	0	
Zhang Shuangru	Former independent non-executive director	0	0	0	
Wang Hui	Former independent non-executive director	0	0	0	
Xie Bingguang	Former independent non-executive director	0	0	0	
Wang Deyu	Former independent non-executive director	0	0	0	
Jiao Ruifang	Former secretary to the Board	0	0	0	

Notes:

- (1) Save as disclosed above, none of the directors, supervisors and senior management of the Company, as at 30 June 2014, had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO), which was required to be recorded in the register under section 352 of the SFO, nor which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Rules Governing The Listing of Securities on the Stock Exchange (the “Listing Rules”).
- (2) None of the directors, supervisors and senior management of the Company or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or had exercised any such right as at 30 June 2014.
- (3) Save as those set out in the register required to be maintained by directors and supervisors under section 352 of the SFO, during the reporting period, the Company had not engaged in any arrangement which would enable the directors or supervisors of the Company or their respective associates to acquire any interest in any shares or debt securities of the Company.

II. Changes in Directors, Supervisors and Senior Management

Name	Position	Changes	Reason for change
Jiang Zili	Former chairman	Retired	Retired as director of the Company upon change of the term of office of the board of directors of the Company (“Board”)
Wang Pingsheng	Former vice chairman	Retired	Retired as director of the Company upon change of the term of office of the Board
Wu Dongbo	Former non-executive director	Retired	Retired as director of the Company upon change of the term of office of the Board
Zhang Shuangru	Former independent non-executive director	Retired	Retired as independent non-executive director of the Company upon change of the term of office of the Board
Wang Hui	Former independent non-executive director	Retired	Expiry of the term of office, acted as independent non-executive director of the Company for consecutive six years
Xie Bingguang	Former independent non-executive director	Retired	Expiry of the term of office, acted as independent non-executive director of the Company for consecutive six years
Wang Deyu	Former independent non-executive director	Retired	Expiry of the term of office, acted as independent non-executive director of the Company for consecutive six years
Jiao Ruifang	Former secretary to the Board	Retired	Retired as secretary to the Board upon change of the term of office of the Board
Zhou Yongjun	Non-executive director	Election	Elected as director of the eighth session of the Board
Chang Yun	Non-executive director	Election	Elected as director of the eighth session of the Board
Xia Zhonghua	Non-executive director	Election	Elected as director of the eighth session of the Board
Wu Yan	Independent non-executive director	Election	Elected as director of the eighth session of the Board
Liu Ning	Independent non-executive director	Election	Elected as director of the eighth session of the Board
Yang Xiaohui	Independent non-executive director	Election	Elected as director of the eighth session of the Board
Fan Yong	Independent non-executive director	Election	Elected as director of the eighth session of the Board

Notes:

- (1) The election of Mr. Hu Chuanzhong, Mr. Li Junjie, Mr. Wu Yanzhang and Ms. Jiang Chi as the executive directors of the eighth session of the Board; Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua as the non-executive directors of the eighth session of the Board; and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as the independent non-executive directors of the eighth session of the Board of the Company was duly approved by the shareholders at the 2013 annual general meeting of the Company held on 26 June 2014. The term of office of the Directors will be from the approval date of 2013 annual general meeting until the date of annual general meeting for the year 2016. Mr. Jiang Zili, Mr. Wang Pingsheng, Ms. Wu Dongbo, Mr. Zhang Shuangru, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu ceased to act as Directors of the company.
- (2) At the first meeting of the eighth session of the Board held on 26 June 2014, the election of Mr. Hu Chuanzhong as chairman of the Board was considered and approved; Mr. Hu Chuanzhong, Ms. Wu Yan, Mr. Li Junjie, Mr. Zhou Yongjun and Mr. Xia Zhonghua were elected as the members of the Strategic Committee of the Board, with Mr. Hu Chuanzhong as the convenor; Mr. Liu Ning, Mr. Fan Yong and Mr. Li Junjie were elected as the members of the nomination committee of the Company, with Mr. Liu Ning as the convenor; Mr. Yang Xiaohui, Mr. Fan Yong and Ms. Chang Yun were elected as the members of the audit committee of the Company, with Mr. Yang Xiaohui as the convenor; Ms. Wu Yan, Mr. Liu Ning and Mr. Hu Chuanzhong were elected as the members of remuneration and monitoring Committee of the Company, with Ms. Wu Yan as the convenor. Mr. Li Junjie was appointed as General Manager of the Company, and Ms. Jiang Chi was appointed as the secretary to the Board. Mr. Wu Yanzhang was appointed as Deputy General Manager of the Company, and Ms. Jiang Chi as Chief Accountant of the Company and Ms. Xie Yuemei as the chief engineer of the Company. The term of office for above persons is three years from 26 June 2014 to the date of 2016 annual general meeting. Ms. Jiao Ruifang ceased to act as the secretary to the Board of the Company.

4 MANAGEMENT DISCUSSION AND ANALYSIS

1. Review for the first half of 2014

During the Reporting Period (being 1 January 2014 to 30 June 2014), the global economy remained in an overall slow recovery; the economy in most countries around the world had improved, yet there were still weaknesses. China's economy turned from high speed growth to a medium and high speed growth and tended to be stabilized; the fundamentals for the economic development did not change yet risks remained. Before the economic restructuring is completed, China's economy will maintain a keynote of "seeking improvement in stability".

The growth of domestic economy slowed down and the lack of demands in downstream gas industry, resulting in overproduction, high stock and fierce competitions in prices in the gas storage and transportation equipment industry. Meanwhile, the adjustments in the industry spatial layout on the country level and the Beijing-Tianjin-Hebei integration strategy urged the Company to achieve the strategic transformation as soon as possible. Therefore, transformation and upgrading and improvement of benefits will become the focus for the development of the Company in 2014.

During the Reporting Period, the operating income prepared in accordance with PRC Accounting Standards was RMB 936,857,500, and the net profit attributable to the shareholders of a listed company was RMB 20,818,000.

(1) Completing the construction of the internal control system, enhancing the prevention and control of risks and ensuring operation compliance of the Company

During the Reporting Period, in order to ensure that the operation of the Company was in compliance with laws and regulations, the Company completed the evaluation and construction of internal control system, revised 38 rules and guided subsidiaries to revise 117 rules involving all the aspects such as the decision-making, daily operation and management of the Company and the management control of subsidiaries, and updated the risk information database and internal control manual. Meanwhile, the Company actively conducted internal control tracking audit and special legal review according to the standards formulated in the internal control manual to enhance the prevention and control of risks.

(2) Accelerating the adjustment of industry layout and the construction of new base and improving profitability

During the Reporting Period, in order to realize the strategic transformation and upgrading of the Company in the “Twelfth Five-Year Plan” period, the Company analyzed the existing industry structure and profitability, continued to improve the “cylinder, tank, vehicle and station” and integrated solution to actively improve the profitability of the Company; in order to realize industry transfer, the Company also formulated plans such as factory review, product certification and customer recognition for all the subsidiaries. At present, the plans are being carried out smoothly. The infrastructural construction of the factories in Huo County cryogenic production base is completed, the East Zone has obtained the manufacturing license and batch production is expected to be commenced in August; in the West Zone, the production line is being installed and commissioning, and it is expected to put into production in the second half of the year; Shandong Tianhai was established on 12 June 2014 and is expected to be put into production in the second half of the year.

(3) Accelerating the research and development of new products, accelerating the adjustment of product structure and meeting the market demands

During the Reporting Period, the Company insisted on technical innovation, accelerated the adjustment of product structure; continued to optimize the product design; developed cylinder products with large capacity, light material and high pressure; remarkably improved the product quality of LNG gas cylinder and after-sales service level; and continued to develop new products in the fields of tanks, vehicles and stations. In the first half of 2014, the Company completed the research and development of ISO11119-2 standard aluminum liner fully wrapped carbon fiber composite cylinders and 30Mpa light high pressure cylinders, optimized and certified 48 items in total, product certificate replacement and 8 major factory reviews; constantly operated through the quality control system; and complied with higher requirements of customers for quality control.

(4) Enhancing the protection of intellectual property rights and maintaining brand images

During the Reporting Period, the Company formulated the trademark registration plan in order to protect its brand, expanded the types, number of brands and countries, in which the brand is used, based on existing trademarks; and meanwhile, the Company transferred design and inventions into patents, and was listed as the patent trial unit by the government in Beijing; in March 2014, Tianhai Industrial successfully passed the review of high and new technology enterprise and obtained the review certificate for high and new technology enterprises.

(5) Adjusting the sales strategies timely and improving the market share of the natural gas

During the Reporting Period, the Company adjusted the sales strategies timely in order to expand the market share of the product; with the traditional products and customers as the support for results and the customers in the energy industry as growth point, the Company adjusted the market structure, enhanced the focuses on both traditional and new markets. And meanwhile, according to the customer groups of different products, the Company expanded the proportion of direct sales, enhanced the exploration for key clients especially mobile manufacturers. At present, the products have been used in domestic first-tier factories of heavy trucks, passenger cars and sedans. The proportion of sales of gas storage and transportation equipment in sales income of the Company gradually increased to 40.3% in the first half of 2014.

(6) Continued to conduct cost control, lowered the production cost of products and improved the competitiveness of products

During the Reporting Period, the Company continued to conduct different activities focusing on “lowering receivables, reducing inventories, lowering the cost and expenses and improving the economic benefits” and formulated 102 measures to reduce costs; with a series of improvement measures such as optimization, equipment improvement and independent maintenance, the Company realized the objectives to reduce cost and labor intensity, improve the work efficiency and eliminate the potential safety hazards, and improved the competitiveness of the products.

2. Outlook for the second half of 2014

In the second half of the year, driven by developed economies such as America, Europe and Japan, the global economy will continue to improve moderately. Most emerging economies, with the internal structural contradiction which is difficult to be resolved, will face slow economic recovery and a limited growth after the crisis. China still focuses on “stable growth, change in methods, and structure adjustment” and continues to carry out the steady fiscal policies; the growth stabilization policies will gradually form the cohesion to drive rebounding of the economic growth rate; however, there are still a lot of uncertainties internally and externally, and the downward pressure of economy remained. Along with the increasing measures for environmental pollution control and adjustment of energy structure in China, the proportion of natural gas in the structure of primary energy is gradually increasing, further driving the increase in demands for natural gas storage and transportation equipment; the imbalance between the supply and demands in the industry will be more prominent, and the competition will become fiercer.

The second half of the year is an important phase for the realization of profitability and transformation of the Company. Facing with the complicated economic situations outside the industry and the fierce market competitions in the industry, the Company will take further measures to control costs, enhance the administration of overall budgets, accelerate the research and development of new products, make innovations in marketing models to enhance the market competitiveness and profitability of the products of the Company and guarantee that the Company will realize the profit target; the Company will further enhance the internal control, accelerate the adjustment of strategic layout, accelerate the construction of major projects to ensure a soft landing of “transformation” of the Company and realize the sustainable development of the Company.

(1) Enhancing internal control and improving the Company’s level of risk prevention and control

The Company will continue to enhance the construction and evaluation of the internal control system, further find out and refine the specific measures with the risk points evaluated and revise and improve the system; further improve the contract management, comprehensive assess the contractual texts to reduce the legal risks; further enhance audit work, find out key risk control points in procedures, increase the number of indicators for monitoring, lower the management risks and ensure the operation of the Company in compliance with laws and regulations.

(2) Accelerating the construction of key projects and accelerating the adjustment of strategic layout

With the “cylinder, tank, vehicle and station” and the integration solution as the core, the strategic adjustment plan of the Company as the guidance and on the condition that the production and operation will not be affected, the Company will consider and plan the current situation of 8 production bases as a whole, refine the steps to carry out the plans, determine the responsibilities, and monitor the progress, make well connections between projects and steadily promote the adjustment of strategic layout. The Company will pay special attention to the construction of cryogenic production base to make sure that it will be put into production successfully in the second half of the year.

(3) Making innovations in marketing models, improving the service capability and meeting the demands of the customers

First, the Company will break the existing marketing models, gradually improve the proportion of direct sales, and enhance the construction of business personnel to improve their initiatives; second, the Company will segment the market, accelerate the market expansion of new products and enhance the exploration and maintenance of key clients; third, the Company will continue to improve the after-sales service and network construction of the products, enhance the comprehensive service levels and meet the demands of clients.

(4) Accelerating the research and development of new products, accelerating the optimization of mature products and improving the core competitiveness of the products

First, with market demand oriented approach, the Company continue to do well in design and development of products and accelerate the speed of commercialization; second, the Company will do well in the certification of all the production bases according to the adjustment of spatial layout and guarantee not to affect the contracts delivery; third, the Company will continue to optimize the design of mature product to focus on cost reduction and improve the core competitiveness of the products.

(5) Enhancing quality control and improving products quality

Based on reviews from the certification and customers, the Company will take the initiative to do well in internal review, product review, process review and the review of suppliers, ensure that consistent and effective operation of the quality control system, actively promote the technology reform and process re-engineering, improve the skills and senses of responsibilities of inspectors and improve products quality.

(6) Continuing to implement cost control measures and improving the profitability of the Company

The Company will continue to carry out all the cost control measures formulated at the beginning of the year, combine the strategic and operation modes with cost accounting, improve the accuracy of cost accounting, actively take measures to reduce various expenses such as the administrative, financial and sales expenses, perfecting the balance and connections between production and sales, lower the inventory risks and improve the profitability of the Company.

(7) Enhancing the comprehensive budget management and improving the management level

The Company will continue to enhance the feedback of information concerning the comprehensive budget management, and to emphasise on rigid principles, find out timely any deviation in the process of implementation and formulate corrective measures; establish and improve the key performance assessment system, form the mechanism in combination of responsibilities, rights and interests and enhance the control and assessment of the comprehensive budget management.

3. Scope of principal business of the Company

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

4. Analysis of principal businesses

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

Unit: Yuan Currency: RMB

Items	Current period	Corresponding period of last year (After adjustment)	Changes (%)
Operating income	936,857,460.55	1,576,505,289.93	-40.57
Operating cost	824,137,970.55	1,334,576,986.22	-38.25
Sales expense	42,644,893.10	73,529,261.55	-42.00
Management expense	87,071,018.08	141,769,632.29	-38.58
Financial expense	23,026,816.56	29,636,301.59	-22.30
Net cash flow from operating activities	-9,515,295.21	-148,574,769.45	Not applicable
Net cash flow from investment activities	-47,188,050.99	-115,472,645.08	Not applicable
Net cash flow from financing activities	-29,844,445.31	30,036,416.60	-199.36
R&D expenditure	5,012,119.06	12,483,573.90	-59.85

Reasons for the changes in the operating income: decrease of 21.10% as compared with the corresponding period of last year excluding the Outgoing Assets;

Reasons for the changes in the operating cost: decrease of 19.28% as compared with the corresponding period of last year excluding the Outgoing Assets;

Reasons for the changes in the sales expenses: decrease of 9.35% as compared with the corresponding period of last year excluding the Outgoing Assets;

Reasons for the changes in the management expenses: decrease of 3.61% as compared with the corresponding period of last year excluding the Outgoing Assets;

Reasons for the changes in the financial expenses: increase of 13.48% as compared with the corresponding period of last year excluding the Outgoing Assets;

Reasons for the changes in the net cash flow from operating activities: increase of RMB 78,242,100 as compared with the corresponding period of last year excluding the Outgoing Assets, attributable to decrease in cash paid for purchase of commodities;

Reasons for the changes in the net cash flow from investing activities: increase of RMB 66,268,400 as compared with the corresponding period of last year excluding the Outgoing Assets, attributable to introduction of investment by subsidiaries;

Reasons for the changes in the net cash flow from financing activities: decrease of RMB 77,203,700 as compared with the corresponding period of last year excluding the Outgoing Assets, attributable to repayment of some loans;

Reasons for the changes in the R&D expenditure: increase of 6.5% as compared with the corresponding period of last year excluding the Outgoing Assets.

2. Others

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

Total profit for current period (excluding the Outgoing Assets) represented an increase of RMB 25,340,000, which was mainly attributable to: (1) increase of RMB 78,440,000 in profit for the period from disposal of college student apartment; and (2) decrease of RMB 54,750,000 in gross income from principal businesses.

(2) Analysis on the implementation progress of each type of financing and material asset reorganization

The Company was informed by Jingcheng Holding on 6 April 2012 that it was planning to implement a material assets reorganisation related to the Company. The Company immediately published an Announcement of Suspension of Trading for such purpose and trading of shares of the Company was suspended from 9 April 2012. It then published an Announcement of Suspension of Trading in relation to a Material Asset Reorganisation on 13 April 2012 and an Announcement of Extension of Suspension Period in relation to a Material Asset Reorganisation on 15 May 2012 and 14 June 2012 respectively. During such period, the Company published an Announcement on the Progress of Material Asset Reorganisation once every week. On 5 July 2012, the Company convened the first board meeting for the material assets reorganisation. The trading of shares of the Company was resumed on 6 July 2012 and a proposal of material reorganisation of assets and connected transaction was disclosed on the same date. On 2 November 2012, the Company convened the second board meeting for the material assets reorganisation and disclosed material assets reorganisation proposal. On 18 December 2012, proposal for material assets reorganisation was considered and passed at the extraordinary general meeting of the Company.

On 4 January 2013, the Company announced that it received the Acceptance Notice of the Application for Administrative Permission 《中國證監會行政許可申請受理通知書》 from the China Securities Regulatory Commission (“CSRC”). On 21 January 2013, the Company announced that it received a notice from the CSRC that the vetting of the Company’s Material Asset Reorganisation matters has been carried out in the 2013 second working conference and unconditionally approved by the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC. Yet, on 25 January 2013, the Company received a notice from CSRC that since party/parties concerned for the Company’s material asset reorganisation is/are suspected of violating the laws and such matter has been filed for investigation, the vetting of the Company’s application for the material assets reorganisation has been temporarily suspended by the CSRC.

On 26 September 2013, the Company received the approval in relation to the Material Assets Reorganisation of Beiren Printing Machinery Holdings Company Limited (Zheng Jian Xu Ke [2013] No. 1240) from the CSRC, whereby the Company’s material asset reorganization and connected transaction matters have been approved. The Company exchanged all of its assets and liabilities with 88.50% equity interest in Beijing Tianhai Industry Co., Ltd, 100% equity interest in Jingcheng Holding (Hong Kong) Company Limited and 100% equity interest in Beijing Jingcheng Compressor Co., Ltd. held by Jingcheng Holding, with the difference is to be paid in cash by Jingcheng Holding.

On 31 October 2013, the Company entered into “Material Asset Reorganisation Completion Agreement between Beiren Printing Machinery Holdings Limited and Beijing Jingcheng Machinery Electric Holding Co., Ltd. and Beiren Group Corporation” with Jingcheng Holding and Beiren Group Corporation. On 11 April 2014, the Company has disclosed “Announcement on the Completion of Material Asset Reorganization and Connected Transaction” and “Report on the Progress of Material Asset Reorganization and Connected Transaction”.

The Company and the parties concerned will continue to press on with the follow-up work in respect of the material asset reorganisation and perform the information disclosure obligation in accordance with the requirements of relevant laws and regulations.

(3) Progress of operation plan

The Company strictly sticks to the operation plan in 2014, actively promotes the transformation and upgrading of the Company and has completed the following work:

- i) Enhancing the internal control and improving the level of risk prevention and control;
- ii) Cored with benefits, continuing to promote the implementation all the measures such as reduction of costs and improvement of profitability;
- iii) Accelerating the development of new products and the speed of commercialization;
- iv) Enhancing quality control and improving product quality;

- v) Enhancing the comprehensive budget management and improving the management level.

(4) *Others*

Items	Changes as compared with the beginning of the period (%)	Description
Notes Receivable	-55.93	Mainly attributable to decrease in notes received by subsidiaries
Other Accounts Receivable	305.1	Mainly attributable to increases in deposits, securities and reserves
Other Current Assets	-99.94	Assets to be disposed have been completed in the period
Notes Payable	32.5	Mainly attributable to increases in notes issued by subsidiaries
Advances from Customers	-38.75	Mainly attributable to decreases in advanced received by subsidiaries
Tax Payable	-762.7	Mainly attributable to increases in input tax of subsidiaries not deductible
Other Payables	-47.93	Mainly attributable to increase in repayment of loans to the holding company

Item	Changes as compared with the same period of last year (%)	Description
Receipts of taxes and levy refunds	414.04	Mainly attributable to increase in export rebates received
Other Cash receipts in operating activities	140.63	Mainly attributable to increase in security deposit returned
Cash payments for goods and services acquired	-48.96	Mainly attributable to decrease in cash paid for goods acquired
Net cash receipts from the sale of fixed assets, intangible assets and other long-term assets	2,390.72	Mainly attributable to cash received from disposal of the college student apartment
Cash receipts from borrowing	-68.73	Mainly attributable to decrease in borrowings received in the period
Cash repayments of amount borrowed	-35.77	The amount of repayment increased by 50.38% as compared with the same period of last year after removing the Outgoing Assets, mainly attributable to increase in repayment of amount borrowed by subsidiaries for the period.
Other cash payments in financing activities	121.87	Increase in repayment of loans to the holding company
Business tax and surcharge	170.80	Attributable to increase in tax payment
Assets impairment loss	-120.18	Attributable to effect of changes in accounting estimate for the year
Investment Income (loss marked “-”)	-78.53	Mainly attributable to decrease in profitability of associated companies
Non-operating Income	2,006.19	Attributable to increase in income of subsidiaries from disposal of assets
Non-operating Expense	32.32	Attributable to increase in late fees of subsidiaries
Income Tax Expense	182.17	Mainly attributable to increase in total profits of subsidiaries and changes in deferred income tax

2. Analysis of industry, products or regional operation

(i) Principal businesses by industry and by product

Unit: Yuan Currency: RMB

Principal businesses by product						
Sector of product	Operating income	Operating cost	Profit margin	Increase/decrease in operating income over last year	Increase/decrease in operating cost over last year	Increase/decrease in profit margin over last year
			(%)	(%)	(%)	(%)
Sales of hectograph machine				-100.00	-100.00	
Sales of intaglio printing machine				-100.00	-100.00	
Sales of form machinery				-100.00	-100.00	
Compressor business	30,480,900.00	26,603,765.55	12.72	-39.14	-40.46	Increased by 1.95 percentage points
Seamless steel gas cylinders	414,963,770.46	353,529,248.07	14.80	0.10	-4.24	Increased by 3.86 percentage points
Wrapped cylinders	184,961,365.18	160,936,178.76	12.99	-33.18	-24.74	Decreased by 9.76 percentage points
Cryogenic gas cylinders	132,839,611.65	128,230,920.57	3.47	-42.08	-36.64	Decreased by 8.30 percentage points
Cryogenic storage tanks	54,324,174.50	41,212,023.35	24.14	-21.32	-16.43	Decreased by 4.43 percentage points
Others	93,443,560.37	91,284,305.99	2.31	-10.23	-7.32	Decreased by 3.07 percentage points
Total	911,013,382.16	801,796,442.29	11.99	-39.66	-37.15	Decreased by 3.52 percentage points

Description of principal businesses by product:

- (1) The sales of hectograph machine, intaglio printing machine and form machinery are all the products of Outgoing Assets, which are not included in the reporting period.

- (2) Affected by the depressed macroeconomic situation, the demands for the gas storage and transportation industry decreased. Especially affected by the rising price of LNG gas in the second half of last year, the economic advantages of LNG gas was lowered and the demands in the heavy truck market for cryogenic gas cylinders reduced; although major cities in China vigorously developed LNG passenger cars, but the actual implementation did not achieve the expected targets. The mix of multiple factors resulted in the decline of sales income of cryogenic products of the Company.
- (3) Currently, high inventory and overproduction prevail in the gas storage and transportation industry. Therefore, facing with the limited market demands, the competition of prices becomes increasingly fierce. Tianhai Industrial also made adjustment to the prices of specific products according to the market conditions such as the cryogenic gas cylinders, resulting in the fall of profit margin of such products.
- (4) The decrease in profit margin of businesses of Jingcheng Compressor was mainly attributable to the weakness of macroeconomic growth resulting in a poor environment of the compressor market, and Jingcheng Compressor strengthened its internal sales contract review, and gradually reduced or terminated OEM contracts, factors which result in decline in sales income and the gross profit margin.

(ii) Principal business by geographical location

Unit: Yuan Currency: RMB

Geographical location	Operating income	Increase/decrease operating income compared over last year (%)
Domestic	559,111,494.00	-52.05
Overseas	351,901,888.16	2.38

Description of principal business by geographical location:

Excluding the Outgoing Assets, the domestic operating income of Tianhai Industrial decreased by 29.52% as compared with the same period of last year, mainly attributable to the decrease in sales of LNG gas cylinders. In terms of the overseas market, along with the gradual economic recovery of U.S. and Europe, and facing with the “cases of anti-dumping and anti-subsidy”, the Company actively explored the U.S. market, resulting in a steady growth of business in overseas market and increase of operating income by 2.38% as compared with the same period of last year.

3. Analysis of core competitiveness

1. Tianhai Industrial has a relatively high goodwill in the global industry of gas storage and transportation equipment and Tianhai is also a well-known brand.
2. Relatively strong technological innovative ability. Currently, the Company has over 20 patented technologies, including four categories of products containing cylinders, tankers, vehicles and stations, which mostly cover the industry of gas storage and transportation equipment. Meanwhile, the Company possesses the capacity of designing and manufacturing complete sets of product line, which laid a solid foundation for improving the quality of our products.
3. The Company has a high quality talent team: Excellent management team, skilled technical team, top-notch sales team and professional production team and others.
4. The Company has established a complete sales network with over 30 distribution network points scattering across the country, basically realizing a full geographical coverage nationwide; established 8 sales network overseas, mainly scattered in the U.S., Singapore, Korea and Australia etc.

4. Analysis on investment condition

1. General analysis on external investment in equity

- (1) During the Reporting Period, Tianhai Industry Co., Ltd., a subsidiary of the Company, introduced Beijing Bashi Media Co., Ltd. to invest in Beijing Minghui Lianhai Gas Storage and Transportation Equipment Sales Co., Ltd., the subsidiary of Tianhai Industrial for developing its gas storage and transportation project. Upon completion of the capital injection, the registered capital of Beijing Minghui Lianhai Gas Storage and Transportation Equipment Sales Co., Ltd. has been changed from RMB380,417,030 to RMB545,225,228. And the proportion of equity held by Beijing Tianhai Industry Co. Ltd. was changed from 55.20% to 38.51%.

- (2) During the Reporting Period, Beijing Tianhai Industry Co. Ltd., a subsidiary of the Company, transferred the relevant products to low cost areas according to the adjustment plan for the “Twelfth Five-Year Plan” period. Beijing Tianhai Industry Co. Ltd. and Shandong Yongan Heli Steel Cylinder Co., Ltd (山東永安合力鋼瓶股份有限公司) established Shandong Tianhai High Pressure Containers Co., Ltd. in Hedong District Industrial Zone in Linxi City, with a registered capital of RMB 30,000,000. Tianhai Industrial held 51% of equity interests and Shandong Heli held 49% of equity interests.

According to the articles of association of Shandong Tianhai and its practical situation, the financial and operating affairs of Shandong Tianhai shall be jointly decided by the shareholders of Tianhai Industrial and Shandong Yongan; Shandong Tianhai is commonly controlled by Tianhai Industrial and Shandong Yongan. Therefore, Tianhai Industrial did not include Shandong Tianhai in the consolidated financial statements.

- (3) During the Reporting Period, in order for manufacture and development of focused gas storage and transportation equipment and improvement of efficiency in allocation of resources, Beijing Tianhai Industry Co. Ltd., a subsidiary of the Company, and Canada Xigang Energy Co, Ltd. decided to liquidate (Beijing Tianhai Xigang Environmental Technique Co., Ltd. Beijing Tianhai Xigang Environmental Technique Co., Ltd had a registered capital of USD 800,000, Tianhai Industrial and Xigang Energy held 50% of equity interests, respectively. At present, relevant legal documents have been signed and the liquidation material has been filed to relevant governmental departments.

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

(1) Entrusted Investment

The Company did not entrust any entities to conduct wealth management during the Reporting Period.

(2) Entrusted loans

The Company did not entrust any entities to deal with loan(s) during the Reporting Period.

(3) Use of capital raised

During the Reporting Period, the Company did not use, for the current period, any capital raised or any capital raised in the previous period.

3. Analysis on principal subsidiaries and joint stock companies

Name of company	Business nature	Principal products or service	Registered capital	Total asset (RMB0'000)	Net asset (RMB0'000)	Net profit (RMB0'000)
Beijing Tianhai Industry Co., Ltd.	Production	Production and sale of gas cylinders, accumulator shells, pressure vessels and auxiliary equipment, etc.	UD\$61.4018 Million	256,086.98	122,535.46	2,345.43
Beijing Jingcheng Compressor Co., Ltd.	Production	Design, manufacture and sale of compressors	RMB139,271,500	30,151.51	15,549.45	-497.82
Jingcheng Holdings (Hong Kong) Ltd.	Trade and Investment	Import and export trade, advertising agency and information consultancy, etc.	HKD1,000	14,339.85	14,218.17	-9.94

4. Projects financed by non-raised funds

Unit: 0'000 Yuan Currency: RMB

Name of project	Project amounts	Project progress	Reporting Period Investment amount	Cumulative actual Investment amount	Project earnings
Base construction project for automotive liquefied gas bottle and cryogenic equipment (LNG industry)	92,620	The construction of factory buildings has been completed. The East Zone has obtained the manufacture license, and production equipment are being installed and commissioning in the West Zone. It is expected to be put into production in the second half of 2014.	9,104	35,422	The project is currently under construction

5. Proposal on the Profit Appropriation or Transfer of Capital Reserve Fund

During the reporting period, the Company did not implement any proposal on the profit appropriation.

6. Other Disclosures

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

The 2014 Interim Report of the Company has not been audited.

(2) Segment information

Reportable segments for January to June in 2014

Items	Cryogenic storage and transportation equipment	Compressor	Others	Write-off	Total
Operating income	905,857,720.00	30,999,740.55			936,857,460.55
Including: External transaction revenue	905,857,720.00	30,999,740.55			936,857,460.55
Revenue between segments					
Operating cost	797,344,434.69	26,793,535.86			824,137,970.55
Period charge	138,531,744.93	13,010,433.76	1,200,549.050		152,742,727.74
Total profit for segment (total loss)	32,872,830.28	-4,151,427.96	-1,200,549.050		27,520,853.27
Total assets	2,560,869,768.15	301,515,050.32	1,056,124,098.500	-1,054,158,717.74	2,864,350,199.23
Including: Significant impairment loss on individual assets					
Total liabilities	1,335,515,195.39	146,020,567.70	3,991,996.980	-52,379,682.50	1,433,148,077.57
Supplementary information					
Capitalized expense					
Loss of impairment recognized in the current period	2,816,856.30	-5,512,008.97			-2,695,152.67
Including: Amortization of goodwill					
Depreciation and amortization expense	41,080,182.34	1,358,528.08			42,438,710.42
Non-cash expenses other than loss of impairment, depreciation and amortization					

(3) Revenue

Revenue includes the net value of the received and receivable for the sales of different types of the printing machine unites, the sales of cryogenic storage container, the sales of compressor, the sales of spare parts and service rendered as follows:

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Sales of hectograph machine		198,043,529.85
Sales of intaglio printing machine		162,894,646.63
Sales of Form Machine		5,051,365.76
Compressor Business	30,480,900.00	50,080,754.04
Seamless steel gas cylinders	414,963,770.46	453,975,930.05
Wrapped bottle	184,961,365.18	276,794,056.92
Cold bottle	132,839,611.65	209,703,817.52
Cryogenic storage tanks	54,324,174.50	69,040,983.59
Others	93,443,560.37	84,334,297.50
Total sales	911,013,382.16	1,509,919,381.86
Less: Sales tax and other surcharges	<u>165,909,415.24</u>	<u>249,797,424.56</u>
Total	<u><u>745,103,966.92</u></u>	<u><u>1,260,121,957.30</u></u>

(4) Taxation

1. Main categories of tax and tax rate

Category	Tax basis	Tax rate
VAT	Revenue from sales of goods	17%
Business Tax	Taxable revenue	5%
Urban Construction & Maintenance Tax	VAT or Business tax payable	1%, 5%, 7%
Education Surcharges	VAT or Business tax payable	3%
Local Education surcharges	VAT or Business tax payable	2%
Estate Tax	Lease income and 70-80% of the estate's original value	1.2% & 12%

2. *Corporate income tax rates for each subsidiary of the Group are as following:*

Company name	Tax Rate
Beijing Jingcheng Holding Machinery Electric Holding Co., Ltd.	25%
Beijing Tianhai Industry Co., Ltd.	15%
Tianjin Tianhai High Pressure Containers Co., Ltd.	25%
Langfang Tianhai High Pressure Cylinder Co., Ltd.	25%
Shanghai Tianhai Gas Cylinder Co., Ltd.	25%
Beijing Tianhai Cryogenic Equipment Co., Ltd.	15%
Beijing Panni Gaokong Equipment Co., Ltd.	25%
America Fortune Company	Progressive tax rate
Beijing Jingcheng Compressor Co., Ltd.	15%
Jingcheng Holding (Hong Kong) Company Limited	16.50%

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

3. *Taxation Benefits and Approval*

On 11 November 2013, Beijing Tianhai Industry Co., Ltd., a subsidiary of the Group, have applied for review on New and High Technology Enterprise for the year 2013, was certified as High and New Technology Enterprise and obtained the corresponding certificate with No. GF201311000576 jointly issued by Beijing Science and Technology Commission, Beijing City Bureau of Finance, Beijing Administration of State Taxation, and Beijing administration of Local Taxation. The certificate is valid for three years. By the approval of the certificate, Beijing Tianhai applies 15% as the rate for corporate income tax.

On 5 December 2013, Beijing Tianhai Cryogenic Equipment Co., Ltd., a subsidiary of the Company, was certified as High and New Technology Enterprise and obtained the corresponding certificate with No. GR201311001531 jointly issued by Beijing Science and Technology Commission, Beijing City Bureau of Finance, Beijing Administration of State Taxation, and Beijing administration of Local Taxation. The certificate is valid for three years. By the approval of the certificate, Beijing Tianhai Cryogenic Equipment Co., Ltd. applied 15% as the rate for corporate income tax.

On 28 October 2011, Beijing Jingcheng Compressor Co., Ltd., a subsidiary of the Company, was certified as High and New Technology Enterprise and obtained the corresponding certificate with No. GF201111001877 jointly issued by Beijing Science and Technology Commission, Beijing City Bureau of Finance, Beijing Administration of State Taxation, and Beijing administration of Local Taxation. The certificate is with valid for three years. By the approval of the certificate, Beijing Jingcheng Compressor Co., Ltd. applied 15% as the rate for corporate income tax.

4. *Changes in taxation and taxation preferential policy*

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

5. *Taxation*

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Current corporate income tax	9,025,245.90	4,871,027.62
Deferred income tax	<u>1,220,059.33</u>	<u>-1,240,067.21</u>
Total	<u><u>10,245,305.23</u></u>	<u><u>3,630,960.41</u></u>

7. Earnings per share

Basic earnings per share (“EPS”)

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

Item	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to the common shareholders of the parent (Yuan)	20,818,005.76	-21,286,267.37
Consolidated net profit attributable to the common shareholders of the parent (Yuan) (net of non-operating gains and loss)	-45,140,213.05	-21,700,491.47
The weighted average numbers of outstanding common shares of the parent	422,000,000.00	422,000,000.00
Basic earnings per share (RMB/share)	<u>0.05</u>	<u>-0.05</u>
Basic earnings per share (RMB/share) (net of non-operating gains and loss)	<u><u>-0.11</u></u>	<u><u>-0.05</u></u>

The calculation of the weighted average number of basic EPS:

Item	Amount for the current period	Amount for the previous period
The beginning balance of outstanding common shares	422,000,000.00	422,000,000.00
Adjustment of capital reserves transfer to the capital		
The balance of outstanding common shares at the end of the period	422,000,000.00	422,000,000.00

Diluted earnings per share

The diluted EPS is calculated as followed: diluted potential ordinary shares adjusted consolidated net profit attributable to the basic shareholders of the parent company divided by the adjusted weighted average outstanding basic shares.

The adjustment factor of consolidated net profit attributable to the basic shareholders of the parent company is the diluted potential basic share interest, recognized as expense; and gains and losses of diluted potential basic share, generated during transition process; as well as other income tax influence.

The adjustment factor of weighted average outstanding basic shares is the increased weighted average number of assumed diluted potential basic share, generated during transition process of basic shares.

Item	Amount for the current period	Amount for the previous period
Adjusted consolidated net profit attributable to the basic shareholders of the parent (Yuan)	20,818,005.76	-21,286,267.37
Adjusted consolidated net profit attributable to the basic shareholders of the parent (Yuan) (net of non-operating gains and loss)	-45,140,213.05	-21,700,491.47
The adjusted weighted average numbers of outstanding common shares	422,000,000.00	422,000,000.00
Diluted earnings per share (RMB/share)	<u>0.05</u>	<u>-0.05</u>
Diluted earnings per share (RMB/share) (net of non-operating gains and loss)	<u><u>-0.11</u></u>	<u><u>-0.05</u></u>

8. Share capital

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

(Unit: RMB'000)

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

9. Dividends

No dividend was paid or proposed for the six months ended 30 June 2014, nor has any dividend been proposed since the end of the reporting period.

10. Contingent liabilities

As at 30 June 2014, the Company did not have any material contingent liabilities.

11. Financial position analysis

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

Liquidity and capital structure

	At the end of the period	At the beginning of the period
(1) Gearing ratio	50.03%	58.87%
(2) Quick ratio	64.71%	54.52%
(3) Liquidity ratio	120.69%	102.38%

12. Bank loans

The Company seriously implemented its annual capital budget plan in accordance with the market conditions and requirement of customers to control the bank loan scale strictly. The Company fully utilized financial tools to timely reduce financial costs and prevent against financial risks. In so doing, the Company improved the profit of the Company and shareholders while satisfying the capital need of operating activities. As at the end of the Reporting Period, the Company had short-term loan amounting to RMB470,612,400, representing a decrease of 2.49% as compared with the beginning of the year. Long-term loan was nil.

13. 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. 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 RMB654,605,000, while cash outflow amounted to RMB664,120,300. Net cash flow during the Reporting Period from operating activities amounted to RMB-9,515,300.

2. *Cash flows from investment activities*

Cash inflow from investment activities during the Reporting Period amounted to RMB87,722,800 while cash outflow to investment activities amounted to RMB134,910,900, which was mainly used for capital expense on the purchase of fixed assets. The above expenditures were financed by the Company's internal resources. Net cash flow from investment activities for the Reporting Period amounted to RMB-47,188,100.

3. *Cash flows from fund-raising activities*

Cash inflow from fund-raising activities during the Reporting Period amounted to RMB317,860,500, which was mainly derived from bank loans and investments received by Minghui Tianhai. Cash outflow to fund-raising activities during the Reporting Period being amounted to RMB347,704,900 was mainly for the repayment of bank loans and borrowings from Jingcheng Holding and interests. Net cash flow from fund-raising activities for the Reporting Period amounted to RMB-29,844,400.

Net cash flow from operating activities during the Reporting Period increased by RMB78,242,100 (excluding the Outgoing Assets) over the corresponding period for last Year), which was mainly due to decrease in payment for purchase of goods. Net cash flow generated from the investment being increased by RMB66,268,400 (excluding the Outgoing Assets) over last year was mainly attributable to investments introduced by subsidiaries. Net cash flow generated from fundraising activities decreased by RMB77,203,700 (excluding the Outgoing Assets) over last year, which was mainly due to the repayment of part of the loans.

Net cash flow generated from operating activities for the period was RMB9,515,300. Net profit for the year was RMB-17,275,500, which was mainly attributable to the increase of net cash receipt from disposal of fixed assets, intangible assets and other long term assets.

14. Capital Structure

The Company's capital structure consists of shareholders' equity interests and liabilities during the Reporting Period. Shareholders' equity interests amounted to RMB1,431,202,100, of which, minority interests amounted to RMB531,700,100, and total liabilities amounted to RMB1,433,148,100. Total assets amounted to RMB2,864,350,200. As at the end of the period, the Company's gearing ratio was 50.03%.

Capital structure by liquidity

Total equity interest attributable to shareholders	RMB1,299,680,100	Accounting for 45.37% of assets
Total equity interest attributable to shareholders	RMB1,431,202,100	Accounting for 49.97% of assets
of which: shareholders interests	RMB531,700,100	Accounting for 18.56% of assets

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

(1) Number of employees:

Number of employees during the Reporting Period was 3,178.

(2) Remunerations

Remunerations during the period: RMB64,435,300

(3) Remuneration Policies

The Company implemented diversified salaries system based on the performance of positions as the main remuneration system. On the basis of performance-based salary standards of positions, the salary level of the each position is determined by job evaluation with reference to labor market for confirming the relative value of the post, so as to ensure the internal and external equality of salaries level. On this basis, the remuneration policies is to be implemented in accordance with different personnel and nature of work to undertake a diversified salaries system such as the implementation of broadband compensation 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.

(4) Training Plan

The 2014 human resources training program is formulated in accordance with the Company's actual requirements of the production operations and management in 2014, which aimed at strengthening the management of training as well as enhancing the planning, validity and relevance of the training works. According to the training plan, the Company organized directors, supervisors and senior management to participate into training program organized by external parties such as Beijing Securities Regulatory Bureau, Shanghai Stock Exchange and the Hong Kong Institute of Chartered Secretaries, organized internal staff to participate in 150 trainings such as marketing techniques and communications training, new middle management role changing training, key position training etc, training of 3,900 staff, number of training hours per staff reached 9.58 hours.

16. Pledged of Company's Assets or Mortgaged

During the Reporting Period, part of the real estate building was pledged to bank as the pledge for secured borrowings. Original value was RMB136,615,941.26, net valuation was RMB104,899,014.47.

17. Company's Material Investment or Purchase of Capital Assets Planning in the Future

As at the reporting date, the Company did not have any material investment or purchase of capital asset planning.

18. Board Diversity Policy

The Board has adopted Board Diversity Policy, when deciding the members of the Board, it decides in a perspective ways, including, but not limited to, gender, age, race, culture and education background, professional experience, skills, knowledge and term of service. The Company believes that Board Diversity Policy could help to raise the management level, which is beneficiary to achieve the sustainable development of the Company.

5 IMPORTANT MATTERS

(I) Material litigation, arbitration and matters commonly questioned by media

The Company does not have material litigation, arbitration and matters questioned by media for the reporting period.

(II) Bankruptcy and restructuring related matter

The Company does not have bankruptcy and restructuring related matter for the reporting period.

(III) Exchange of assets and merger of companies matter

The acquisition of companies, disposal of assets and merger of companies which have been disclosed in the extraordinary announcements without changes in the follow-up implementation

Summary and type of matter	Index for enquiry
1. The Company proposed to dispose its 100% interests in Jingcheng Compressor by public tender with selling price no less than its valuation amount of RMB250,202,800;	1. For details, please refer to the Announcement on Disposal of 100% Interests in Jingcheng Compressor Co., Ltd. and Possible Connected Transaction published on the website of the SSE (http://www.sse.com.cn) and the website of the Stock Exchange (http://www.hkexnews.hk) on 16 May 2014 as well as on Shanghai Securities News and Securities Daily on 17 May 2014.
2. Jingcheng Holding, a controlling shareholder of the Company, intended to participate in the Public Tender. Therefore, the Company and Jingcheng Holding intended to enter into a conditional Asset Transaction Agreement. During the implementation of the Public Tender, should Jingcheng Holding successfully be qualified as the transferee, the transaction will constitute a connected transaction of the Company. In the event Jingcheng Holding was not qualified as the transferee, such Asset Transaction Agreement will be null and void;	2. For details, please refer to the Announcement of Resolutions Passed at the 2013 Annual General Meeting published on the website of the SSE (http://www.sse.com.cn) and the website of the Stock Exchange (http://www.hkexnews.hk) on 26 June 2014 as well as on Shanghai Securities News and Securities Daily on 27 June 2014.
3. There were no significant legal obstacles for the transaction;	

4. The transaction did not constitute a major assets restructuring as specified in the Administrative Measures for the Material Asset Reorganization of Listed Companies;
5. The transaction has been considered and approved at the annual general meeting held on 26 June 2014. As at the date of disclosure of this report, the disposal by public tender through the equity exchange agency is underway. The Company will make further disclosure upon the completion of disposal.

(IV)Company share incentive and its effect

The Company does not have share incentive scheme for the reporting period.

(V) Material connected transaction

Connected transaction related to daily operation

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

Summary of matter	Index for enquiry
1. Tianjin Tianhai entered into the Gas Cylinder Pipe Sale and Purchase Framework Agreement with Tianjin Pipe, pursuant to which Tianjin Tianhai will purchase gas cylinder pipes from Tianjin Pipe for a valid term commencing 1 January 2014 to 31 December 2014 with an annual cap of RMB300,000,000.	For details, please refer to the announcements published on the website of the SSE (http://www.sse.com.cn) and the website of the Stock Exchange (http://www.hkexnews.hk) on 3 March 2014 as well as on Shanghai Securities News and Securities Daily on 4 March 2013 in relation to connected transactions related to daily operation
2. Tianhai Industrial entered into Purchase Framework Agreement with Jingcheng Logistics, pursuant to which Tianhai Industrial will purchase cylinder steel billets from Jingcheng Logistics for a valid term commencing 1 January 2014 to 31 December 2014 with the annual purchase amount not exceeding RMB 26,000,000.	
3. Tianhai Industrial entered into Finance Lease Cooperation Framework Agreement with a financial lease company, pursuant to which Tianhai Industrial will carry out finance lease businesses with the financial lease company for a valid term commencing 1 January 2014 to 31 December 2014 with the cap of finance lease services of RMB29,000,000.	
4. Tianhai Industrial entered into Plant and Equipment Lease Agreement with Asset Management Company, pursuant to which Tianhai Industrial will rent a plant located at Mulin Town, Shunyi District for a valid term commencing 1 January 2014 to 31 December 2016 with annual rental of RMB680,000.	

Summary of matter

Index for enquiry

5. Jingcheng Compressor entered into Plant Lease Agreement with Jingcheng Tianyi, pursuant to which Jingcheng Compressor will rent out offices and plant to Jingcheng Tianyi for a term of tenancy commencing 1 January 2014 to 31 December 2016 with annual rental of RMB924,362.50.
6. Jingcheng Compressor entered into Property Lease Agreement with Beijing Xihai Trade Co., Ltd., pursuant to which Jingcheng Compressor will rent the office located at the Guangming Lou for a term of tenancy commencing 1 January 2014 to 31 December 2015 with annual rental of RMB1,202,857.50.
7. The valid term of the Gas Cylinder Pipe Sale and Purchase Framework Agreement Supplemental Agreement and Gas Cylinder Pipe Sale and Purchase Framework Agreement was changed from the original 1 year to 3 years (the valid term of the agreement after change was commencing 1 January 2014 to 31 December 2016) by Tianjin Tianhai and Tianjin Pipe, and all other terms of the agreement remain unchanged.

For details, please refer to the announcements published on the website of the SSE (<http://www.sse.com.cn>) and the website of the Stock Exchange (<http://www.hkexnews.hk>) on 27 March 2014 as well as on Shanghai Securities News and Securities Daily on 28 March 2014 in relation to connected transactions related to daily operation.

Related creditor's right and debt transactions

Matters which were not disclosed in extraordinary announcements

Unit: Yuan currency RMB

Related party	Relationship with related party	Provide funding to related party		Related party providing funding to listed company		
		Balance as of beginning of the period	Occurred amount	Balance as of end of the period	Balance as of beginning of the period	Occurred amount
Beijing Jingcheng Mechanical & Electrical Asset Management Co., Ltd.	Wholly-owned subsidiary of parent company	12,889,750.00	12,889,750.00			
Beijing Jingcheng Industrial Logistics Co. Ltd.	Wholly-owned subsidiary of parent company			12,562,196.93	-5,754,448.42	6,807,748.51
Tianjin Pipe Steel Trade Co., Ltd.						
Jingcheng Holdings	Parent company			386,807,077.46	-192,307,077.46	194,500,000.00
Beiren Corporation Group	Wholly-owned subsidiary of parent company			9,537,212.51	-8,423,955.95	1,113,256.56
Beijing First Machine Tool Factory	Controlling subsidiary of parent company			393,359.09	36,000.00	429,359.09
Jingcheng Holdings	Parent company			126,900,000.00	6,568,000.00	133,468,000.00
Beijing Jingcheng Mechanical & Electrical Asset Management Co., Ltd.	Wholly-owned subsidiary of parent company			52,889,750.00	-52,889,750.00	0
Beijing Jingcheng Tianyi Environment Technology Co., Ltd.	Controlling subsidiary of parent company			4,500,000.00	-4,500,000.00	0
Total:		12,889,750.00	12,889,750.00	593,589,595.99	-229,999,952.82	363,589,643.17
Occurred amount of the funding provided to the controlling shareholder and its subsidiaries by the Company during the reporting period (Yuan)						12,889,750.00
Balance of the funding provided to the controlling shareholder and its subsidiaries by the Company during the reporting period (Yuan)						12,889,750.00
Reasons for occurrence of related creditor's right and debt transactions	Disposal of college student apartment					
Settlement of connected debts and liabilities	The Company has received the remittances of RMB8,000,000 and RMB4,889,750 from Beijing Jingcheng Mechanical & Electrical Asset Management Co., Ltd. on 8 July and 24 July 2014 respectively, amounting to RMB12,889,750 in total.					

(VI) Contracts of significance and their execution

(I) Trust, contracting and lease matters

(1) Trust

There was no trust matter for the Company during reporting period.

(2) Contract

There was no contract matter for the Company during the reporting period.

(3) Lease

Unit: Yuan Currency: RMB

Name of lessor	Name of lessee	Details of lease of assets	Amount involved in		Starting date of lease	Ending date of lease	Lease revenue	Defining base for lease revenue	Effect of lease revenue	Is it a connected transaction?	Relationship
			lease of assets	lease of assets							
Beijing First Machine Tool Factory	Beijing Panni Gaokong Equipmen Co., Ltd.	Housing	120,000	1 January 2014	31 December 2014	-120,000	Negotiated price	-120,000	Yes		Subsidiary of shareholder
Beijing Jingcheng Mechanical & Electrical Asset Management Co., Ltd.	Beijing Tianhai Industry Co., Ltd.	Housing	680,000	1 January 2014	31 December 2016	-680,000	Negotiated price	-680,000	Yes		Subsidiary of shareholder
Beijing Xihai Trade Co., Ltd.)	Jingcheng Compressor	Housing	1,202,857.5	1 January 2014	31 December 2015	-1,202,857.5	Negotiated price	-1,202,857.5	Yes		Subsidiary of shareholder
Jingcheng Compressor	Beijing Jingcheng Tianyi Environment Technology Co., Ltd.	Housing	924,362.5	1 January 2014	31 December 2016	924,362.5	Negotiated price	924,362.5	Yes		Subsidiary of shareholder

(II) Guarantee

Unit: 10'000 Yuan Currency: RMB

External guarantees by the Company (excluding guarantees for the subsidiaries)

Total amount of guarantee during the reporting period (excluding guarantees for the subsidiaries)	0
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Total balance of guarantee at the end of the reporting period (A) (excluding guarantees for the subsidiaries)	0
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Guarantees provided by the Company to its subsidiaries

Total amount of guarantees provided for its subsidiaries during the reporting period	1,120
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Total amount of guarantees for its subsidiaries outstanding at the end of the reporting period(B)	420
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Total amount of guarantees provided by the Company (including those provided for its subsidiaries)

Total amount of guarantees(A+B)	420
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Total amount of guarantees as a percentage of the Company's net assets (%)	0.52
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In which:

Amount of guarantees provided for shareholders, effective controlling parties and connected parties(C)	0
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Amount of debt guarantees provided directly or indirectly for companies with gearing ratio of over 70%(D)	0
---	---

Total amount of guarantees in excess of 50% of net assets(E)	0
--	---

Sum of the above three guaranteed items(C+D+E)	0
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It represents the guarantee provided by Beijing Tianhai Industry Co., Ltd. (a subsidiary of the Company) to its subsidiary Tianjin Tianhai High Pressure Container Co., Ltd.

(III) Other material contracts or transactions

During the reporting period, there was no other material contract or transaction for the Company.

Whether to appoint another accounting firm: No

Current appointment

Name of accounting firm:

ShineWing Certified Public Accountants
LLP

(IX) Punishment and rectification of listed company and its directors, supervisors, senior management, shareholders holding more than 5% of shares, beneficial controller and acquirer

During the reporting period, the Company and its directors, supervisors, senior management officers, shareholders holding more than 5% of shares, beneficial controller and acquirer have not been checked by the CSRC, have not received any administrative punishment, have not been the subject of notice of criticism and have not been openly criticized by the stock exchange.

(X) Corporate Governance

During the reporting period, in order to do well in the corporate governance and ensure that operation of the Company was in compliance with the law and regulations, establish, improve and effectively implement the internal control, the Company rationalized its relevant rules and regulations, made amendment to its 38 rules and regulations such as External Guarantees Management System and Fund Raising Management Measures, which have been approved at the 2013 annual general meeting and the sixteenth extraordinary meeting of the seventh session of the Board.

During the reporting period, a clear hierarchy of authority and responsibility for the Company's general meeting, board of directors and the senior management that allowed each performs its own functions in a proper manner was established; the disclosure of company information was true, accurate, complete and in time; the specialized committees of the board of directors performed according to their own functions; the independent non-executive directors played important role in issues such as connected transactions and financial audit.

2 Others

1. The applicable enterprise income tax rate for the Company for the reporting period is 25%.
2. The unaudited 2014 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 during the Reporting Period.
4. During the Reporting Period, the Company has adopted the model code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standards set in the Model Code in Appendix 10 of the Listing Rules. After making specific enquiries to all directors and supervisors, the Company confirmed that, each of directors and supervisors has complied with the required standards on securities transactions by directors and supervisors as set in the Model Code for the six months ended 30 June 2014.
5. During the reporting period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
6. Update on the status of transfer of 100% equity rights in Jingcheng Compressor by the Company

In order to reduce the Company's operating costs and cut down its loss-making segments, improve the operating condition and asset quality, the Company proposed to transfer its 100% interests in Jingcheng Compressor.

According to the Asset Valuation Report In Respect of Proposed Transfer of Equities in Beijing Jingcheng Compressor Co., Ltd Held by Beijing Jingcheng Machinery Electric Company Limited issued by Golden Standard & Headmen Appraisal and Advisory Co., Ltd. on 11 April 2014, the valuation of net assets of Jingcheng Compressor is RMB 250,202,800.00. The Company intended to dispose its 100% interests in Jingcheng Compressor by using the valuation of net assets of Jingcheng Compressor which has been approved by Beijing SASAC as the tender price. The Resolution on Proposed Disposal of 100% Equity Interest in Beijing Jingcheng Compressor Co., Ltd. by the Company by way of Public Tender has been considered and approved at the 2013 annual general meeting of the Company held on 26 June 2014.

As at the date of disclosure, Jingcheng Compressor has been successfully put up for disposal on China Beijing Equity Exchange on 23 July 2014 and the expired date of public tender is 19 August 2014. The Company will make further disclosures on a timely basis in relation to any progress about disposal of 100% equity interest in Jingcheng Compressor.

6 RELEVANT MATTERS TO THE FINANCIAL REPORT

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

Given the material asset reorganization of the Company, the relevant business was changed from manufacturing and distributing printing machinery to gas storage and transportation equipment business, which was a relatively material change in business nature, resulting in the changes in estimated useful lives of fixed assets and the percentage of bad debt provision to account receivables. Hence, certain accounting estimations were changed. For details in respect of changed in accounting estimations, please refer to the Announcement Of Changes in Accounting Estimation on the website of the SSE (<http://www.sse.com.cn>) and the website of the Stock Exchange (<http://www.hkexnews.hk>) on 16 December 2013 as well as on Shanghai Securities News and Securities Daily on 17 December 2013.

The estimated useful lives of fixed assets are revalued based on the types of assets, production characteristics and operation model of gas storage and transportation business, resulting in the changes in depreciation rate and the rate of salvage value of certain fixed assets, the proportion of the original receivables that are provided for bad debts was revised. The changes in accounting estimation are applied prospectively with effect from 1 January 2014. The net profit for the current period in the consolidated financial statement was increased by RMB19,132,509.45.

2. Description of retrospective restatement of major accounting errors in the reporting period.

There was no change in retrospective restatement of major accounting errors in the reporting period.

3. Description of changes in coverage of the consolidated statements as compared to the financial report for the previous year.

The companies that ceased to be included in the consolidation scope during the reporting period due to asset exchange of the Company: Shaanxi Beiren Printing Machinery Co., Ltd., Beijing Beiren Fuji Printing Machinery Co., Ltd., Beijing Beiren Jingyan Printing Machinery Factory, Beiren Dipu Rui Printing Machinery Co., Ltd. and Beijing Beiren Printing Equipment Co., Ltd. The companies that were included in the consolidation scope during the reporting period due to asset exchange: Beijing Tianhai Industry Co., Ltd., Jingcheng Holding (Hong Kong) Company Limited and Beijing Jingcheng Compressor Co., Ltd.

4. The board of directors and supervisory committee's explanation to "Non-Standard Auditors' Report" issued by CPAs for the reporting period

The 2014 Interim Financial Report has not been audited.

5 FINANCIAL STATEMENTS

The Consolidated Balance Sheet

30 June 2014

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: yuan
Currency: RMB

Items	Balance at the end of the period	Balance at the beginning of the year
Current assets:		
Cash and cash equivalents	278,586,933.68	337,743,216.12
Transaction settlement funds		
Lendings to banks		
Financial assets held for trading		
Bills receivable	12,509,035.90	28,387,575.12
Accounts receivable	478,665,891.77	407,991,348.42
Prepayments	48,263,306.30	41,013,304.21
Premiums receivable		
Reinsurance receivables		
Reinsurance contract reserves receivable		
Interest receivable	—	
Dividends receivable	—	
Other receivables	23,035,835.09	5,686,434.58
Purchase and resale of financial assets		
Inventories	727,554,713.92	734,199,271.84
Non-current assets due within one year	—	
Other current assets	9,540.41	15,718,684.47
Total current assets	1,568,625,257.07	1,570,739,834.76
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	—	
Held-to-maturity investments	—	
Long-term receivables	—	
Long-term equity investments	55,791,078.48	63,231,444.54
Investment properties	9,406,649.98	9,519,696.39
Fixed assets	688,563,896.75	714,960,989.70
Construction in progress	353,997,741.76	278,770,258.89
Construction materials	—	
Disposal of fixed assets	—	
Productive biological assets	—	
Oil and gas assets	—	
Intangible assets	171,351,438.42	173,810,162.12
Development expenditure		
Goodwill	6,562,344.06	6,562,344.06
Long-term unamortised expenses	2,140,403.64	2,634,697.21
Deferred income tax assets	7,911,389.07	9,131,448.40
Other non-current assets		
Total non-current assets	1,295,724,942.16	1,258,621,041.31
Total assets	2,864,350,199.23	2,829,360,876.07

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

The Consolidated Balance Sheet (Continued)*30 June 2014*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: yuan
Currency: RMB*

Items	Balance at the end of the period	Balance at the beginning of the year
Current liabilities:		
Short-term borrowings	470,612,356.00	482,613,152.34
Borrowings from central bank		
Receipt of deposits and deposits from other banks		
Loans from other banks		
Financial liabilities held for trading		
Bills payables	106,000,000.00	80,000,000.00
Accounts payable	418,237,855.42	395,472,131.25
Receipts in advance	82,689,110.41	135,006,560.18
Funds from sale and repurchase of financial assets		
Handling charges and commission payable		
Wage payable	18,335,919.74	20,445,882.88
Tax payable	-14,983,427.07	2,260,951.16
Interest payable	308,200.01	305,666.69
Dividends payable	1,551,900.00	1,551,900.00
Other payables	216,928,163.06	416,598,343.16
Reinsurance payables		
Insurance contract reserves		
Funds from securities trading agency		
Funds from securities underwriting agency		
Non-current liabilities due within one year	—	—
Other current liabilities	—	—
Total current liabilities	1,299,680,077.57	1,534,254,587.66

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

The Consolidated Balance Sheet (Continued)

30 June 2014

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: yuan
Currency: RMB

Items	Balance at the end of the period	Balance at the beginning of the year
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Special payables	133,468,000.00	131,468,000.00
Estimated liabilities		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	133,468,000.00	131,468,000.00
Total liabilities	1,433,148,077.57	1,665,722,587.66
Shareholders' equity		
Share capital	422,000,000.00	422,000,000.00
Capital reserve	633,723,286.55	558,698,626.70
Less: Treasury stock		
Special reserve	—	
Surplus reserve	45,665,647.68	45,665,647.68
General risk provision	—	
Undistributed profit	-201,883,510.64	-222,701,516.40
Exchange difference arising on translation of foreign currency statements	-3,415.62	-89,449.76
Total shareholders equity attributable toparent company	899,502,007.96	803,573,308.22
Minority interests	531,700,113.70	360,064,980.19
Total shareholders equity	1,431,202,121.66	1,163,638,288.41
Total liabilities and shareholders equity	2,864,350,199.23	2,829,360,876.07

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Balance Sheet of the Parent*30 Jun 2014*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: yuan
Currency: RMB*

Item	Balance at the end of the period	Balance at the beginning of the year
Current assets:		
Cash and cash equivalents	3,039,938.42	9,537,212.51
Financial assets held for trading	—	—
Bills receivable	—	—
Accounts receivable	—	—
Prepayments	—	—
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	50,000,000.00	5,522,900.00
Inventories	—	—
Non-current assets due within one year	—	—
Other current assets	—	—
Total current assets	53,039,938.42	15,060,112.51
Non-current assets:		
Available-for-sale financial assets	—	—
Held-to-maturity investments	—	—
Long-term receivables	—	—
Long-term equity investments	859,685,667.59	859,685,667.59
Investment properties	—	—
Fixed assets	—	—
Construction in progress	—	—
Construction materials	—	—
Disposal of fixed assets	—	—
Productive biological assets	—	—
Oil and gas assets	—	—
Intangible assets	—	—
Development expenditure	—	—
Goodwill	—	—
Long-term unamortised expenses	—	—
Deferred income tax assets	—	—
Other non-current assets	—	—
Total non-current assets	859,685,667.59	859,685,667.59
Total assets	912,725,606.01	874,745,780.10

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Balance Sheet of the Parent (Continued)*30 Jun 2014*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: yuan
Currency: RMB*

Item	Balance at the end of the period	Balance at the beginning of the year
Current liabilities:		
Short-term borrowings		—
Financial liabilities held for trading	—	—
Bills payable	—	—
Accounts payable	—	—
Receipts in advance	—	—
Wage payable	—	—
Tax payable	-114,514.92	—
Interest payable	—	—
Dividends payable	—	—
Other payables	2,889,687.05	13,774,136.35
Non-current liabilities due within one year	—	—
Other current liabilities	—	—
Total current liabilities	2,775,172.13	13,774,136.35
Non-current liabilities:		
Long-term borrowings	—	—
Bonds payable	—	—
Long-term payables	—	—
Special payables	—	—
Estimated liabilities	—	—
Deferred income tax liabilities	—	—
Other non-current liabilities	—	—
Total non-current liabilities	—	—
Total Liabilities	2,775,172.13	13,774,136.35

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Balance Sheet of the Parent (Continued)*30 Jun 2014*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: yuan
Currency: RMB*

Items	Balance at the end of the period	Balance at the beginning of the year
Shareholders' equity		
Share capital	422,000,000.00	422,000,000.00
Capital Reserves	616,560,092.71	566,480,197.56
Less: Treasury Stock		
Special Reserve	—	
Surplus Reserves	38,071,282.24	38,071,282.24
General Risk Reserves	—	
Undistributed Profit	-166,680,941.07	-165,579,836.05
	<hr/>	<hr/>
Total Shareholder equity	909,950,433.88	860,971,643.75
	<hr/>	<hr/>
Total liabilities and Shareholder equity	912,725,606.01	874,745,780.10
	<hr/> <hr/>	<hr/> <hr/>

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Consolidated Income Statement

Jan-Jun 2014

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: yuan
Currency: RMB

Item	Amount for current period	Amount for last period
1. Total operating income	936,857,460.55	1,576,505,289.93
Including: Operating income	936,857,460.55	1,576,505,289.93
Interest income		
Premium income		
Handling charges and commission income		
2. Total operating cost	987,352,233.12	1,597,728,256.22
Including: Operating cost	824,137,970.55	1,334,576,986.22
Interest expenses		
Handling charges and commission expenses		
Payment of surrenders		
Net claim expenses		
Net provision for insurance contract reserves		
Policy dividend payment		
Expenses for reinsurance accepted		
Business tax and surcharge	13,166,687.50	4,862,229.13
Sales expenses	42,644,893.10	73,529,261.55
Administrative expenses	87,071,018.08	141,769,632.29
Financial expenses	23,026,816.56	29,636,301.59
Impairment loss on assets	-2,695,152.67	13,353,845.44
Add: Gain on change in fair value (loss expressed with “-”)	-	-
Gain on investment (loss expressed with “-”)	423,897.27	1,974,702.32
Including: Gain on investments in associates and joint ventures	423,897.27	2,616,340.31
Exchange gain (loss expressed with “-”)		
3. Operating profit (loss expressed with “-”)	-50,070,875.30	-19,248,263.97
Add: Non-operating income	79,086,512.32	3,754,961.74
Less: Non-operating expenses	1,494,783.75	1,129,673.62
Including: Loss on disposal of non-current assets	207,810.95	1,129,588.57
4. Total profit (total loss expressed with “-”)	27,520,853.27	-16,622,975.85
Less: Income tax expenses	10,245,305.23	3,630,960.41

Consolidated Income Statement (Continued)*Jan-Jun 2014*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: yuan**Currency: RMB*

Item	Amount for current period	Amount for last period
5. Net profit (net loss expressed with “-”)	17,275,548.04	-20,253,936.26
Net profit attributable to Shareholders of parent company	20,818,005.76	-21,286,267.36
Net profit of the acquiree company before business combination under common control	–	-1,450,767.06
Minority interests	-3,542,457.72	1,032,331.10
6. Earnings per share:		
(1) Basic earnings per share	0.05	-0.05
(2) Diluted earnings per share	0.05	-0.05
7. Other comprehensive income	208,390.06	-436,636.28
8. Total comprehensive income	17,483,938.10	-20,690,572.54
Total comprehensive income attributable to shareholders of parent company	20,904,039.89	-21,500,947.41
Total comprehensive income attributable to minority shareholders	-3,420,101.79	810,374.87

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Income Statement of the Parent*Jan-Jun 2014*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: yuan
Currency: RMB*

Item	Amount for current period	Amount for last period
1. Operating income	—	210,090,461.37
Less: Operating cost	—	172,605,297.23
Business tax and surcharge	—	1,884,989.95
Sales expenses	—	12,701,036.71
Administrative expenses	1,169,270.70	29,496,453.23
Financial expenses	-68,165.68	6,057,596.54
Impairment loss on assets	—	5,866,010.87
Add: Gain on change in fair value (loss expressed with “—”)	—	—
Gain on investment (loss expressed with “—”)	—	-945,610.91
Including: Gains on investments in associates and joint ventures	—	-303,972.92
2. Operating profit (loss expressed with “—”)	-1,101,105.02	-19,466,534.07
Add: Non-operating income	—	—
Less: Non-operating expenses	—	—
Including: Loss on disposal of non-current assets	—	—
3. Total profit (total loss expressed with “—”)	-1,101,105.02	-18,748,185.23
Less: Income tax expenses	—	—
4. Net profit (net loss expressed with “—”)	-1,101,105.02	-18,748,185.23
5. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		
6. Other comprehensive income	—	—
7. Total comprehensive income	-1,101,105.02	-18,748,185.23

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Consolidated Cash Flow Statement

Jan-Jun 2014

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: yuan
Currency: RMB

Item	Amount for current period	Amount for last period
1. Cash flow from operating activities:		
Cash receipts from sale of goods and rendering of services	603,674,375.66	833,912,576.63
Net increase in deposits from customer and other banks	—	—
Net increase in borrowings from central bank	—	—
Net increase in loans from other financial institutions	—	—
Cash received from insurance policy premium	—	—
Net cash received from reinsurance	—	—
Net increase in policyholder deposit and investments	—	—
Net increase in disposal of financial assets held for trading	—	—
Cash received from interests, handling charges and commission	—	—
Net increase in loans from other banks	—	—
Net increase in capital from repurchase business	—	—
Receipts of taxes and levy refunds	6,546,878.55	1,273,606.71
Other cash receipts in operating activities	3,383,701.62	18,445,076.60
Subtotal of cash inflows from operating activities	654,604,955.83	853,631,259.94
Cash payments for goods and services acquired	296,581,668.94	581,119,790.43
Net increase in customers' loans and advances	—	—
Net increase in placements with central bank and other banks	—	—
Cash paid for insurance contract claims	—	—
Cash paid for interests, handling charges and commission	—	—
Cash paid for policy dividend	—	—
Cash paid to and on behalf of employees	149,541,500.42	265,379,257.37
Payment of taxes and levy	64,713,062.55	59,421,573.31
Other cash payments in operating activities	153,284,019.13	96,285,408.28
Subtotal of cash outflows from operating activities	664,120,251.04	1,002,206,029.39
Net cash flow from operating activities	-9,515,295.21	-148,574,769.45
2. Cash flow from investing activities:		
Cash receipts from sale of investment	—	—
Cash receipts from investment income	7,864,263.33	—
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	28,534,406.87	1,145,630.00
Net cash receipts from disposal of subsidiaries and other business units	—	—
Other cash receipts in investing activities	51,324,145.06	—
Subtotal of cash inflows from investing activities	87,722,815.26	1,145,630.00

Consolidated Cash Flow Statement (Continued)*Jan-Jun 2014*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: yuan
Currency: RMB*

Item	Amount for current period	Amount for last period
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	125,285,123.67	116,618,275.08
Cash paid for investments	—	—
Net increase in pledged loans	—	—
Net cash received from subsidiaries and other business units	—	—
Other cash payments in investing activities	9,625,742.58	—
Subtotal of cash outflows from investing activities	134,910,866.25	116,618,275.08
Net cash flow from investing activities	-47,188,050.99	-115,472,645.08
3. Cash flow from financing activities:		
Cash proceeds from absorbing investment	200,000,000.00	—
Including: Cash receipts from absorbing minority shareholders' investments by subsidiary	200,000,000.00	—
Cash receipts from borrowings	117,860,465.97	376,938,782.71
Cash receipts from issue of bonds	—	—
Other cash receipts in financing activities	—	30,000,000.00
Subtotal of cash inflows from financing activities	317,860,465.97	406,938,782.71
Cash paid for repayment of debts	185,000,000.00	288,020,173.33
Cash paid for distribution of dividends or profits or payment of interest	23,904,911.28	26,322,897.75
Including: Subsidiary's payment of dividends and profits to minority shareholders	—	—
Other cash payments in financing activities	138,800,000.00	62,559,295.03
Subtotal of cash outflows from financing activities	347,704,911.28	376,902,366.11
Net cash flow from financing activities	-29,844,445.31	30,036,416.60
4. Effect of exchange rate changes on cash and cash equivalents	1,056,509.07	-2,202,589.39
5. Net increase in cash and cash equivalents	-85,491,282.44	-236,213,587.32
Add: Balance of cash and cash equivalents at the beginning of the period	305,897,025.49	490,533,435.19
6. Balance of cash and cash equivalents at the end of the period	220,405,743.05	254,319,847.87

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Cash Flow Statement of the Parent

Jan-Jun 2014

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: yuan
Currency: RMB

Item	Current Period	Prior Period
1. Cash flow from operating activities:		
Cash receipts from sale of goods and rendering of services	—	112,321,462.15
Receipts of taxes and levy refunds	—	867,450.62
Other cash receipts in operating activities	274,491.12	2,634,479.52
Subtotal of cash inflows from operating activities	274,491.12	115,823,392.29
Cash payments for goods and services acquired	—	79,475,382.30
Cash paid to and on behalf of employees	—	70,973,628.59
Payment of taxes and levy	—	9,006,430.62
Other cash payments in operating activities	3,993,067.69	24,677,830.73
Subtotal of cash outflows from operating activities	3,993,067.69	184,133,272.24
Net cash flow from operating activities	-3,718,576.57	-68,309,879.95
2. Cash flow from investing activities:		
Cash receipts from sale of investment	—	90,000,000.00
Cash receipts from investment income	—	—
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	—	1,134,530.00
Net cash receipts from disposal of subsidiaries and other business units	—	—
Other cash received relating to investing activities	56,847,045.06	2,857,207.77
Subtotal of cash inflows from investing activities	56,847,045.06	93,991,737.77
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	—	1,158,520.10
Cash paid for investments	—	91,000,000.00

Cash Flow Statement of the Parent (Continued)*Jan-Jun 2014*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: yuan
Currency: RMB*

Item	Current Period	Prior Period
Net cash received from subsidiaries and other business units	—	—
Other cash payments in investing activities	59,625,742.58	—
Subtotal of cash outflows from investing activities	59,625,742.58	92,158,520.10
Net cash flow from investing activities	-2,778,697.52	1,833,217.67
3. Cash flow from financing activities:		
Cash proceeds from absorbing investment	—	—
Cash receipts from borrowings	—	165,000,000.00
Cash receipts from the issue of bonds	—	—
Other cash receipts in financing activities	—	—
Subtotal of cash inflows from financing activities	—	165,000,000.00
Cash paid for repayment of debts	—	165,000,000.00
Cash paid for distribution of dividends or profits or payment of interest	—	7,957,312.67
Other cash payments in financing activities	—	—
Subtotal of cash outflows from financing activities	—	172,957,312.67
Net cash flow from financing activities	—	-7,957,312.67
4. Effect of exchange rate changes on cash and cash equivalents	—	-57,230.18
5. Net increase in cash and cash equivalents	-6,497,274.09	-74,491,205.13
Add: Balance of cash and cash equivalents at the beginning of the period	9,537,212.51	150,192,182.81
6. Balance of cash and cash equivalents at the end of the period	3,039,938.42	75,700,977.68

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Consolidated Statement of Movement on Equity

Jan-Jun 2014

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: yuan

Currency: RMB

Items	Amount for the Current Period									
	Owner's Equity Attributed to Parent								Minority Shareholder' Equity	Total Shareholders Equity
	Share Capital	Capital Reserves	Less: Treasury Stock	Special Reserves	Surplus Reserves	Business Risk Reserve	Undistributed Profit	Others		
1. The ending balance for last year	422,000,000.00	558,698,626.70	-	-	45,665,647.68	-	-222,701,516.40	-89,449.76	360,064,980.19	1,163,638,288.41
Add: Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-
Correction for previous errors	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
2. The beginning balance for current period	422,000,000.00	558,698,626.70	-	-	45,665,647.68	-	-222,701,516.40	-89,449.76	360,064,980.19	1,163,638,288.41
3. Increase and decrease for current year (decrease represent as "-")	-	75,024,659.85	-	-	-	-	20,818,005.76	86,034.13	171,635,133.51	267,563,833.25
(1) Net Profit	-	-	-	-	-	-	20,818,005.76	-	-3,542,457.72	17,275,548.04
(2) Other Comprehensive Income	-	-	-	-	-	-	-	86,034.13	122,355.93	208,390.06
Subtotal of (1) and (2)	-	-	-	-	-	-	20,818,005.76	86,034.13	-3,420,101.79	17,483,938.10
(3) Shareholders' Investing and Reducing Capital	-	75,024,659.85	-	-	-	-	-	-	175,055,235.30	250,079,895.15
1. Shareholders' investing capital	-	24,944,764.70	-	-	-	-	-	-	175,055,235.30	200,000,000.00
2. Shares payment in Shareholders' equity	-	50,079,895.15	-	-	-	-	-	-	-	50,079,895.15
3. Others	-	-	-	-	-	-	-	-	-	-
(4) Profit Distribution	-	-	-	-	-	-	-	-	-	-
1. Provision of Surplus Reserve	-	-	-	-	-	-	-	-	-	-
2. Provision for Business Risk	-	-	-	-	-	-	-	-	-	-
3. Distribution of Shareholders'	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(5) Shareholders' Equity Internal Transfer	-	-	-	-	-	-	-	-	-	-
1. Capital Reserve Transfer to Capital	-	-	-	-	-	-	-	-	-	-
2. Surplus Reserve Transfer to Capital	-	-	-	-	-	-	-	-	-	-
3. Surplus Reserve offset losses	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(6) Special Reserves	-	-	-	-	-	-	-	-	-	-
1. Amount provided for the current year	-	-	-	-	-	-	-	-	-	-
2. Amount expended for the current year	-	-	-	-	-	-	-	-	-	-
(7) Others	-	-	-	-	-	-	-	-	-	-
4. The ending balance for current year	422,000,000.00	633,723,286.55	-	-	45,665,647.68	-	-201,883,510.64	-3,415.63	531,700,113.70	1,431,202,121.66

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Consolidated Statement of Movement on Equity (continued)

Jan-Jun 2014

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: yuan
Currency: RMB

Items	Amount for the Period of the Last Year									
	Owner's Equity Attributed to Parent								Minority Shareholder' Equity	Total Shareholders Equity
	Share Capital	Capital Reserves	Less: Treasury Stock	Special Reserves	Surplus Reserves	Business Risk Reserve	Undistributed Profit	Others		
1. The ending balance for last year	422,000,000.00	522,841,800.72	-	-	43,172,707.88	-	-400,026,203.80	-	14,558,337.79	602,546,642.59
Add: Changes in accounting balance	-	-	-	-	-	-	-	-	-	-
Corrections for previous errors	-	-	-	-	-	-	-	-	-	-
Others	-	659,901,078.31	-	-	-	-	188,860,698.51	-	160,539,774.52	1,009,301,551.34
2. The beginning balance of the year	422,000,000.00	1,182,742,879.03	-	-	43,172,707.88	-	-211,165,505.29	-	175,098,112.31	1,611,848,193.93
3. Increase and decrease for current year	-	-	-	-	-	-	-21,286,267.36	-214,680.05	810,374.87	-20,690,572.54
(decrease represents as "-")	-	-	-	-	-	-	-21,286,267.36	-	1,032,331.10	-20,253,936.26
(1) Net profit	-	-	-	-	-	-	-	-214,680.05	-221,956.23	-436,636.28
(2) Other Comprehensive Income	-	-	-	-	-	-	-21,286,267.36	-214,680.05	810,374.87	-20,690,572.54
Subtotal of (1) and (2)	-	-	-	-	-	-	-	-	-	-
(3) Shareholders' Investing and Reducing Capital	-	-	-	-	-	-	-	-	-	-
1. Shareholders' investing capital	-	-	-	-	-	-	-	-	-	-
2. Shares payment in Shareholders' equity	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-
(4) Profit Distribution	-	-	-	-	-	-	-	-	-	-
1. Provision of Surplus Reserve	-	-	-	-	-	-	-	-	-	-
2. Provision for Business Risk	-	-	-	-	-	-	-	-	-	-
3. Distribution for Shareholders'	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(5) Shareholders' Equity Internal Transfer	-	-	-	-	-	-	-	-	-	-
1. Capital reserve transfer to capital	-	-	-	-	-	-	-	-	-	-
2. Surplus reserve transfer to capital	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve offset losses	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(6) Special reserves	-	-	-	-	-	-	-	-	-	-
1. Amount provided for the current year	-	-	-	-	-	-	-	-	-	-
2. Amount expended for the current year	-	-	-	-	-	-	-	-	-	-
(7) Others	-	-	-	-	-	-	-	-	-	-
4. The ending balance for current year	422,000,000.00	1,182,742,879.03	-	-	43,172,707.88	-	-232,451,772.65	-214,680.05	175,908,487.18	1,591,157,621.39

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Statement of Movement on Equity of the Parent

Jan-Jun 2014

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: yuan

Currency: RMB

Items	Share Capital	Capital Reserves	Amount for the Current Period			Business Risk Reserve	Undistributed Profit	Total Shareholders Equity
			Less: Treasury Stock	Special Reserves	Surplus Reserves			
1. The ending balance for last year	422,000,000.00	566,480,197.56		-	38,071,282.24		-165,579,836.05	860,971,643.75
Add: Changes in accounting balance	-	-	-	-	-		-	-
Corrections for previous errors	-	-	-	-	-		-	-
Others	-	-	-	-	-		-	-
2. The beginning balance of the year	422,000,000.00	566,480,197.56		-	38,071,282.24	-	-165,579,836.05	860,971,643.75
3. Increase and decrease for current year	-	50,079,895.15	-	-	-	-	-1,101,105.02	48,978,790.13
(decrease represents as "-")	-	-	-	-	-		-1,101,105.02	-1,101,105.02
(1) Net profit	-	-	-	-	-		-	-
(2) Other Comprehensive Income	-	-	-	-	-	-	-1,101,105.02	-1,101,105.02
Subtotal of (1) and (2)	-	50,079,895.15	-	-	-	-	-	50,079,895.15
(3) Shareholders' Investing and Reducing Capital	-	-	-	-	-		-	-
1. Shareholders' investing capital	-	50,079,895.15	-	-	-		-	50,079,895.15
2. Shares payment in Shareholders' equity	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(4) Profit Distribution	-	-	-	-	-		-	-
1. Provision of Surplus Reserve	-	-	-	-	-		-	-
2. Provision for Business Risk	-	-	-	-	-		-	-
3. Distribution for Shareholders'	-	-	-	-	-		-	-
4. Others	-	-	-	-	-	-	-	-
(5) Shareholders' Equity Internal Transfer	-	-	-	-	-		-	-
1. Capital reserve transfer to capital	-	-	-	-	-		-	-
2. Surplus reserve transfer to capital	-	-	-	-	-		-	-
3. Surplus reserve offset losses	-	-	-	-	-		-	-
4. Others	-	-	-	-	-	-	-	-
(6) Special reserves	-	-	-	-	-	-	-	-
1. Amount provided for the current year								-
2. Amount expended for the current year								-
(7) Others								
4. The ending balance for current year	422,000,000.00	616,560,092.71	-	-	38,071,282.24	-	-166,680,941.07	909,950,433.88

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

Statement of Movement on Equity of the Parent (continued)

Jan-Jun 2013

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: yuan

Currency: RMB

Items	Amount for the Same Period Last Year							Total Owner's Equity
	Share Capital	Capital Reserves	Less: Treasury Stock	Special Reserves	Surplus Reserves	Business Risk Reserve	Undistributed Profit	
1. The ending balance for last year	422,000,000.00	518,165,762.89	-	-	38,071,282.24	-	-309,375,834.99	668,861,210.14
Add: Changes in accounting balance	-	-	-	-	-	-	-	-
Corrections for previous errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
2. The beginning balance of the year	422,000,000.00	518,165,762.89	-	-	38,071,282.24	-	-309,375,834.99	668,861,210.14
3. Increase and decrease for current year (decrease represents as "-")	-	-	-	-	-	-	-18,748,185.23	-18,748,185.23
(1) Net profit	-	-	-	-	-	-	-18,748,185.23	-18,748,185.23
(2) Other Comprehensive Income	-	-	-	-	-	-	-	-
Subtotal of (1) and (2)	-	-	-	-	-	-	-18,748,185.23	-18,748,185.23
(3) Shareholders' Investing and Reducing Capital	-	-	-	-	-	-	-	-
1. Shareholders' investing capital	-	-	-	-	-	-	-	-
2. Shares payment in Shareholders' equity	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(4) Profit Distribution	-	-	-	-	-	-	-	-
1. Provision of Surplus Reserve	-	-	-	-	-	-	-	-
2. Provision for Business Risk	-	-	-	-	-	-	-	-
3. Distribution for Shareholders'	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-
(5) Shareholders' Equity Internal Transfer	-	-	-	-	-	-	-	-
1. Capital reserve transfer to capital	-	-	-	-	-	-	-	-
2. Surplus reserve transfer to capital	-	-	-	-	-	-	-	-
3. Surplus reserve offset losses	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-
(6) Special reserves	-	-	-	-	-	-	-	-
1. Amount provided for the current year	-	-	-	-	-	-	-	-
2. Amount expended for the current year	-	-	-	-	-	-	-	-
(7) Others	-	-	-	-	-	-	-	-
4. The ending balance for current year	422,000,000.00	518,165,762.89	-	-	38,071,282.24	-	-328,124,020.22	650,113,024.91

Legal Person: Hu Chuanzhong Accounting Director: Li Junjie Accounting Manager: Jiang Chi

**Beijing Jingcheng Machinery Electric
Company Limited**
Chairman
Hu Chuanzhong

14 August 2014

As at the date of this announcement, the Board comprises Mr. Hu Chuanzhong, Mr. Li Junjie, Mr. Wu Yanzhang and Ms. Jiang Chi as executive Directors, Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua as non-executive Directors and Mr. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fang Yong as independent non-executive Directors.