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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)**

**2015 INTERIM REPORT SUMMARY**

**1 IMPORTANT NOTICES**

**(1) This summary is extracted from the 2015 Interim Report. Investors are advised to read the full text of Interim Report for detailed information.**

**(2) Company profile**

**Basic Information of the Company's Shares**

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

**Contact persons and contact information**

**Secretary to the Board**

Name	Jiang Chi
Telephone number	010-67365383
Facsimile number	010-87392058
Email address	jcgf@btic.com.cn

## 2 MAJOR FINANCIAL DATA AND CHANGE IN SHAREHOLDINGS

### (1) Major financial data

*Unit: Yuan*  
*Currency: RMB*

	As at the end of the reporting period	As at the end of last year	Increase/ Decrease comparing the end of the reporting period with the end of last year (%)
Total assets	2,423,588,566.42	2,507,883,349.66	-3.36
Net assets per share attributable to shareholders of listed company	871,692,232.63	919,530,631.51	-5.20
	For the reporting period (January to June)	For the same period last year	Increase/ Decrease comparing the reporting period with the reporting period last year (%)
Net cash flow from operating activities	-454,538.78	-9,515,295.21	
Operating income	598,184,100.98	936,857,460.55	-36.15
Net profit attributable to shareholders of listed company	-47,824,744.93	20,818,005.76	-329.73
Net profit attributable to shareholders of listed company after extraordinary items	-65,371,188.26	-45,140,213.05	
Return on net assets on weighted average basis (%)	-5.34	2.56	Decreased by 7.90 percentage points
Basic earnings per share (RMB/share)	-0.11	0.05	-320.00
Diluted earnings per share (RMB/share)	-0.11	0.05	-320.00

**(2) Total number of shareholders at the end of the reporting period, shareholdings held by top ten shareholders and selling unrestricted shares held by the top ten shareholds**

*Unit: share*

Total number of shareholders as at the end of the reporting period 21,906 (in which: 21,839 holders of A shares, 67 holders of H shares)

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

**Shareholding of top ten shareholders**

Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Total number of shares held	Number of shareholdings subject to trading moratorium	Number of shares pledged or frozen
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	State-owned legal-person	42.80	180,620,000	0	Nil
HKSCC NOMINEES LIMITED	Unknown	23.50	99,155,199	0	Nil
Penghua Denotative Growth Flexibly Configured Hybrid Securities Investment Fund	Unknown	0.64	2,691,434	0	Nil
Putian Earnings Securities Investment Fund	Unknown	0.60	2,544,687	0	Nil
Southern Active Configured Securities Investment Fund	Unknown	0.55	2,336,300	0	Nil
Rising Securities Co., Ltd.	Unknown	0.40	1,706,739	0	Nil
Taixin Blue Chip Selected Stock-based Securities Investment Fund (泰信藍籌精選股票型證券投資基金)	Unknown	0.40	1,690,076	0	Nil
Zeng Youquan	Unknown	0.38	1,619,891	0	Nil
Gao Xueping	Unknown	0.32	1,330,250	0	Nil
Foreign Trade Trust-Huijin Jufu No 43. Securities Investment Assembled Funds Trust Plan(外貿信託·匯金聚富43期證券投資集合資金信託計畫)	Unknown	0.26	1,100,000	0	Nil
Explanation on the connected relationship of the shareholders and action in concert among the aforesaid shareholders	As of the Reporting Period, shares subject to trading moratorium held by the Company were all listed for circulation in the market. The Company is not aware of any connected relationship among the aforesaid shareholders, nor is the Company aware of any parties acting in concert as defined in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders.				
Explanation on preferred shareholders whose voting rights has resumed and their shareholdings	N/A				

Notes:

- (1) Beijing Jingcheng Machinery Electric Holding Co., Ltd. is the controlling shareholder of the Company, no share of which are being pledged or frozen.
- (2) HKSCC Nominees Limited held shares on behalf of many of its clients and the Company has not been notified by HKSCC Nominees Limited that there was any holder of H Shares who individually held 5% or more of the total share capital of the Company.
- (3) Save as disclosed above, as at 30 June 2015, 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 2015, the Company did not issue any convertible securities, options, warrants or any other similar right.

**(3) Changes in controlling shareholder and beneficial controller**

☐ Applicable    ☒ N/A

### 3. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

✓ Applicable    □ Not Applicable

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	—
Liu Zhe	Executive director, Former Chairman of the Supervisory Committee	0	0	0	—
Jiang Chi	Executive director, Chief Accountant and Secretary to the Board	0	0	0	—
Xia Zhonghua	Non-executive director	0	0	0	—
Jin Chunyu	Non-executive director	0	0	0	—
Fu Hongquan	Non-executive director	0	0	0	—
Wu Yan	Independent non-executive director	57,301	43,001	14,300	—
Liu Ning	Independent non-executive director	0	0	0	—
Yang Xiaohu	Independent non-executive director	0	0	0	—
Fan Yong	Independent non-executive director	0	0	0	—
Chang Yun	Chairman of the Supervisory Committee, Former executive director	0	0	0	—

Name	Position	Shareholdings at the beginning of the period	Shareholdings at the end of the period	Change in the amount of shareholdings during the	Reason for the change
				Reporting Period	
Wang Weijing	Supervisor	0	0	0	–
Wang Yiqing	Supervisor	0	0	0	–
Xie Yuemei	Chief Engineer	0	0	0	–
Zhou Yongjun	Former non-executive director	0	0	0	–
Han Bingkui	Former supervisor	0	0	0	–

#### **Explanation on other information**

- (1) Save as disclosed above, none of the directors, supervisors and senior management of the Company, as at 30 June 2015, had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO), which was required to be recorded in the register under section 352 of the SFO, nor which would have to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.
- (2) None of the directors, supervisors and senior management of the Company or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or had exercised any such right as at 30 June 2015.
- (3) Save as those set out in the register required to be maintained by directors and supervisors under section 352 of the SFO, during the Reporting Period, the Company had not engaged in any arrangement which would enable the directors or supervisors of the Company or their respective associates to acquire any interest in any shares or debt securities of the Company.

## 2. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

✓ Applicable ☐ Not Applicable

Name	Position	Changes	Reason for change
Zhou Yongjun	Former non-executive director	Retired	Resignation
Chang Yun	Former non-executive director	Resigned	Changes of career
Liu Zhe	Former Chairman of the Supervisory Committee, supervisor	Resigned	Changes of career
Han Bingkui	Former supervisor	Retired	Retired
Liu Zhe	Executive director	Election	Elected as director of the eighth session of the Board
Jin Chunyu	Non-executive director	Election	Elected as director of the eighth session of the Board
Fu Hongquan	Non-executive director	Election	Elected as director of the eighth session of the Board
Chang Yun	Chairman of the Supervisory Committee, supervisor	Election	Elected as supervisor of the eighth session of the Supervisory Committee
Wang Yiqing	Supervisor	Election	Elected as supervisor of the eighth session of the Supervisory Committee
Wang Weijing	Supervisor	Election	Elected as supervisor of the eighth session of the Supervisory Committee

### Descriptions

- (1) The election of Ms. Liu Zhe as the executive director of the eighth session of the Board; Ms. Jin Chunyu and Mr. Fu Hongquan as the non-executive directors of the eighth session of the Board; and Ms. Chang Yun and Ms. Wang Weijing as the supervisors of the supervisory committee of the eighth session of the Board of the Company was duly approved by the Shareholders at the 2014 annual general meeting of the Company held on 9 June 2015. The term of office of the directors and supervisors of the Company will be from the approval date of 2014 annual general meeting until the date of annual general meeting for the year 2016. Mr. Wu Yanzhang, Mr. Zhou Yongjun and Ms. Chang Yun ceased to act as directors of the Company; and Ms. Liu Zhe and Mr. Han Bingkui ceased to act as supervisors of the Company.
- (2) At the eighth extraordinary meeting of the eighth session of the Board of the Company held on 10 June 2015, the election of Ms. Liu Zhe as a member of the Strategy Committee and the election of Ms. Jin Chunyu as a member of the Audit Committee of the Company was considered and approved. The term of office for above persons is from 10 June 2015 to the date of 2016 annual general meeting.
- (3) The Company held an employees' meeting on 4 January 2015, at which Mr. Wang Yiqing was elected as the Employee Supervisor of the eighth Supervisory Committee until the expiry of the term of the eighth Supervisory Committee.

## 4. MANAGEMENT DISCUSSION AND ANALYSIS

### (1) Review for the first half of 2015

During the Reporting Period, the international environment was complex and changing while macro-policies of different economies gradually differentiated. U.S. still stood out in developed economies with rising private consumption, backflow of manufacturing industry and falling unemployment rate showing good trend for the economy. Eurozone just went through the worst period in the crisis, yet there was no sign that the worsening debts tended to be relieved, and the deflation will continue. In Japan, Abe's government continued its ultra-quantitative easing money policies; however the economic growth shrunk for successive quarters. China and India had better performance among the emerging economies that they both adopted easing macro-policies in response to the changing economic situations.

#### ***1. Steadily promoting the relocation and production transfer from Wufangqiao factory zone***

The Company, while successfully completing the relocation of functional departments, started the transfer of all the production lines in order, including transfer of those for wrapped cylinders, aluminum liners, cryogenic gas cylinders and gas filling stations.

#### ***2. Actively adjusting the sales strategies and making great efforts to explore emerging markets***

In the first half of the year, the demands for domestic gas storage and transportation market fell with increasing competition. Facing with the tough market situation, the Company actively adjusted the sales strategies, aimed at new markets, new customers and new products and made great efforts to increase the sales revenues.

#### ***3. Vigorously focusing on management innovation and improving the management level***

At the beginning of the year, the Company required all the departments to propose management innovation for 2015 based on current management situation, and screened and determined 15 key projects, which were carried out in the first half of 2015 and improved the Company's management level. The Company added the budget management module based on the comprehensive budget management, prepared the management system for the budget management, supervised the use of funds by all departments according to the procedures of budgeting, making of application and expending and effectively controlled the expenses.



**4. *Resolutely carrying out “three declines and one increase” and measures for cost control, and keeping increasing the level of cost control***

Cost has become a key factor restricting the market competitiveness of our products at present. Therefore, the Company formulated totally 95 measures including “three declines, one increase” and other measures for cost control, and achieved good results.

**5. *Accelerating the construction of key projects***

The Company made contact and negotiations with several real estate developers, investment companies and zone operation companies, and formulated short and long-term implementation plans with respect to land resource development at the end of May. The short-term plan aimed at diversified operations for profits to relieve the pressure from recent operations; and the long-term plan aimed to provide sustainable and stable cash flows for the Company. With full utilization of the resources, the Company achieved supports for the primary business. At present, the Company is making further contact with potential partners and preparing more specific cooperation plans.

**(2) Outlook for the second half of 2015**

In the second half of 2015, the global economy will face with two major risks, which are the interest-rate rise cycle of the U.S. and the Greek debt negotiation. Despite of uncertainties, the world economy tends to recover slowly as a whole. According to the latest prediction of IMF (International Monetary Fund), the growth of global economy will reach 3.5% in 2015. Facing with such complex world economic environment, the Company also faces with unprecedented difficulties.

**1. *Centering on benefits, and promoting implementation of all measures for innovation and adjustment***

Three pathways have been proposed in the Central Economic Working Conference for discovery and cultivation of new economic growth points: the first is the active market; the second is the practical innovation and the third is the relaxed policy. In combination of the further innovations in thinking of the Company, seek profits from the market and discover and cultivate new markets and customers. Seeking for future development of the Company from the technical innovation, the technical department is required to actively sort out existing products and guarantee the advance and competitiveness of products. And meanwhile, it is required to develop new products with good marketability, making reserves for the future development of the Company.

**2. *Resolutely carrying out “three declines and one increase” and cost management for all staff***

The Company will reduce the accounts receivables, the fund occupation of the inventories, the product cost and all the expenses and improve the economic benefits of the Company. All department leaders and the staff should be prepared for tough days. The Company will strictly implement the budget management policy, only spend when required and will further establish the awareness to stand hardships with the Company, further reduce expenses and save costs. The Department of Human Resources is required to take active measures to downsize and improve the efficiencies, and reduce labor costs. The Department of Finance is required to utilize multiple financing channels to ensure normal cash flows and reduce financial expenses.

**3. *Accelerating key work projects***

First, the Company will accelerate the development of land resources in Wufangqiao. Based on the principles of new operational types as well as generating profits as soon as possible and making benefits for long-term development, the Department of Strategic Investment will determine the new operation type and cooperation mode, making contributions for the operations of the Company in 2016. Second, with respect of the utilization of the factory buildings of Tianjin Tianhai, the key management should bear in mind the ideas of independent operation, being required to be based on their own, proposed ideas, develop themselves and change their concepts of “waiting, reliance and claiming”, and they are required to fully utilize the preferential policies in the bonded areas and free trade zones to accelerate the re-utilization of the land of factory buildings.

**4. *Accelerating the research and development of new products and improving design levels***

Technical staffs are required to visit customers to understand the demands of users and optimize the design and process of our products according to the feedbacks from relevant departments and changes made by competitors to create value for customers and improve the competitiveness of the products. And meanwhile, the Company will actively seek for local universities and colleges as well as research institutions to establish the cooperation mode between university and enterprise to solve difficulties encountered in the course of product design and reduce research cycles; and meanwhile, the Company will utilize the platform of research institutions and colleges to digest and absorb application of advanced technologies, explore the development fields of new products and reduce the development costs of products.

## **5. *Enhancing quality control and improving product quality***

The Company will discover the problems in time through internal and external audits and keep improving quality control system, constantly implement the work improvement, practically solve the problems in the course of production and guarantee the sustainable and effective operation of the Company's quality and management system; enhance the training and learning concerning the quality control system to help all levels of personnel to understand and master the work basis, quality standards and inspection and test methods; vigorously promote the implementation of quality management system, keep adjusting and improving in combination of the practical situation of the Company and improve the quality management level through information-based methods.

## **6. *Strengthening the assessment and improving the executive forces***

High efficient executive force is the powerful cohesive force, fighting capacity and creativity. The executive force is directly related to the prospect of the Company. Therefore, the Company will establish an all-round performance assessment system, especially the assessment system for the executive force of middle-level leaders, include the system in the selection and appointment system for leaders, and practically let those who can take the charge. The Company will promote the work style of leaders by strengthening the assessment system and promote the fundamental improvement of the work styles of the leaders, and to improve the execution power of the staff based on such fundamental improvement.

## **(3) Scope of principal operations of the Company**

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

#### (4) Analysis of principal businesses

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

Unit: Yuan  
Currency: RMB

Item	Current period	Corresponding period of last year	Changes (%)
Operating income	598,184,100.98	936,857,460.55	-36.15
Operating cost	563,222,411.06	824,137,970.55	-31.66
Sales expense	28,422,048.37	42,644,893.10	-33.35
Management expense	62,401,704.51	87,071,018.08	-28.33
Financial expense	9,895,752.83	23,026,816.56	-57.03
Net cash flows from operating activities	-454,538.78	-9,515,295.21	N/A
Net cash flows from investment activities	-25,556,471.33	-47,188,050.99	N/A
Net cash flows from financing activities	14,228,556.01	-29,844,445.31	N/A
R&D expenditure	2,816,577.08	5,012,119.06	-43.80

Reasons for the changes in the operating income: decrease of 36.15% as compared with the corresponding period of last year, attributable to decrease in the operating income from primary business affected by the domestic markets;

Reasons for the changes in operating cost: decrease of 31.66% as compared with the corresponding period of last year, attributable to decrease in the income from the primary business;

Reasons for the changes in sales expense: decrease of 33.35% as compared with the corresponding period of last year, attributable to the decrease in the operating income;

Reasons for the changes in management expense: decrease of 28.33% as compared with the corresponding period of last year, mainly attributable to budget management enhanced by the Company to strictly control the expenses and expenditure;

Reasons for the changes in financial expenses: decrease of 57.03% as compared with the corresponding period of last year, mainly attributable to decrease of interest expenses for the period;

Reasons for the changes in the net cash flow from operating activities: increase of RMB9,060,800 as compared with the corresponding period of last year, attributable to the decrease in cash paid for purchase of commodities;

Reasons for the changes in the net cash flow from investing activities: increase of RMB21,631,600 as compared with the corresponding period of last year, mainly attributable to decrease of cash outflows from investing activities;

Reasons for the changes in the net cash flow from financing activities: increase of RMB44,073,000 as compared with the corresponding period of last year, attributable to increase of borrowings from letter of credit;

Reasons for the changes in R&D expenditure: decrease of 43.8% as compared with the corresponding period; or decrease of 7.32% as compared with the corresponding period excluding the equity of Jingcheng Compressor that has been transferred.

## **2. Others**

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

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

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

Nil

### **(3) Progress of operation plan**

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

- ① Steadily promoting the relocation and production transfer from Wufangqiao factory zone
- ② Actively adjusting the sales strategies and making great efforts to explore emerging markets
- ③ Vigorously focusing on management innovation and improving the management level
- ④ Resolutely carrying out “three declines and one increase” and measures for cost control, and keeping increasing the level of cost control

- ⑤ Making the phase achievements in key research and development as well as certification projects
- ⑥ Enhancing quality control and continuously improving the Company's quality management system
- ⑦ Enhancing internal control construction and safeguarding the Company's interests
- ⑧ Promoting application of "Internet +" in the Company's products

**(4) Others**

<b>Items</b>	<b>Changes a s compared with the beginning of the period (%)</b>	<b>Description</b>
Notes Receivable	243.79	attributable to increase in notes received by subsidiaries
Advances from Customers	-33.97	decrease in advances from customers paid
Other Accounts Receivable	41.39	attributable to increase in petty cash and intra accounts
Notes Payable	-100	no bank acceptance notes issued in the period
Advances from Customers	87.3	Increase in advances from customers received at the end of period
Tax Payable	N/A	Attributable to increase in tax to be offset
Interest Payable	-100	Decrease in interest payable for the period

Items	Changes as compared with the beginning of the period (%)	Description
Cash receipts from sales of goods and rendering of services	-46.17	Decrease in operating income and decrease in reimbursement for the period
Cash payment for goods and service acquired	-34.29	decrease in cash payment for purchasing goods
Cash paid to and for employees	-35.94	decrease in remuneration payable to employees
Taxes paid	-47.94	Decrease in operating income and decrease in tax
Other cash payments related to operating activities	-70.94	Decrease in other cash payments related to operating activities for the period
Cash receipts from receiving investment income	-100.00	Dividend from associates was received in the previous period, which did not occur in the period
Net cash receipts from the sale of fixed assets, intangible assets and other long-term assets	-93.17	cash received from the disposal of the college student apartment in the previous period
Other cash receipts in relation to investing activities	-100.00	compensation from major shareholder received in the previous period
Cash payments for the purchase of fixed assets, intangible assets and other long-term assets	-78.04	decrease in cash expense for purchasing fixed assets for the period
Other cash payments in relation to investing activities	-100.00	no other cash payments in relation to investing activities for the period
Cash receipts from investment absorbed	-100.00	increase in cash due to introduction of investors in subsidiaries in the previous period
Cash receipts from borrowing	108.20	Increase in loan from letter of credit for the period
Cash payments for dividend, profit appropriation or payments of interest	-45.16	Decrease in interest payable for the period
Other cash payments in financing activities	-100.00	Loans of holding company repaid in the previous period
Business tax and surcharge	-65.91	Attributable to the decrease in operating income
Assets impairment loss	-375.21	Attributable to the change in accounting estimation in the previous period
Investment Income	-1,192.13	Attributable to the increase in valuation of adjusted intangible assets of parent company as subsidiaries invested in joint venture in the period.
Non-operating Income	-76.5	Attributable to the disposal of the college student apartment in the previous period
Income Tax Expense	-81.34	Attributable to the decrease in profit of subsidiaries compared to the same period in the previous year

## (V) Analysis of industry, products or regional operation

### 1. 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 (%)
Compressor business				-100.00	-100.00	
Seamless steel gas cylinders	298,971,754.06	272,564,892.41	8.83	-27.95	-22.90	Decreased by 5.97 percentage points
Wrapped cylinders	57,436,328.79	52,057,521.31	9.36	-68.95	-67.65	Decreased by 3.62 percentage points
Cryogenic gas cylinders	80,137,659.39	84,932,080.79	-5.98	-39.67	-33.77	Decreased by 9.45 percentage points
Cryogenic storage tanks	33,051,097.99	31,219,777.49	5.54	-39.16	-24.25	Decreased by 18.60 percentage points
Others	93,716,428.34	87,200,681.77	6.95	0.29	-4.47	Increased by 4.64 percentage points
Total	563,313,268.57	527,974,953.77	6.27	-38.17	-34.15	Decreased by 5.72 percentage points

#### Description of principal businesses by industry and by product

- (1) In recent years, affected by comprehensive factors such as weak macro-economy and depression in steel and photovoltaic industries, the demands for the industrial gas; the growth of supplies of industrial gas is faster than that of demands, exacerbating the unbalanced pattern and leading to further decline of demands for gas storage and transportation equipment. In order to adapt to the market competition, Tianhai Industrial made price adjustment to specific products, resulting in decrease in sales income and gross margin of such products.



- (2) Due to the persistent swinging price of international oil at low price, the domestic oil price kept declining, while the price of natural gas remained hovering at high position with unobvious markdowns, making LNG less advantageous. The promotion and application of LNG cylinders for vehicles in the heavy truck market was reduced, together with the impact on bus market from other new energy automobile such as pure electric cars, LNG cylinders for vehicles were hampered, leading to significant declines in the sales income from the Company's cryogenic products.
- (3) The Company has no compressor business due to the disposal of the compressor factory.

## 2. *Principal business by geographical location*

*Unit: Yuan*  
*Currency: RMB*

<b>Geographical location</b>	<b>Operating income</b>	<b>Increase/decrease operating income over last year (%)</b>
Domestic	210,467,375.94	-62.36
Overseas	352,845,892.63	0.27

Description of principal business by geographical location:

The operating income from domestic region decreased by 62.36% as compared with the corresponding period of last year, mainly attributable to the slowing growth rate, increasing completion and sharp shrinking CNG markets. In terms of the overseas markets, major developed countries turned better in economic growth so that the Company's business overseas maintained stable with operating income increased by 0.27% as compared with the corresponding period of last year.

## **(VI) 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.
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 America, Singapore, Korea and Australia etc.
5. 2015 is the first year of official production and operation of Shandong Tianhai. Shandong Tianhai well exploited its own advantages, continuously increased the competitiveness of the products, and made good achievements in exploring markets with the market shares constantly increasing.

## **(VII) Analysis on investment condition**

### ***1. General analysis on external investment in equity***

During the Reporting Period, the Beijing Tianhai Industry Co. Ltd., a subsidiary of the Company, transferred the production of products in high cost region that gradually lost its competitiveness in production in Beijing to regions where the costs were low according to the requirements of Beijing Municipality on environment protection and the Company's strategic layout adjustment plan for the "twelfth five-year" planning. Beijing Tianhai Industry Co., Ltd. in cooperation with Nanjing Bibo Industry and Trade Co., Ltd., established Jiangsu Tianhai Special Equipment Co., Ltd in Jingkou District, Zhenjiang, Jiangsu Province with registered capital of RMB80 million, in which Beijing Tianhai Industry Co., Ltd. owned 35% interests while Nanjing Bibo Industry and Trade Co., Ltd. owned 65% interests respectively in Jiangsu Tianhai Special Equipment Co., Ltd..

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

### **(1) Entrusted Investment**

☐ Applicable ☒ Not Applicable

### **(2) Entrusted loans**

☐ Applicable ☒ Not Applicable

### **(3) Other investment in money management and derivative products**

☐ Applicable ☒ Not Applicable

## **3. *Use of proceeds***

### **(1) Overall use of proceeds**

☐ Applicable ☒ Not Applicable

### **(2) Projects funded by raised proceeds**

☐ Applicable ☒ Not Applicable

### **(3) Changes in projects funded by raised proceeds**

☐ Applicable ☒ Not Applicable

## **4. *Analysis on principal subsidiaries and joint stock companies***

Name of company	Business nature	Principal products or service	Registered capita	Total asset (RMB)	Net asset (RMB)	Net profit (RMB)
Beijing Tianhai Industry Co., Ltd.	Production	Production and sale of gas cylinders, accumulator shells, pressure vessels and auxiliary equipments, etc.	UD\$61.4018 million	2,418,344,051.83	1,030,219,528.33	-60,199,449.92
Jingcheng Holdings (Hong Kong) Ltd.	Trade and investment	Import and export trade, advertising agency and information consultancy, etc.	HKD1,000	142,383,132.58	141,174,060.21	–

## 5. Projects financed by non-raised funds

✓ Applicable ☐ Not Applicable

Unit: Yuan  
Currency: RMB

Name of project	Project amounts	Project progress	Investment in the Reporting Period	Cumulative amount of actual investment	Project earnings
The construction project of the base for production of automotive liquefied gas bottle and cryogenic equipment (LNG industry)	92,620	Project commenced production, now undergoing acceptance testing procedures	0	61,000	Production commenced, but as there was less market demand, the project was running under capacity and loss was incurred

## (8) PROPOSAL ON THE PROFIT APPROPRIATION OR TRANSFER OF CAPITAL RESERVE FUND

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

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

### 2. Profit Distribution Plan or Plan to Convert Surplus Reserves into Share Capital proposed for this interim period

Whether make profit distribution or convert surplus reserves into share capital No

Number of bonus share for every 10 shares (share)

Amount of cash dividend for every 10 shares (including tax)

Number of shares converted for every 10 shares (share)

Relevant Explanation on Profit Distribution Plan or Plan to Convert Surplus Reserves into Share

## (9) OTHER DISCLOSURES

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

The 2015 Interim Report of the Company has not been audited.

### 2. *Revenue*

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

<b>Item</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Compressor Business		30,480,900.00
Seamless steel gas cylinders	298,971,754.06	414,963,770.46
Wrapped bottle	57,436,328.79	184,961,365.18
Cold bottle	80,137,659.39	132,839,611.65
Cryogenic storage tanks	33,051,097.99	54,324,174.50
Others	93,716,428.34	93,443,560.37
Total sales	563,313,268.57	911,013,382.16
Less: Sales tax and other surcharges	105,207,867.95	165,909,415.24
	<hr/>	<hr/>
Total	458,105,400.62	745,103,966.92
	<hr/> <hr/>	<hr/> <hr/>

### 3. *Taxation*

#### *(1) Main categories of tax and tax rate*

<b>Category</b>	<b>Tax basis</b>	<b>Tax rate</b>
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% and 12%

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

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

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

*(3) Taxation benefits and approval*

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

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

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

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

*(5) Tax*

<b>Item</b>	<b>Current period</b>	<b>Previous period</b>
Current income tax	1,846,028.05	9,025,245.90
Deferred income tax	65,850.31	1,220,059.33
	<hr/>	<hr/>
Total	1,911,878.36	10,245,305.23
	<hr/> <hr/>	<hr/> <hr/>

#### 4. Earnings per share

##### (1) Basic earnings per share

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

Item	Current period	Previous period
Consolidated net profit attributable to the common shareholders of the parent	-47,824,744.93	20,818,005.76
Consolidated net profit attributable to the common shareholders of the parent (net of non-operating gains and loss)	-65,371,188.26	-45,140,213.05
The weighted average numbers of outstanding common shares of the parent	422,000,000.00	422,000,000.00
Basic earnings per share (Yuan/share)	-0.11	0.05
Basic earnings per share (Yuan/share) (net of non-operating gains and loss)	-0.15	-0.11

The calculation of the weighted average number of basic EPS:

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



(2) *Diluted earnings per share*

<b>Item</b>	<b>Current period</b>	<b>Previous period</b>
Adjusted consolidated net profit attributable to the basic shareholders of the parent	-47,824,744.93	20,818,005.76
Adjusted consolidated net profit attributable to the basic shareholders of the parent (Yuan) (net of non-operating gains and loss)	-65,371,188.26	-45,140,213.05
The adjusted weighted average numbers of outstanding common shares	422,000,000.00	422,000,000.00
Diluted earnings per share (Yuan/share)	-0.11	0.05
Diluted earnings per share (Yuan/share) (net of non-operating gains and loss)	-0.15	-0.11

## 5. Share Capital

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

(Unit: RMB'000)

Items	Amount at the beginning of the period		Change in the current period					Amount at the end of the period	
	Amount	Proportion (%)	Issuance of new shares	Conversion		Other	Subtotal	Amount	Proportion (%)
				Bonus issue	from reserves				
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

On 6 May 2015, Jingcheng Holding disposed a total of 10,000,000 A Shares which were not subject to trading moratorium of the Company via the bulk-volume trading system of the Shanghai Stock Exchange. On 13 May 2015, Jingcheng Holding disposed a total of 6,320,000 A Shares which were not subject to trading moratorium of the Company via the bulk-volume trading system of the Shanghai Stock Exchange. On 14 May 2015, Jingcheng Holding disposed a total of 4,680,000 A Shares which were not subject to trading moratorium of the Company via the bulk-volume trading system of the Shanghai Stock Exchange. After the three disposals of total 21,000,000.00 shares, representing approximately 4.98% of the total share capital of the Company, Jingcheng Holding held 180,620,000.00 A Shares which were not subject to trading moratorium of the Company, representing approximately 42.80% of the total share capital of the Company.

## 6. *Dividends*

No dividend was paid or proposed from January to June 2015, nor has any dividend been proposed since the end of the Reporting Period.

## 7. *Contingent liabilities*

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

## 8. *Financial position analysis*

By implementing 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*

	<b>At the end of the period</b>	<b>At the beginning of the period</b>
(1) Gearing ratio	43.14%	42.39%
(2) Quick ratio	67.67%	71.77%
(3) Liquidity ratio	126.59%	133.46%

## **9. 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 RMB344,585,200, representing an increase of 8.34% as compared with the beginning of the year. Long-term loan was nil.

## **10. Principal Sources of Fund and Its Use**

### *(1) Cash flows from operating activities*

The Company's cash inflows are mainly derived from the income of product sales during the Reporting Period. Cash outflow was mainly related to the production and operating activities. The Company's cash inflow from operating activities for the Reporting Period amounted to RMB368,448,000, while cash outflow amounted to RMB368,902,500. Net cash flow during the Reporting Period from operating activities amounted to RMB-454,500.

### *(2) Cash flows from investment activities*

Cash inflow from investment activities during the Reporting Period amounted to RMB1,950,000 while cash outflow to investment activities amounted to RMB27,506,500, which was mainly used for capital expense on the purchase of fixed assets. Net cash flow from investment activities for the Reporting Period amounted to RMB-25,556,500.

### *(3) Cash flows from fund-raising activities*

Cash inflow from fund-raising activities during the Reporting Period amounted to RMB245,389,800, which was mainly derived from bank loans. Cash outflow to fund-raising activities during the Reporting Period being amounted to RMB231,161,200. Net cash flow from fund-raising activities for the Reporting Period amounted to RMB14,228,600.

Net cash flow from operating activities during the current period increased by RMB9,060,800 over the corresponding period for the last year, which was mainly due to the extent of decrease in cash received from sales of goods and rendering of services was significantly lower than the decrease in cash payment for purchase of goods. Net cash flow generated from the investment being increased by RMB21,631,600 over last year was mainly attributable to the decrease in cash payment for purchase of fixed assets for the year. Net cash flow generated from fundraising activities increased by

RMB44,073,000 over last year, which was mainly due to the borrowings increased in for the year as compared to the same period in last year.

Net cash flow generated from operating activities for the year was RMB-454,500. Net profit for the year was RMB-66,774,900, which was mainly attributable to fundraising activities.

## ***11. Capital Structure***

The Company's capital structure consists of shareholders' equity interests and liabilities during the Reporting Period. Shareholders' equity interests amounted to RMB1,377,956,700, of which, minority interests amounted to RMB506,264,500, and total liabilities amounted to RMB1,045,631,800. Total assets amounted to RMB2,423,588,600. As at the end of the Reporting Period, the Company's gearing ratio was 43.14%.

### *Capital structure by liquidity*

Total current liabilities	RMB911,361,800	Accounting for 37.60% of assets
Total equity interest attributable to shareholders	RMB1,377,956,700	Accounting for 56.86% of assets
of which: minority shareholders interests	RMB506,264,500	Accounting for 20.89% of assets

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

### **(1) Number of employees:**

Number of employees during the Reporting Period was 2,212.

### **(2) Remunerations**

Remunerations during the period: RMB43,660,600.

### (3) Remuneration Policies

The Company implemented diversified salaries system based on the performance of positions as the main remuneration policy. On the basis of performance-based salary standards of positions, the salary level of the each position is determined by job evaluation with reference to labor market for confirming the relative value of the post, so as to ensure the internal and external equality of salaries level. On this basis, the remuneration policy is to be implemented in accordance with different personnel and nature of work to undertake a diversified salaries system such as the implementation of 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. In June 2015, the wages contracting program has commenced to improve the salary management system of the Company and the performance appraisal systems to fully arouse the enthusiasm of sales staff.

### (4) Training Plan

According to the Annual Training Program, a total of 79 training programs completed in the first half of 2015 with training of 832 staffs, number of training hours per staff reached 17.46 hours per person. According to the upgrade requirements of the Company in the first half of the year, the production staff of the conventional products have gradually changed and reorganised their positions. The Company has organized the trainings in relation to the knowledge of special cryogenic products. The Company has also provided trainings for key staff. Training program in relation to changing position has also provided.

## ***13. 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 RMB71,191,025.46, net valuation was RMB42,005,895.30.

## ***14. Foreign Exchange Risk***

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

## **5. SIGNIFICANT ISSUES**

### **(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**

☐ Applicable ☒ Not Applicable

### **(IV) COMPANY SHARE INCENTIVE AND ITS EFFECT**

The Company does not have share incentive scheme for the Reporting Period.

## (V) MATERIAL CONNECTED TRANSACTIONS

☒ Applicable   ☐ Not Applicable

### 1. *Connected transactions related to daily operation*

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

#### **Summary of matter**

Tianhai Cryogenic will purchase from Kerui Nike the special technology ownership in design, manufacturing technology and patent application rights for the cryogenic tank equipment with volume over 100m<sup>3</sup>, the total consideration of the Agreement is RMB20,000,000 and the terms of contract commences from 15 January 2015 to 31 December 2019.

#### **Index for enquiry**

For details, please refer to the announcements published on the website of the SSE (<http://www.sse.com.cn>) and the website of the Stock Exchange (<http://www.hkexnews.hk>) on 15 January 2015 as well as on Shanghai Securities News and Securities Daily on 16 January 2015 in relation to connected transactions.

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

Tianhai Industrial has entered into the Finance Lease Cooperation Framework Agreement with a finance lease company to carry out transactions in relation to the provision of finance leasing, the cap for provision of finance leasing services would be RMB360,000,000.00, and the terms of contract from 1 January 2015 to 31 December 2015. The resolution concerning the aforesaid connected transactions was not passed at the shareholders' general meeting held on 9 June 2015. 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 15 January 2015 and 9 June 2015 as well as on Shanghai Securities News and Securities Daily on 16 January 2015 and 10 June 2015.

### 2. *Matters which were not disclosed in extraordinary announcements*

☐ Applicable   ☒ Not Applicable



### 3. Related creditor's right and debt transactions

Matters which were not disclosed in extraordinary announcements

✓ Applicable    □ Not Applicable

Unit: Yuan    Currency: RMB

Related party	Relationship with related party	Provide funding to related party		Related party providing funding to listed company			
		Balance as of beginning of the period	Occurred amount	Balance as of end of the period	Balance as of beginning of the period	Occurred amount	Balance as of end of the period
Beijing Jingcheng Mechanical & Electrical Asset Management Co., Ltd.	Wholly-owned subsidiary of parent company	756,603.33	-756,603.33				
Jiangsu Tianhai Special Equipment Co., Ltd	Joint venture		1,990,755.62	1,990,755.62			
Shandong Tianhai High Pressure Container Co., Ltd.	Joint venture	2,853,391.68	4,755,002.82	7,608,394.50			
Beijing Jingcheng Industrial Logistics Co. Ltd.	Wholly-owned subsidiary of parent company				1,202,227.27		1,202,227.27
Jingcheng Holdings	Controlling shareholder				202,900,000.00		202,900,000.00
Beiren Group Corporation	Wholly-owned subsidiary of parent company				1,139,975.21	-	1,139,975.21
Beijing First General Machinery Plant	Wholly-owned subsidiary of parent company				585,359.09	-585,359.09	
Tianjin Steel Pipe and Steel Trade Co., Ltd.	Other related party				29,905,275.77	15,583,067.43	45,488,343.20
Tianjin TPCO Investment Co., Ltd.	Other related party				995,957.08	-995,957.08	
Total		3,609,995.01	5,989,155.11	9,599,150.12	236,728,794.42	14,001,751.26	250,730,545.68

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 beginning of the period	Balance as of end of the period
Occurred amount of the funding provided to the controlling shareholder and its subsidiaries by the Company during the Reporting Period (Yuan)					0
Balance of the funding provided to the controlling shareholder and its subsidiaries by the Company during the Reporting Period (Yuan)					0
Reasons for occurrence of related creditor's right and debt transactions	Operation				
Settlement of connected debts and liabilities	Normal				
Commitment in relation to related creditors' rights and debts	None				
Effects of related creditors' rights and debts on the results of operation and the financial conditions of the Company	None				

## (VI) CONTRACTS OF SIGNIFICANCE AND THEIR EXECUTION

### 1. Trust, contracting and lease matters

✓ Applicable ☐ Not Applicable

#### (1) Trust

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

✓ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Name of lessor	Name of lessee	Details of lease of assets	Amount involved in lease of assets	Starting date of lease	Ending date of lease	Lease revenue	Defining base for lease revenue	Effect of lease revenue	Is it a connected transaction?	Relationship
Beijing First Machine Tool Factory	Beijing Panni Gaokong Equipment Co., Ltd.	Housing	120,000.00						Yes	Wholly-owned subsidiary of parent company
Beijing Jingcheng Mechanical & Electrical Asset Management Co., Ltd.	Beijing Tianhai Industry Co., Ltd.	Housing	680,000.00						Yes	Wholly-owned subsidiary of parent company
Beijing Jingcheng Mechanical & Electrical Asset Management Co., Ltd.	The Company	Housing	756,603.33						Yes	Wholly-owned subsidiary of parent company

Explanation on leases

Nil

## 2. Guarantee

✓ Applicable    ☐ Not Applicable

Unit: Yuan    Currency: RMB

External guarantees by the Company (excluding guarantees for the subsidiaries)													
Guarantor	Relationship with the listed company	Guarantee	Amount	Date of occurrence (Agreed signature date)	Starting date	Expiration date	Type of guarantee	Whether executed	Whether overdue or not	Amount overdue	Is there any counter guarantee	Whether related-party guarantee or not	Relationship
Total amount of guarantee during the Reporting Period (excluding guarantees for the subsidiaries)													0
Total balance of guarantee at the end of the Reporting Period (A) (excluding guarantees for the subsidiaries)													0
Guarantees provided by the Company to its subsidiaries													
Total amount of guarantees provided for its subsidiaries during the Reporting Period													-11,200,000
Total amount of guarantees for its subsidiaries outstanding at the end of the Reporting Period (B)													0
Total amount of guarantees provided by the Company (including those provided for its subsidiaries)													
Total amount of guarantees (A+B)													0
Total amount of guarantees as a percentage of the Company's net assets (%)													0
In which:													
Amount of guarantees provided for shareholders, effective controlling parties and connected parties (C)													0
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
Description on outstanding guarantees for which may bear several and joint liability													0
Description on guarantees													0

### **3. *Other material contracts or transactions***

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

#### **(VII) APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS**

☐ Applicable ☒ Not Applicable

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

During the Reporting Period, the Company and its directors, supervisors, senior management officers, shareholders holding more than 5% of shares, beneficial controller and buyer have not been checked by the China Securities Regulatory Commission (“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.

#### **(IX) CONVERTIBLE BONDS**

During the Reporting Period, in order to effectively safeguard the legitimate rights of small and medium-sized investors, establish and improve the Company’s management system as well as regulate and perfect its corporate governing structure, the Company made amendments to part of provisions of its Articles of Association according to The Listed Company’s Articles of Association Guidelines (revised in 2014) issued by CSRC with the practical situation of the Company, which have been approved at the 2014 annual general meeting and the sixth extraordinary meeting of the eighth session of the Board.

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

**(X) EXPLANATION ON OTHER IMPORTANT MATTERS**

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

**3. *Others***

1. The applicable enterprise income tax rate for the Company for the Reporting Period is 25%.
2. The unaudited 2015 Interim Report of the Company has been reviewed by the audit committee under the Board of the Company.
3. The Company has been in compliance with the provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules of the Stock Exchange during the Reporting Period.
4. During the Reporting Period, the Company has adopted the model code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standards set in the Model Code in Appendix 10 of the Listing Rules. After making specific enquiries to all directors and supervisors, the Company confirmed that, each of directors and supervisors has complied with the required standards on securities transactions by directors and supervisors as set in the Model Code for the six months ended 30 June 2015.
5. During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
6. There was no change in coverage of the consolidated statements as compared to the financial report for the previous year.

## 6. FINANCIAL STATEMENT RELATED MATTER

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

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

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

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

- (3) Compared with the financial statements for the previous year, the Company should provide specific explanation for changes of consolidation scope of financial statements.

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

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

The 2015 Interim Financial Report of the Company has not been audited.

## (5) Financial Statements

### Consolidated Balance Sheet

30 June 2015

Prepared by: Jingcheng Holding Machinery Electric Holding Co., Ltd.

Unit: Yuan    Currency: RMB

Item	Ending balance	Beginning balance
<b>Current assets:</b>		
Monetary funds	121,938,434.16	163,962,823.33
Settlement reserve		
Lending funds		
Financial assets measured at fair value with their changes included in current profits and losses		
Derivative financial assets		
Notes receivable	45,204,857.55	13,148,883.12
Accounts receivable	388,306,989.93	404,135,634.03
Prepayments	52,155,153.48	78,985,528.99
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Interests receivable		
Dividends receivable		
Other receivables	9,099,213.81	6,435,698.19
Buying back the sale of financial assets		
Inventories	536,995,442.32	572,992,423.57
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets		
<b>Total current assets</b>	<u>1,153,700,091.25</u>	<u>1,239,660,991.23</u>



**Consolidated Balance Sheet (Continued)***30 June 2015*

Prepared by: Jingcheng Holding Machinery Electric Holding Co., Ltd.

*Unit: Yuan    Currency: RMB*

<b>Item</b>	<b>Ending balance</b>	<b>Beginning balance</b>
<b>Non-current assets:</b>		
Loans and advances		
Financial assets available for sale		
Investment held to maturity		
Long-term accounts receivable		
Long-term equity investments	68,519,465.91	55,004,776.68
Investment real estate		
Fixed assets	1,002,120,217.81	1,016,720,860.27
Projects under construction	28,256,585.60	22,888,621.63
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	158,271,251.61	160,501,145.59
Development expenditures		
Goodwill	6,562,344.06	6,562,344.06
Long-term expenditures to be amortized	1,173,598.84	1,493,671.24
Deferred income tax assets	4,985,011.34	5,050,938.96
Other non-current assets		
<b>Total non-current assets</b>	<b>1,269,888,475.17</b>	<b>1,268,222,358.43</b>
<b>Total assets</b>	<b>2,423,588,566.42</b>	<b>2,507,883,349.66</b>

**Consolidated Balance Sheet (Continued)**

30 June 2015

Prepared by: Jingcheng Holding Machinery Electric Holding Co., Ltd.

Unit: Yuan    Currency: RMB

Item	Ending balance	Beginning balance
<b>Current liabilities:</b>		
Short-term loans	344,585,200.00	318,051,050.00
Loans from the Central Bank		
Deposit taking and interbank placements		
Borrowing fund		
Financial liabilities measured at fair value with their changes included in current profits and losses		
Derivative financial liabilities		
Notes payable		105,000,000.00
Accounts payable	405,085,207.80	371,989,158.86
Accounts received in advance	55,656,811.67	29,715,136.98
Financial assets sold for repurchase		
Handling charges and commissions payable		
Payroll payable	13,030,456.17	17,397,862.19
Tax payable	-47,390,936.48	-34,274,412.01
Interests payable		76,666.67
Dividends payable		
Other payables	129,395,109.48	109,898,562.61
Reinsurance accounts payable		
Reserve fund for insurance contracts		
Acting trading securities		
Acting underwriting securities		
Liabilities classified as held for sale		
Non-current liabilities due within one year	11,000,000.00	11,000,000.00
Other current liabilities		
<b>Total current liabilities</b>	<b>911,361,848.64</b>	<b>928,854,025.30</b>

**Consolidated Balance Sheet (Continued)**

30 June 2015

Prepared by: Jingcheng Holding Machinery Electric Holding Co., Ltd.

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
<b>Non-current liabilities:</b>		
Long-term borrowings		
Bonds payable		
Including: preferred stocks		
Perpetual bond		
Long-term payables		
Long-term payroll payable	30,370,000.00	30,370,000.00
Special payables	103,900,000.00	103,900,000.00
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
<b>Total non-current liabilities</b>	<u>134,270,000.00</u>	<u>134,270,000.00</u>
<b>Total liabilities</b>	<u><u>1,045,631,848.64</u></u>	<u><u>1,063,124,025.30</u></u>
<b>Owner's equities:</b>		
Share capital	422,000,000.00	422,000,000.00
Other equity instruments		
Including: preferred stocks		
Perpetual bond		
Capital reserves	683,803,181.69	683,803,181.69
Less: treasury stock		
Other comprehensive incomes	105,079.05	118,733.00
Special reserves		
Surplus reserves	45,665,647.68	45,665,647.68
General risk reserve		
Undistributed profits	-279,881,675.79	-232,056,930.86
<b>Total equity attributable to shareholders of the parent company</b>	<u>871,692,232.63</u>	<u>919,530,631.51</u>
Minority interest	<u>506,264,485.15</u>	<u>525,228,692.85</u>
<b>Total shareholders' equity</b>	<u><u>1,377,956,717.78</u></u>	<u><u>1,444,759,324.36</u></u>
<b>Total liabilities and shareholder's equity</b>	<u><u>2,423,588,566.42</u></u>	<u><u>2,507,883,349.66</u></u>

Legal Representative:

**Chuanzhong Hu**

Chief Financial Controllor:

**Junjie Li**

Finance Manager:

**Chi Jiang**

**Parent Company's Balance Sheet***30 June 2015*

Prepared by: Jingcheng Holding Machinery Electric Holding Co., Ltd.

*Unit: Yuan    Currency: RMB*

<b>Item</b>	<b>Ending balance</b>	<b>Beginning balance</b>
<b>Current assets:</b>		
Monetary funds	8,832,847.92	11,915,900.48
Financial assets measured at fair value with their changes included in current profits and losses		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Prepayments		756,603.33
Interests receivable	7,663,333.45	6,595,555.56
Dividends receivable		
Other receivables	340,000,000.00	340,000,000.00
Inventories		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets		
<b>Total current assets</b>	<b>356,496,181.37</b>	<b>359,268,059.37</b>
<b>Non-current assets:</b>		
Financial assets available for sale		
Investment held to maturity		
Long-term accounts receivable		
Long-term equity investments	694,842,724.41	694,842,724.41
Investment real estate		
Fixed assets		
Projects under construction		
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets		
Development expenditures		
Goodwill		
Long-term expenditures to be amortized		
Deferred income tax assets		
Other non-current assets		
<b>Total non-current assets</b>	<b>694,842,724.41</b>	<b>694,842,724.41</b>
<b>Total assets</b>	<b>1,051,338,905.78</b>	<b>1,054,110,783.78</b>

**Parent Company's Balance Sheet (Continued)***30 June 2015*

Prepared by: Jingcheng Holding Machinery Electric Holding Co., Ltd.

*Unit: Yuan    Currency: RMB*

<b>Item</b>	<b>Ending balance</b>	<b>Beginning balance</b>
<b>Current liabilities:</b>		
Short-term loans		
Financial liabilities measured at fair value with their changes included in current profits and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Accounts received in advance		
Payroll payable		
Tax payable	94,684.24	434,320.76
Interests payable		
Dividends payable		
Other payables	8,688,817.85	4,545,647.21
Liabilities classified as held for sale		
Non-current liabilities due within one year		
Other current liabilities		
<b>Total current liabilities</b>	<b>8,783,502.09</b>	<b>4,979,967.97</b>
<b>Non-current liabilities:</b>		
Long-term borrowings		
Bonds payable		
Including: preferred stocks		
Perpetual bond		
Long-term payables		
Long-term payroll payable		
Special payables		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
<b>Total non-current liabilities</b>		
<b>Total liabilities</b>	<b>8,783,502.09</b>	<b>4,979,967.97</b>

**Parent Company's Balance Sheet (Continued)***30 June 2015*

Prepared by: Jingcheng Holding Machinery Electric Holding Co., Ltd.

*Unit: Yuan    Currency: RMB*

<b>Item</b>	<b>Ending balance</b>	<b>Beginning balance</b>
<b>Owner's equities:</b>		
Share capital	422,000,000.00	422,000,000.00
Other equity instruments		
Including: preferred stocks		
Perpetual bond		
Capital reserves	666,639,987.85	666,639,987.85
Less: treasury stock		
Other comprehensive incomes		
Special reserves		
Surplus reserves	38,071,282.24	38,071,282.24
Undistributed profits	-84,155,866.40	-77,580,454.28
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>1,042,555,403.69</b>	<b>1,049,130,815.81</b>
	<hr/>	<hr/>
<b>Total liabilities and shareholder's equity</b>	<b>1,051,338,905.78</b>	<b>1,054,110,783.78</b>
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*Legal Representative:***Chuanzhong Hu***Chief Financial Controllor:***Junjie Li***Finance Manager:***Chi Jiang**

# Consolidated Income Statement

January to June 2015

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan Currency: RMB

Item	Current Period	Previous Period
<b>I. Total operating revenue</b>	598,184,100.98	936,857,460.55
Including: operating revenue	598,184,100.98	936,857,460.55
Interest revenue		
Earned premium		
Handling charges and commission income		
<b>II. Total operating cost</b>	675,847,739.48	987,352,233.12
Including: operating cost	563,222,411.06	824,137,970.55
Interest expenditure		
Handling charges and commission expenditure		
Surrender value		
Net compensation expenses		
Net amount of reserves for reinsurance contract		
Expenditures dividend policy		
Reinsurance expenses		
Business taxes and surcharges	4,488,362.24	13,166,687.50
Marketing expenses	28,422,048.37	42,644,893.10
Administrative expenses	62,401,704.51	87,071,018.08
Financial expenses	9,895,752.83	23,026,816.56
Loss from asset impairment	7,417,460.47	-2,695,152.67
Add: incomes from changes in fair value (losses to be listed with "-")		
Investment incomes (losses to be listed with "-")	-4,629,510.77	423,897.27
Including: income from investment into associated enterprises and joint ventures	-4,629,510.77	423,897.27
Exchange income (loss to be listed with "-")		
<b>III. Operating profits (losses to be listed with "-")</b>	-82,293,149.27	-50,070,875.30
Add: non-operating revenue	18,587,326.24	79,086,512.32
Including: gains from disposal of non-current assets	18,474,414.24	78,443,963.52
Less: non-operating expenditures	1,157,160.65	1,494,783.75
Including: losses from disposal of non-current assets	134,864.96	207,810.95

**Consolidated Income Statement (Continued)***January to June 2015*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan    Currency: RMB*

<b>Item</b>	<b>Current Period</b>	<b>Previous Period</b>
<b>IV. Total profits (total loss to be listed with “-”)</b>	-64,862,983.68	27,520,853.27
Less: income tax expenses	1,911,878.36	10,245,305.23
<b>V. Net profits (net losses to be listed with “-”)</b>	-66,774,862.04	17,275,548.04
Net profit attributable to shareholders of the parent company	-47,824,744.93	20,818,005.76
Minority interest income	-18,950,117.11	-3,542,457.72
<b>VI. Net amount of other comprehensive income after tax</b>	-27,744.54	208,390.06
Net after-tax amount of other comprehensive income attributable to owners of the parent company	-13,653.95	86,034.13
(I) Other comprehensive income that cannot be reclassified into profits or losses in future		
1. Changes arising from re-measurement of net liabilities or net assets of defined benefit plan		
2. Shares in other comprehensive income that cannot be reclassified into profits or losses in the invested entity under the equity method		
(II) Other comprehensive income to be reclassified into profits or losses in future	-13,653.95	86,034.13
1. Shares in other comprehensive income to be reclassified into profits or losses in the invested entity under the equity method		
2. Profits and losses from changes in the fair value of financial assets available for sale		
3. Profits and losses from investment held to maturity reclassified into financial assets available for sale		
4. Effective part of profits and losses from cash flow hedging		
5. Translation difference of foreign currency statement	-13,653.95	86,034.13



**Consolidated Income Statement (Continued)***January to June 2015*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan      Currency: RMB*

<b>Item</b>	<b>Current Period</b>	<b>Previous Period</b>
6. Others		
Net after-tax amount of other comprehensive income attributable to the minority shareholders	-14,090.59	122,355.93
<b>VII. Total comprehensive income</b>	-66,802,606.58	17,483,938.10
Total comprehensive income attributable to shareholders of the parent company	-47,838,398.88	20,904,039.89
Total comprehensive income attributable to the minority shareholders	-18,964,207.70	-3,420,101.79
<b>VIII. Earnings per share:</b>		
(I) Basic earnings per share	-0.11	0.05
(II) Diluted earnings per share	-0.11	0.05

*Legal Representative:***Chuanzhong Hu***Chief Financial Controllor:***Junjie Li***Finance Manager:***Chi Jiang**

# Parent Company's Income Statement

January to June 2015

Item	Unit: Yuan    Currency: RMB	
	Current Period	Previous Period
<b>I. Operating revenue</b>	1,079,002.31	
Less: Operating costs		
Business taxes and surcharges	59,795.55	
Marketing expenses		
Administrative expenses	7,614,406.98	1,169,270.70
Financial expenses	-19,788.10	-68,165.68
Loss from asset impairment		
Add: incomes from changes in fair value (losses to be listed with "-")		
Investment incomes (losses to be listed with "-")		
Including: income from investment into associated enterprises and joint ventures		
<b>II. Business profit (If loss, fill in the     column with "-")</b>	-6,575,412.12	-1,101,105.02
Add: non-operating revenue		
Including: gains from disposal of non-current assets		
Less: non-operating expenditures		
Including: losses from disposal of non-current assets		
<b>IV. Total profits (total losses to be listed     with "-")</b>	-6,575,412.12	-1,101,105.02
Less: income tax expenses		
<b>V. Net profits (net losses to be listed     with "-")</b>	-6,575,412.12	-1,101,105.02
<b>V. Net after-tax amount of other     comprehensive income</b>		
(I) Other comprehensive income that cannot be reclassified into profits or losses in future		
1. Changes arising from re- measurement of net liabilities or net assets of defined benefit plan		
2. Shares in other comprehensive income that cannot be reclassified into profits or losses in the invested entity under the equity method		

**Parent Company's Income Statement (Continued)***January to June 2015*

<b>Item</b>	<i>Unit: Yuan      Currency: RMB</i>	
	<b>Current Period</b>	<b>Previous Period</b>
(II) Other comprehensive income to be reclassified into profits or losses in future		
1. Shares in other comprehensive income to be reclassified into profits or losses in the invested entity under the equity method		
2. Profits and losses from changes in the fair value of financial assets available for sale		
3. Profits and losses from investment held to maturity reclassified into financial assets available for sale		
4. Effective part of profits and losses from cash flow hedging		
5. Translation difference of foreign currency statement		
6. Others		
<b>VI. Total comprehensive income</b>	-6,575,412.12	-1,101,105.02
<b>IV. Earnings per share</b>		
(I) Basic earnings per share		
(II) Diluted earnings per share		

*Legal Representative:***Chuanzhong Hu***Chief Financial Controllor:***Junjie Li***Finance Manager:***Chi Jiang**

## Consolidated Cash Flow Statement

January to June 2015

Item	Unit: Yuan      Currency: RMB	
	Current Period	Previous Period
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services	324,943,592.84	603,674,375.66
Net increase in deposits and interbank placements		
Net increase in loans from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from receiving premium of original insurance contract		
Net cash received from reinsurance		
Net increase in deposits of the insured and investment		
Net increase in disposal of financial assets measured at fair value with their variance recorded in current profits and losses		
Cash from interests, handling charges and commissions		
Net increase in borrowing funds		
Net increase in repurchase business funds		
Refund of taxes and dues received	8,316,283.18	6,546,878.55
Other received cash related to operating activities	35,188,079.88	44,383,701.62
	<hr/>	<hr/>
<b>Subtotal of cash inflows from operating activities</b>	368,447,955.90	654,604,955.83
Cash paid for goods and services	194,877,238.01	296,581,668.94
Net increase in loans and advances to customer		
Net increase in deposits in the Central Bank and interbank placements		
Cash paid for direct business claims		
Cash paid for interests, handling charges and commissions		
Cash paid for policyholder dividends		
Cash paid to and on behalf of staff	95,792,184.19	149,541,500.42
Payments of taxes and dues	33,688,281.46	64,713,062.55
Other paid cash related to operating activities	44,544,791.02	153,284,019.13
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# Consolidated Cash Flow Statement (Continued)

January to June 2015

Item	Unit: Yuan      Currency: RMB	
	Current Period	Previous Period
<b>Subtotal of cash outflows from operating activities</b>	368,902,494.68	664,120,251.04
<b>Net cash flows from operating activities</b>	-454,538.78	-9,515,295.21
<b>II. Cash flows from investing activities:</b>		
Cash received from recovery of investments		
Cash received from returns on investments		7,864,263.33
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,950,000.00	28,534,406.87
Net cash received from disposal of subsidiaries and other business entities		
Other received cash related to investing activities		51,324,145.06
<b>Subtotal of cash inflows from investing activities</b>	1,950,000.00	87,722,815.26
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	27,506,471.33	125,285,123.67
Cash paid for investments		
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business entities		
Other cash paid related to investing activities		9,625,742.58
<b>Subtotal of cash outflow from investing activities</b>	27,506,471.33	134,910,866.25
<b>Net cash flows from investing activities</b>	-25,556,471.33	-47,188,050.99

# Consolidated Cash Flow Statement (Continued)

January to June 2015

Item	Unit: Yuan      Currency: RMB	
	Current Period	Previous Period
<b>III. Cash flows from financing activities:</b>		
Cash received from capital contributions		200,000,000.00
Including: cash received from subsidiaries' absorbing investments of minority shareholders		
Cash received from loans	245,389,798.30	117,860,465.97
Cash received from issuing bonds		
Other received cash related to financing activities		
<b>Subtotal of cash inflows from financing activities</b>	245,389,798.30	317,860,465.97
Cash paid for debt repayment	218,051,050.00	185,000,000.00
Cash paid for distribution of dividends or profits or for interests	13,110,192.29	23,904,911.28
Including: dividends and profits paid to minority shareholders by subsidiaries		
Other paid cash related to financing activities		138,800,000.00
<b>Subtotal of cash outflows from financing activities</b>	231,161,242.29	347,704,911.28
<b>Net cash flows from financing activities</b>	14,228,556.01	-29,844,445.31
<b>IV. Effect of fluctuations in exchange rate on cash and cash equivalents</b>	1,758,064.93	1,056,509.07
<b>V. Net increase in cash and cash equivalents</b>	-10,024,389.17	-85,491,282.44
Add: beginning balance of cash and cash equivalents	125,462,823.33	305,897,025.49
<b>VI. Ending balance of cash and cash equivalents</b>	115,438,434.16	220,405,743.05

Legal Representative:  
**Chuanzhong Hu**

Chief Financial Controllor:  
**Junjie Li**

Finance Manager:  
**Chi Jiang**

# Parent Company's Cash Flow Statement

January to June 2015

Unit: Yuan      Currency: RMB

Item	Current Period	Previous Period
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services		
Refund of taxes and dues received		
Other received cash related to operating activities	1,183,754.52	274,491.12
<b>Subtotal of cash inflows from operating activities</b>	1,183,754.52	274,491.12
Cash paid for goods and services		
Cash paid to and on behalf of staff	768,115.38	
Payments of taxes and dues	1,226,442.66	
Other paid cash related to operating activities	2,272,249.04	3,993,067.69
<b>Subtotal of cash outflows from operating activities</b>	4,266,807.08	3,993,067.69
<b>Net cash flows from operating activities</b>	-3,083,052.56	-3,718,576.57
<b>II. Cash flows from investing activities:</b>		
Cash received from recovery of investments		
Cash received from returns on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business entities		
Other received cash related to investing activities		56,847,045.06
<b>Subtotal of cash inflows from investing activities</b>		56,847,045.06

**Parent Company's Cash Flow Statement (Continued)***January to June 2015*

<b>Item</b>	<i>Unit: Yuan    Currency: RMB</i>	
	<b>Current Period</b>	<b>Previous Period</b>
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		
Cash paid for investments		
Net cash paid for acquisition of subsidiaries and other business entities		
Other cash paid related to investing activities		59,625,742.58
<b>Subtotal of cash outflow from investing activities</b>		59,625,742.58
<b>Net cash flows from investing activities</b>		-2,778,697.52
<b>III. Cash flows from financing activities:</b>		
Cash received from capital contributions		
Cash received from loans		
Other received cash related to financing activities		
<b>Subtotal of cash inflows from financing activities</b>		
Cash paid for debts		
Cash paid for distribution of dividends or profits or for interests		
Other paid cash related to financing activities		
<b>Subtotal of cash outflows from financing activities</b>		
<b>Net cash flows from financing activities</b>		



**Parent Company's Cash Flow Statement (Continued)***January to June 2015*

<b>Item</b>	<i>Unit: Yuan      Currency: RMB</i>	
	<b>Current Period</b>	<b>Previous Period</b>
<b>IV. Effect of fluctuations in exchange rate on cash and cash equivalents</b>		
<b>V. Net increase in cash and cash equivalents</b>	-3,083,052.56	-6,497,274.09
Add: Add: beginning balance of cash and cash equivalents	11,915,900.48	9,537,212.51
<b>VI. Ending balance of cash and cash equivalents</b>	8,832,847.92	3,039,938.42
<i>Legal Representative:</i> <b>Chuanzhong Hu</b>	<i>Chief Financial Controllor:</i> <b>Junjie Li</b>	<i>Finance Manager:</i> <b>Chi Jiang</b>

# Consolidated Statement of Changes in Owners' Equity

## January to June 2015

Unit: Yuan Currency: RMB

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

# Consolidated Statement of Changes in Owners' Equity (Continued)

January to June 2015

Unit: Yuan Currency: RMB

Item	Previous period												
	Equity attributable to the owners of the Company												
	Other equity instruments				Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserves	Surplus reserves	General risk reserve	Undistributed profits	Minority interest	Total owners' equity
Share capital	Preferred shares	Perpetual bonds	Others										
I. Ending balance of previous year	422,000,000.00				558,698,626.70		-89,449.76		45,665,647.68		-222,701,516.40	360,064,980.19	1,163,638,288.41
Add: changes in accounting policies													
Corrections of previous period errors													
Business combination under common control													
Others													
II. Beginning balance of current year	422,000,000.00				558,698,626.70		-89,449.76		45,665,647.68		-222,701,516.40	360,064,980.19	1,163,638,288.41
III. Current year increase/decrease (decrease to be listed with “-.”)					75,024,659.85		86,034.13				20,818,005.76	171,635,133.51	267,563,833.25
(I) Total comprehensive income							86,034.13				20,818,005.76	-3,420,101.79	17,483,938.10
(II) Invested and decreased capital of shareholders					75,024,659.85							175,055,235.30	250,079,895.15
1. Common stocks contributed by shareholders					24,944,764.70							175,055,235.30	200,000,000.00
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in shareholders' interest					50,079,895.15								50,079,895.15
4. Others													
(III) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Internal carryover in shareholder's equities													
1. Capital reserves converted to capital													
2. Surplus reserve converted to capital													
3. Surplus reserves to recover loss													
4. Others													
(V) Special reserve													
1. Appropriation in current year													
2. Amount used in current year													
(VI) Others													
IV. Ending balance of current year	422,000,000.00				633,723,286.55		-3,415.63		45,665,647.68		-201,883,510.64	531,700,113.70	1,431,202,121.66

Legal Representative:  
Chuanzhong Hu

Chief Financial Controllor:  
Junjie Li

Finance Manager:  
Chi Jiang

**Parent Company's Statement of Changes in Owners' Equity**  
**January to June 2015**

*Unit: Yuan    Currency: RMB*

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

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

January to June 2015

Unit: Yuan Currency: RMB

Item	Previous period										Total owners' equity
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserves	Surplus reserves	Undistributed profits	
I. Ending balance of previous 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 policies											
Corrections of previous period errors											
Others											
II. Beginning balance of current year	422,000,000.00				566,480,197.56				38,071,282.24	-165,579,836.05	860,971,643.75
III. Current year increase/decrease (decrease to be listed with "-")					50,079,895.15					-1,101,105.02	48,978,790.13
(I) Total comprehensive income										-1,101,105.02	-1,101,105.02
(II) Invested and decreased capital of shareholders					50,079,895.15						50,079,895.15
1. Common stocks contributed by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholders' interest					50,079,895.15						50,079,895.15
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Distribution to shareholders											
3. Others											
(IV) Internal carryover in shareholder's equities											
1. Capital reserves converted to capital											
2. Surplus reserve converted to capital											
3. Surplus reserves to recover loss											
4. Others											
(V) Special reserve											
1. Appropriation in current year											
2. Amount used in current year											
(VI) Others											
IV. Ending balance of current year	422,000,000.00				616,560,092.71				38,071,282.24	-166,680,941.07	909,950,433.88

Legal Representative:  
Chuanzhong Hu

Chief Financial Controllor:  
Junjie Li

Finance Manager:  
Chi Jiang

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

<b>Account Age</b>	<b>Ending Balance</b>	<b>Beginning Balance</b>
Within 1 year	321,861,577.73	359,545,347.11
1-2 years	42,960,281.13	32,572,365.87
2-3 years	18,893,405.53	11,401,907.29
3-4 years	4,550,497.39	313,623.18
4-5 years	41,228.15	302,390.58
More than 5 years		
<b>Net amount</b>	<b>388,306,989.93</b>	<b>404,135,634.03</b>

**2. AGING ANALYSIS OF ACCOUNTS PAYABLE**

<b>Item</b>	<b>Ending Balance</b>	<b>Beginning Balance</b>
Within 1 year	352,587,702.48	353,992,764.51
1-2 years	42,154,557.86	8,595,392.26
2-3 years	7,068,622.60	5,640,704.17
More than 3 years	3,274,324.86	3,760,297.92
<b>Total</b>	<b>405,085,207.80</b>	<b>371,989,158.86</b>

**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:

<b>Item</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Compressor Business		30,480,900.00
Seamless steel gas cylinders	298,971,754.06	414,963,770.46
Wrapped bottle	57,436,328.79	184,961,365.18
Cold bottle	80,137,659.39	132,839,611.65
Cryogenic storage tanks	33,051,097.99	54,324,174.50
Others	93,716,428.34	93,443,560.37
Total sales	563,313,268.57	911,013,382.16
Less: Sales tax and other surcharges	105,207,867.95	165,909,415.24
<b>Total</b>	<b>458,105,400.62</b>	<b>745,103,966.92</b>

## 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% and 12%

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

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

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

### (3) Taxation benefits and approval

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

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

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

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

**(5) Tax**

Item	Current period	Previous period
Current income tax	1,846,028.05	9,025,245.90
Deferred income tax	65,850.31	1,220,059.33
<b>Total</b>	<b>1,911,878.36</b>	<b>10,245,305.23</b>

**5. EARNINGS PER SHARE**

**(1) Basic earnings per share**

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

Item	Current period	Previous period
Consolidated net profit attributable to the common shareholders of the parent	-47,824,744.93	20,818,005.76
Consolidated net profit attributable to the common shareholders of the parent (net of non-operating gains and loss)	-65,371,188.26	-45,140,213.05
The weighted average numbers of outstanding common shares of the parent company	422,000,000.00	422,000,000.00
Basic earnings per share (Yuan/share)	-0.11	0.05
Basic earnings per share (Yuan/share) (net of non-operating gains and loss)	-0.15	-0.11

The calculation of the weighted average number of basic EPS:

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



## (2) Diluted earnings per share

Item	Current period	Previous period
Adjusted consolidated net profit attributable to the basic shareholders of the parent	-47,824,744.93	20,818,005.76
Adjusted consolidated net profit attributable to the basic shareholders of the parent (Yuan) (net of non-operating gains and loss)	-65,371,188.26	-45,140,213.05
The adjusted weighted average numbers of outstanding common shares	422,000,000.00	422,000,000.00
Diluted earnings per share (Yuan/share)	-0.11	0.05
Diluted earnings per share (Yuan/share) (net of non-operating gains and loss)	-0.15	-0.11

## 6. SHARE CAPITAL

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

(Unit: RMB'000)

Items	Amount at the beginning of the period		Change in the current period					Amount at the end of the period	
	Amount	Proportion (%)	Issuance of new shares	Conversion		Other	Subtotal	Amount	Proportion (%)
				Bonus issue	from reserves				
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

On 6 May 2015, Jingcheng Holding disposed a total of 10,000,000 A Shares which were not subject to trading moratorium of the Company via the bulk-volume trading system of the Shanghai Stock Exchange. On 13 May 2015, Jingcheng Holding disposed a total of 6,320,000 A Shares which were not subject to trading moratorium of the Company via the bulk-volume trading system of the Shanghai Stock Exchange. On 14 May 2015, Jingcheng Holding disposed a total of 4,680,000 A Shares which were not subject to trading moratorium of the Company via the bulk-volume trading system of the Shanghai Stock Exchange. After the three disposals of total 21,000,000.00 shares, representing approximately 4.98% of the total share capital of the Company, Jingcheng Holding held 180,620,000.00 A Shares which were not subject to trading moratorium of the Company, representing approximately 42.80% of the total share capital of the Company.

## 7. DIVIDENDS

No dividend was paid or proposed from January to June 2015, nor has any dividend been proposed since the end of the Reporting Period.

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

Beijing, the PRC, 11 August 2015

*As at the date of this announcement, the Board comprises Mr. Hu Chuanzhong, Mr. Li Junjie, Ms. Liu Zhe and Ms. Jiang Chi as executive directors, Mr Xia Zhonghua., Ms. Jin Chunyu and Mr.Fu Hongquan as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.*