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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)**

## 2019 THIRD QUARTERLY REPORT

### I. IMPORTANT NOTICE

- 1.1 The board of directors (the “Board”), supervisory committee and the directors, supervisors and senior management officers of Beijing Jingcheng Machinery Electric Company Limited (the “Company”) confirm that the information contained in this quarterly report is true, accurate, and complete without any false and misleading statements or material omissions, and individually and jointly accept legal responsibility for the contents of the report.
- 1.2 All directors of the Company attended the board meeting to consider this quarterly report.
- 1.3 Wang Jun, person-in-charge of the Company, Jiang Chi, person-in-charge of the accounting work, and Wang Yandong, person-in-charge of the accounting body (head of accounting), guaranteed the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The Third Quarterly Financial Report of the Company has not been audited.

## II. BASIC INFORMATION OF THE COMPANY

### 2.1 Financial Highlights

|   | <i>Unit: Yuan</i><br><i>Currency: RMB</i>   |  |  |
|---|---|--|--|
|   | <b>At the end<br/>of the reporting<br/>period</b>   | <b>At the end<br/>of last year</b>   | <b>Increase/Decrease<br/>comparing the<br/>end of the<br/>reporting period<br/>with the end<br/>of last year (%)</b> |
| Total assets  | 1,770,284,120.22  | 1,775,485,766.32   | -0.29  |
| Net assets attributable to shareholders<br>of listed company                              | 402,836,835.08  | 466,876,306.94   | -13.72   |
|   | <b>From the<br/>beginning of the<br/>year to the end of<br/>the reporting period<br/>(January to<br/>September)</b> | <b>From the<br/>beginning of<br/>last year to the<br/>end of the reporting<br/>period last year<br/>(January to<br/>September)</b> | <b>Increase/Decrease<br/>on year-over-<br/>year basis (%)</b>  |
| Net cash flow from operating activities   | 46,756,410.91   | 59,676,750.40  | -21.65   |
|   | <b>From the<br/>beginning of the<br/>year to the end of<br/>the reporting period<br/>(January to<br/>September)</b> | <b>From the<br/>beginning of<br/>last year to the<br/>end of the reporting<br/>period last year<br/>(January to<br/>September)</b> | <b>Increase/Decrease<br/>on year-over-<br/>year basis (%)</b>  |
| Operating income  | 887,349,416.75  | 763,276,665.20   | 16.26  |
| Net profit attributable to shareholders<br>of listed company                              | -63,858,836.73  | -44,148,603.58   | -  |
| Net profit attributable to shareholders of<br>listed company after extraordinary<br>items | -64,624,690.51  | -58,593,950.40   |  |
| Weighted average return on net assets<br>(%)  | -14.69  | -7.80  | decreased<br>6.89 percentage<br>points   |
| Basic earnings per share (RMB/share)  | -0.15   | -0.10  |  |
| Diluted earnings per share (RMB/share)  | -0.15   | -0.10  |  |

## Extraordinary Items and Amount

Applicable     Not Applicable

*Unit: Yuan*  
*Currency: RMB*

| <b>Items</b>  | <b>Amount for the current period (July – September)</b> | <b>Amount for the period from the beginning of the year to the end of the reporting period (January – September)</b> | <b>Description</b> |
|---|---|--|--------------------|
| Profit/loss on disposal of non-current assets   | -73,574.79  | -183,131.37  |                    |
| Contingence tax refund or exemption, or due to override approval or document without formal approval  |   |  |                    |
| Government subsidy accounted into profit and loss for the current period (except for those closely associated with the normal operations of the Company which were accounted for in certain standard amount or volume in compliance with the requirement of the policies of the State and in accordance with uniform standard of the State) | 73,739.80   | 1,211,807.46   |                    |
| Fund possession cost paid by non-financial enterprises and recorded under current profit and loss   |   |  |                    |
| Profit arising from investment costs for acquisition of subsidiaries, associates and joint ventures less than the revenue generated from their identifiable net assets of the invested entity at fair value at the time of acquisition  |   |  |                    |
| Profit/loss of non-monetary asset swap  |   |  |                    |
| Profit/loss from entrusted investment or asset management   |   |  |                    |

| Items   | Amount for the current period (July – September) | Amount for the period from the beginning of the year to the end of the reporting period (January – September) | Description |
|---|--|---|-------------|
| Provision for impairment of assets due to force majeure such as natural disaster  |  |   |             |
| Profit/loss from debt restructuring   |  |   |             |
| Corporate restructuring expenses, such as expenses on employee placement, and integration costs   |  |   |             |
| Profit/loss from the excess of the fair value compared to the unfair consideration of a transaction   |  |   |             |
| Current net profit/loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger  |  |   |             |
| Profit/loss from contingencies irrelevant to the normal operations of the Company   |  |   |             |
| Apart from hedging instruments relating to the normal operations of the Company, profit/loss from change in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities and other debt investment |  |   |             |
| Write back of the provision for impairment of accounts receivable and contractual assets that is individually tested for impairment   |  | 180,000.00  |             |
| Profit/loss from external entrusted loans   |  |   |             |
| Profit/loss from changes in fair value of investment properties using the fair value model for subsequent measurement   |  |   |             |

| <b>Items</b>   | <b>Amount for the<br/>current period<br/>(July –<br/>September)</b> | <b>Amount for<br/>the period from<br/>the beginning<br/>of the year to<br/>the end of<br/>the reporting<br/>period<br/>(January –<br/>September)</b> | <b>Description</b> |
|--|---|--|--------------------|
| Effects of one-off adjustment to current profit/loss in accordance with laws and regulations on taxation and accounting, etc |   |  |                    |
| Income of entrustment fees from entrusted operations   |   |  |                    |
| Other non-operating income and expenses save for the above   | 15,976.59   | 58,227.53  |                    |
| Other profit/loss items falling within the meaning of non-recurring profit/loss  |   |  |                    |
| Effect on minority interests (after tax)   | 16,838.44   | -498,471.11  |                    |
|  | <hr/>   | <hr/>  |                    |
| Effect on income tax   | -2,491.23   | -2,578.73  |                    |
| Total  | 30,488.81   | 765,853.78   |                    |
|  | <hr/> <hr/>   | <hr/> <hr/>  |                    |

## 2.2 Total number of shareholders, shareholding of top ten shareholders and shareholding of top ten shareholders of shares not subject to trading moratorium at the end of the reporting period

*Unit: share*

Total number of shareholders

21,042

### Shareholding of Top Ten Shareholders

| Name of shareholder<br>(Full name)                        | Shareholding<br>as at the end<br>of the period | Proportion (%) | Number of<br>shares subject<br>to selling<br>restrictions | Pledged or frozen |                     |                             |
|---|--|----------------|---|-------------------|---------------------|-----------------------------|
|   |  |                |   | Status            | Number of<br>shares | Nature of<br>shareholder    |
| Beijing Jingcheng Machinery<br>Electric Holding Co., Ltd. | 182,735,052                                    | 43.30          | 0   | Nil               | 0                   | State-owned<br>legal-person |
| HKSCC NOMINEES LIMITED                                    | 99,305,147                                     | 23.53          | 0   | Unknown           | –                   | Unknown                     |
| Hong Kong Securities Clearing<br>Company Limited          | 3,825,142                                      | 0.90           | 0   | Unknown           | –                   | Unknown                     |
| Xu Zihua  | 1,708,100                                      | 0.40           | 0   | Unknown           | –                   | Unknown                     |
| He Yong   | 1,683,720                                      | 0.39           | 0   | Unknown           | –                   | Unknown                     |
| Xu Rui  | 1,580,100                                      | 0.37           | 0   | Unknown           | –                   | Unknown                     |
| Yang Qing   | 1,410,700                                      | 0.33           | 0   | Unknown           | –                   | Unknown                     |
| Hu Suhua  | 1,401,000                                      | 0.33           | 0   | Unknown           | –                   | Unknown                     |
| Huang Zhiping   | 1,287,709                                      | 0.30           | 0   | Unknown           | –                   | Unknown                     |
| Jin Limei   | 1,127,816                                      | 0.26           | 0   | Unknown           | –                   | Unknown                     |

**Particulars of Top Ten Shareholders not subject to trading moratorium**

| Name of shareholder                                    | Number of circulating shares not subject to trading moratorium | Class and number of shares     |                  |
|--|--|--------------------------------|------------------|
|  |  | Class                          | Number of shares |
| Beijing Jingcheng Machinery Electric Holding Co., Ltd. | 182,735,052  | RMB ordinary shares            | 182,735,052      |
| HKSCC NOMINEES LIMITED                                 | 99,305,147   | Foreign shares listed overseas | 99,305,147       |
| Hong Kong Securities Clearing Company Limited          | 3,825,142  | RMB ordinary shares            | 3,825,142        |
| Xu Zihua   | 1,708,100  | RMB ordinary shares            | 1,708,100        |
| He Yong  | 1,683,720  | RMB ordinary shares            | 1,683,720        |
| Xu Rui   | 1,580,100  | RMB ordinary shares            | 1,580,100        |
| Yang Qing  | 1,410,700  | RMB ordinary shares            | 1,410,700        |
| Hu Suhua   | 1,401,000  | RMB ordinary shares            | 1,401,000        |
| Huang Zhiping  | 1,287,709  | RMB ordinary shares            | 1,287,709        |
| Jin Limei  | 1,127,816  | RMB ordinary shares            | 1,127,816        |

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

As at the end of the reporting period, shares subject to trading moratorium held by the Company were all listed for circulation in the market. The Company was not aware of any connected relationship among the aforesaid shareholders, nor was 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 shareholder whose voting rights had resumed and its shareholdings

N/A.

**2.3 As at the end of the reporting period, total number of shareholders of preference shares, shareholding of top ten shareholders of preference shares and shareholding of top ten shareholders of preference shares not subject to trading moratorium**

Applicable  Not Applicable

**III. IMPORTANT MATTERS**

**3.1 Details and reasons for material changes in major items of financial statement and financial indices of the Company**

Applicable  Not Applicable

| Balance sheet items         | Balance at the end of the period | Balance at the beginning of the year | Change (%) | Description  |
|-----------------------------|----------------------------------|--------------------------------------|------------|--|
| Monetary funds              | 111,761,055.71                   | 61,162,121.34                        | 82.73      | Mainly due to the increase in cash inflow from operating activities during the current period                              |
| Notes receivable            | 3,221,709.08                     | 23,161,071.50                        | -86.09     | Mainly due to increased payment of bills during the current period   |
| Prepayments                 | 94,917,292.94                    | 58,395,221.68                        | 62.54      | Mainly due to increased prepayment of adjusted payment by steel suppliers  |
| Construction in progress    | 17,881,548.72                    | 11,653,942.58                        | 53.44      | Mainly due to increased investment in the Type IV cyclinder, Tianjin production line and Kuancheng production line         |
| Long-term amortization cost | 7,025,568.10                     | 10,298,416.72                        | -31.78     | Mainly due to the amortization of turnover bottles   |
| Notes payable               | 967,935.68                       | 30,000,000.00                        | -96.77     | Mainly due to the expiration of the bank acceptance notes of the subsidiaries and the decrease in new bills                |
| Contractual liabilities     | 27,858,728.48                    | 48,104,438.48                        | -42.09     | Mainly due to the decrease in advances received by subsidiaries  |
| Taxes payable               | 7,715,223.98                     | 15,822,084.92                        | -51.24     | Mainly due to the decrease in the unpaid taxes payable during the current period   |
| Other current liabilities   |                                  | 286,545.11                           | -100.00    | Mainly due to the decrease in sales tax pending transfer   |
| Long-term borrowings        | 5,500,000.00                     | 11,000,000.00                        | -50.00     | Mainly due to the decrease in long-term borrowings by Kuancheng Tianhai, a subsidiary of the Company                       |
| Deferred income             | 2,910,858.70                     | 2,087,460.36                         | 39.44      | Mainly due to the special fund for transformation and upgrading received by Kuancheng Tianhai, a subsidiary of the Company |



| Income statement items                     | Amount for the current period | Amount for the corresponding period last year | Change (%) | Description  |
|--|-------------------------------|---|------------|--|
| R&D expenses                               | 6,079,205.39                  | 1,970,964.04                                  | 208.44     | Mainly due to increase in R&D input during the current period  |
| Investment income                          | -1,503,144.78                 | 4,972,146.55                                  | -130.23    | Mainly due to the decrease in net profits of the associates during the current period  |
| Gain from disposal of assets               |                               | 7,560,913.37                                  | -100.00    | Mainly due to the absence of disposal of non-current assets during the current period  |
| Non-operating income                       | 1,129,180.64                  | 10,953,676.44                                 | -89.69     | Mainly due to the effect of the revenue generated from the liquidation of Langfang Tianhai during the same period last year and the decrease in government subsidies during the current period |
| Non-operating expenses                     | 548,278.68                    | 365,949.41                                    | 49.82      | Mainly due to the disposal of scrap assets by subsidiaries   |
| Total profit                               | -78,999,093.75                | -53,822,559.07                                | N/A        | Mainly due to the trading conflict between China and the USA and non-recurrent gains and losses  |
| Income tax expenses                        | 2,180,549.71                  | 6,197,963.98                                  | -64.82     | Mainly due to the decrease in income tax expenses of subsidiaries during the current period  |
| Net profits                                | -81,179,643.46                | -60,020,523.05                                | N/A        | Mainly due to the decrease in profitability  |
| Net profits attributable to parent company | -63,858,836.73                | -44,148,603.58                                | N/A        | Mainly due to the decrease in net profit   |

| <b>Cash flow statement items</b>  | <b>Amount for the current period</b> | <b>Amount for the corresponding period last year</b> | <b>Change (%)</b> | <b>Description</b>  |
|---|--------------------------------------|--|-------------------|---|
| Refund of taxes   | 25,889,838.11                        | 18,111,057.58  | 42.95             | Mainly due to the increase in export tax rebate in the current period as compared with the same period last year        |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets |                                      | 27,296,980.00  | -100              | Mainly due to the influence of the disposal of fixed assets in Langfang Tianhai during the same period last year        |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets               | 16,884,368.77                        | 43,556,289.62  | -61.24            | Mainly due to the decrease in the payment of the amount of equipment payable as compared with the same period last year |
| Other cash received from investing activities   | 12,000,000.00                        |  | 100.00            | Mainly due to the special grant received in the current period  |
| Effect of changes in foreign exchange rate on cash and cash equivalents                       | -5,417.66                            | -207,681.49  | N/A               | Mainly due to the effect of changes in foreign exchange rate  |

### **3.2 Analysis and description of the progress, impact and solutions of the important matters**

Applicable     Not Applicable

- (1) On 16 January 2019, the resolution in relation to the transfer of 51% equity interests in Shandong Tianhai, held by Beijing Tianhai, a subsidiary of the Company and to authorise the board of directors of Beijing Tianhai to determine the transfer-related matters including the listing price to be based on a minimum consideration not less than the valuation results approved by Beijing SASAC was considered and approved at the eleventh extraordinary meeting of the ninth session of the Board. The Company also disclosed the Announcement of Disposal of the Equity Interests in subsidiary by public tender on the same date. On 21 February 2019, the Company disclosed the Announcement in relation to the Approval on the Asset Valuation Report of Shandong Tianhai By Beijing SASAC. On 7 March 2019, 51% equity interests in Shandong Tianhai was listed on CBEX for transfer by public tender. The base price of transfer consideration was RMB61,409,200. As at the end of the tender disclosure period, the Company has not gathered any potential transferee.

Based on the above situation, Beijing Tianhai intended to amend its listing conditions, and continue to transfer 51% equity interests in Shandong Tianhai through public tender on CBEX. According to “Supervision and Management Measures for Enterprises State-owned Assets” (Decree No. 32 of the State-owned Assets Supervision and Administration Commission of the State Council) and “Opinions on Implementing the Supervision and Management Measures for Enterprises State-owned Assets” (Jing Guo Zi Fa [2017] No. 10), such amendment procedures are in compliance with relevant requirements by Beijing SASAC and CBEX.

On 22 July 2019, the resolution in relation to the amendment to conditions of listing in relation to the transfer of the 51% equity interests in Shandong Tianhai held by Beijing Tianhai through public tender, and to authorise the board of directors of Beijing Tianhai to determine the transfer-related matters including the listing price based on a minimum consideration of not less than 90% of the valuation results approved by Beijing SASAC was considered and approved at the fourteenth extraordinary meeting of the ninth session of the Board. The Company also disclosed the announcement in relation to the amendments to the conditions of listing in relation to the transfer of the 51% equity interests in Shandong Tianhai through public tender.

On 24 July 2019, the resolution in relation to the agreement, being a connected transaction, entered into between Beijing Tianhai and Yong'an Heli was considered and approved at the fifteenth extraordinary meeting of the ninth session of the Board. The Company also disclosed the announcement in relation to the agreement, being a connected transaction, entered into between Beijing Tianhai and Yong'an Heli, in which, Yong'an Heli intended to acquire 51% equity interests in Shandong Tianhai, and entered into an agreement on the payment with a bank guarantee letter as a commitment to registration. Please refer to the said announcement for details.

On 9 September 2019, the resolutions in relation to the amendments to the conditions of listing in relation to the transfer of the 51% equity interests in Shandong Tianhai held by Beijing Tianhai through public tender and to authorise the board of directors of Beijing Tianhai to determine the transfer-related matters including the listing price based on a minimum consideration of not less than 90% of the valuation results approved by Beijing Municipal People's Government State-owned Assets Supervision and Administration Commission were passed at the third extraordinary meeting of the Company.

On 16 September 2019, Beijing Tianhai has completed the application in respect of amendments to the transfer conditions of listing in relation to the 51% equity interests in Shandong Tianhai at China Beijing Equity Exchange. The amendments to the conditions of listing in relation to the transfer of the 51% equity interests in Shandong Tianhai by Beijing Tianhai has entered into the disclosure stage of official listing commencing from 17 September 2019.

On 25 October 2019, Beijing Tianhai and Yong'an Heli entered into the Asset Transaction Agreement and other documents in relation to the matter of asset transfer. Please refer to the "Announcement on the Progress of the Transfer of the 51% Equity Interests in Shandong Tianhai High Pressure Containers Co., Ltd. through Public Tender" for details.

As at the date of this report, all the work has been carried out in an orderly manner. If there is any significant progress in the transfer of equity interest in the subsidiary, the Company will strictly disclose the progress in accordance with the requirements of the listing rules of Shanghai and Hong Kong.

- (2) On 6 May 2019, the resolutions in relation to the non-public issuance of A Shares were passed at the thirteenth extraordinary meeting of the ninth session of the Board, and were considered and approved at the general meeting held on 15 July 2019.

The target subscriber of the non-public issuance is Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company, the total number of A shares issued shall not exceed 84.4 million, the total amount of proceeds shall not exceed RMB462 million, which will be used for the Type IV cylinders construction project, research and development of hydrogen energy products and repayment of debts to Jingcheng Holding and the financial institutions.

As at the date of this report, the Company has made an application to the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) in respect of the project, on 25 July 2019, the Company received the Acceptance Notice of the Application for Administrative Permission from the CSRC, please refer to “Announcement on the Acceptance by the CSRC of Application for the Proposed A Shares Issuance” by the Company for details.

On 9 September 2019, the Company received the “Notice of First Feedback on the Review of Administrative Permission Items from the CSRC” (No. 191997) (hereinafter referred to as the “Feedback”) issued by the CSRC on the non-public issue of A-shares, in accordance with the requirements of the Feedback, the Company and the relevant intermediaries have carefully studied and answered the questions listed in the Feedback. For details, please refer to the announcement “Reply to Feedback of Application Documents for the Non-public Issuance of A Shares conducted by Beijing Jingcheng Machinery Electric Co., Ltd.” disclosed on 26 September 2019.

The Company will strictly protect the confidentiality of information based on the progress of the relevant matters and perform the obligation of information disclosure in strict compliance with the requirements of relevant laws and regulations, and will publish an announcement on the progress of such matters in a timely manner.

### **3.3 Overdue commitments that have not been fulfilled during the reporting period**

Applicable     Not Applicable

**3.4 Warning and explanation of reasons as to the anticipated loss in accumulated net profit from the beginning of the year to the end of the next reporting period or significant changes of profit as compared with that of the corresponding period of last year**

Applicable     Not Applicable

|                      |  |
|----------------------|--|
| Name of the Company  | Beijing Jingcheng Machinery Electric Company Limited |
| Legal Representative | Wang Jun   |
| Date                 | 30 October 2019                                      |

**IV. APPENDIX**

**4.1 Financial Statements**

**Consolidated Balance Sheet**

*30 September 2019*

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan  
Currency: RMB  
Audit type: Unaudited*

| <b>Item</b>   | <b>30 September 2019</b> | <b>31 December 2018</b> |
|---|--------------------------|-------------------------|
| <b>Current assets:</b>                                |                          |                         |
| Cash at bank and on hand                              | 111,761,055.71           | 61,162,121.34           |
| Settlement reserve                                    |                          |                         |
| Loans to banks and other financial institutions       |                          |                         |
| Financial assets held for trading                     |                          |                         |
| Financial assets at fair value through profit or loss |                          |                         |
| Derivatives financial assets                          |                          |                         |
| Notes receivable                                      | 3,221,709.08             | 23,161,071.50           |
| Accounts receivable                                   | 181,284,884.20           | 223,093,594.17          |
| Receivables financing                                 |                          |                         |
| Prepayments   | 94,917,292.94            | 58,395,221.68           |
| Insurance premium receivable                          |                          |                         |
| Reinsurance premium receivable                        |                          |                         |
| Reinsurance contract reserves                         |                          |                         |
| Other receivables                                     | 24,675,663.22            | 20,470,775.75           |

| Item  | 30 September 2019       | 31 December 2018        |
|---|-------------------------|-------------------------|
| Including: Interests receivable                       |                         |                         |
| Dividends receivable                                  | 6,075,169.12            | 6,075,169.12            |
| Financial assets purchased under agreement to re-sale |                         |                         |
| Inventories   | 353,729,414.43          | 325,700,866.01          |
| Contractual assets                                    |                         |                         |
| Held-for-sale assets                                  |                         |                         |
| Non-current assets due within one year                |                         |                         |
| Other current assets                                  | 50,240,618.52           | 51,641,219.69           |
| <b>Total current assets</b>                           | <u>819,830,638.10</u>   | <u>763,624,870.14</u>   |
| <b>Non-current assets:</b>                            |                         |                         |
| Loans and advance                                     |                         |                         |
| Debt investment                                       |                         |                         |
| Available-for-sale financial assets                   |                         |                         |
| Other debt investments                                |                         |                         |
| Held-to-maturity investments                          |                         |                         |
| Long-term receivables                                 |                         |                         |
| Long-term equity investments                          | 123,395,804.61          | 124,898,949.39          |
| Other equity instruments investments                  |                         |                         |
| Other non-current financial assets                    |                         |                         |
| Investment properties                                 | 28,588,773.40           | 28,723,902.58           |
| Fixed assets  | 648,346,870.51          | 707,396,045.56          |
| Construction in progress                              | 17,881,548.72           | 11,653,942.58           |
| Productive biological assets                          |                         |                         |
| Oil and gas assets                                    |                         |                         |
| Right-of-use assets                                   |                         |                         |
| Intangible assets                                     | 124,786,045.05          | 128,526,552.10          |
| Development expenditures                              |                         |                         |
| Goodwill  |                         |                         |
| Long-term amortization expenses                       | 7,025,568.10            | 10,298,416.72           |
| Deferred income tax assets                            | 428,871.73              | 363,087.25              |
| Other non-current assets                              |                         |                         |
| <b>Total non-current assets</b>                       | <u>950,453,482.12</u>   | <u>1,011,860,896.18</u> |
| <b>Total assets</b>                                   | <u>1,770,284,120.22</u> | <u>1,775,485,766.32</u> |

| Item   | 30 September 2019     | 31 December 2018      |
|--|-----------------------|-----------------------|
| <b>Current liabilities:</b>                                |                       |                       |
| Short-term borrowings                                      | 323,027,628.16        | 277,998,046.30        |
| Borrowings from central bank                               |                       |                       |
| Placements from banks and other financial institutions     |                       |                       |
| Financial liabilities held for trading                     |                       |                       |
| Financial liabilities at fair value through profit or loss |                       |                       |
| Derivative financial liabilities                           |                       |                       |
| Notes payable  | 967,935.68            | 30,000,000.00         |
| Accounts payable   | 300,082,121.48        | 234,374,639.10        |
| Advance from customers                                     |                       | –                     |
| Contractual liabilities                                    | 27,858,728.48         | 48,104,438.48         |
| Financial assets sold under agreements to repurchase       |                       |                       |
| Deposits and placements from other financial institutions  |                       |                       |
| Securities brokering                                       |                       |                       |
| Securities underwriting                                    |                       |                       |
| Employee benefits payable                                  | 20,159,451.70         | 22,929,823.79         |
| Taxes payable  | 7,715,223.98          | 15,822,084.92         |
| Other payables   | 95,934,384.75         | 80,624,608.94         |
| Including: Interests receivable                            |                       | 72,000.00             |
| Dividends receivable                                       |                       |                       |
| Fees and commissions payable                               |                       |                       |
| Reinsurance amounts payable                                |                       |                       |
| Held-for-sale liabilities                                  |                       |                       |
| Non-current liabilities due within one year                | 20,000,000.00         | 18,000,000.00         |
| Other current liabilities                                  | –                     | 286,545.11            |
| <b>Total current liabilities</b>                           | <b>795,745,474.23</b> | <b>728,140,186.64</b> |



| Item  | 30 September 2019              | 31 December 2018               |
|---|--------------------------------|--------------------------------|
| <b>Non-current liabilities:</b>   |                                |                                |
| Reserves for insurance contract   |                                |                                |
| Long-term borrowings  | 5,500,000.00                   | 11,000,000.00                  |
| Bonds payable   |                                |                                |
| Including: Preferred shares   |                                |                                |
| Perpetual bonds   |                                |                                |
| Lease liabilities   |                                |                                |
| Long-term payables  | 155,100,000.00                 | 143,100,000.00                 |
| Long-term employee benefits payable                                       | 26,022,342.56                  | 24,637,440.48                  |
| Provisions  | 3,251,807.32                   | 3,251,807.32                   |
| Deferred incomes  | 2,910,858.70                   | 2,087,460.36                   |
| Deferred income tax liabilities   |                                | -                              |
| Other non-current liabilities   |                                | -                              |
| <b>Total non-current liabilities</b>                                      | <u>192,785,008.58</u>          | <u>184,076,708.16</u>          |
| <b>Total liabilities</b>  | <u><u>988,530,482.81</u></u>   | <u><u>912,216,894.80</u></u>   |
| <b>Owners' equity (or shareholders' equity):</b>                          |                                |                                |
| Paid-up capital (or capital stock)  | 422,000,000.00                 | 422,000,000.00                 |
| Other equity instruments  |                                |                                |
| Including: Preferred shares   |                                |                                |
| Perpetual bonds   |                                |                                |
| Capital reserves  | 687,349,089.60                 | 687,349,089.60                 |
| Less: Treasury stocks   |                                |                                |
| Other comprehensive incomes   | 2,127,365.44                   | 2,308,000.57                   |
| Specific reserves   |                                |                                |
| Surplus reserves  | 45,665,647.68                  | 45,665,647.68                  |
| Provisions for general risk   |                                |                                |
| Undistributed profit  | -754,305,267.64                | -690,446,430.91                |
| Total owners' equity ( or shareholders' equity)                           |                                |                                |
| attributable to parent company  | 402,836,835.08                 | 466,876,306.94                 |
| Non-controlling interest  | 378,916,802.33                 | 396,392,564.58                 |
| <b>Total owners' equity (or shareholders' equity)</b>                     | <u>781,753,637.41</u>          | <u>863,268,871.52</u>          |
| <b>Total liabilities and owners' equity<br/>(or shareholders' equity)</b> | <u><u>1,770,284,120.22</u></u> | <u><u>1,775,485,766.32</u></u> |

Legal Representative:  
Wang Jun

Person-in-charge of  
accounting work:  
Jiang Chi

Person-in-charge of  
accounting body:  
Wang Yandong

## Balance Sheet of the Parent Company

30 September 2019

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

*Unit: Yuan*

*Currency: RMB*

*Audit type: Unaudited*

| <b>Item</b>  | <b>30 September 2019</b> | <b>31 December 2018</b> |
|--|--------------------------|-------------------------|
| <b>Current assets:</b>                                   |                          |                         |
| Cash at bank and on hand                                 | 1,784,448.53             | 3,199,803.46            |
| Financial assets held for trading                        |                          |                         |
| Financial assets at fair value<br>through profit or loss |                          |                         |
| Derivatives financial assets                             |                          |                         |
| Notes receivable   |                          |                         |
| Accounts receivable                                      |                          |                         |
| Receivables financing                                    |                          |                         |
| Prepayments  |                          | 280.00                  |
| Other receivables  | 391,425,396.14           | 373,391,396.14          |
| Including: Interests receivable                          | 33,725,396.14            | 27,691,396.14           |
| Dividends receivable                                     |                          |                         |
| Inventories  |                          |                         |
| Contractual assets                                       |                          |                         |
| Held-for-sale assets                                     |                          |                         |
| Non-current assets due within one year                   |                          |                         |
| Other current assets                                     |                          |                         |
| <b>Total current assets</b>                              | <b>393,209,844.67</b>    | <b>376,591,479.60</b>   |

| Item                                | 30 September 2019              | 31 December 2018               |
|-------------------------------------|--------------------------------|--------------------------------|
| <b>Non-current assets:</b>          |                                |                                |
| Debt investment                     |                                |                                |
| Available-for-sale financial assets |                                |                                |
| Other debt investments              |                                |                                |
| Held-to-maturity investments        |                                |                                |
| Long-term receivables               |                                |                                |
| Long-term equity investments        | 694,842,724.41                 | 694,842,724.41                 |
| Other equity instruments investment |                                |                                |
| Other non-current financial assets  |                                |                                |
| Investment properties               |                                |                                |
| Fixed assets                        | 38,712.17                      | 40,541.86                      |
| Construction in progress            |                                |                                |
| Productive biological assets        |                                |                                |
| Oil and gas assets                  |                                |                                |
| Right-of-use assets                 |                                |                                |
| Intangible assets                   |                                |                                |
| Development expenditures            |                                |                                |
| Goodwill                            |                                |                                |
| Long-term amortization expenses     |                                |                                |
| Deferred income tax assets          |                                |                                |
| Other non-current assets            |                                |                                |
|                                     | _____                          | _____                          |
| <b>Total non-current assets</b>     | <u>694,881,436.58</u>          | <u>694,883,266.27</u>          |
| <b>Total assets</b>                 | <u><u>1,088,091,281.25</u></u> | <u><u>1,071,474,745.87</u></u> |

**Item****30 September 2019****31 December 2018****Current liabilities:**

|   |                     |                     |
|---|---------------------|---------------------|
| Short-term borrowings   |                     |                     |
| Financial liabilities held for trading                        |                     |                     |
| Financial liabilities at fair value through<br>profit or loss |                     |                     |
| Derivative financial liabilities                              |                     |                     |
| Notes payable   |                     |                     |
| Accounts payable  |                     |                     |
| Advances from customers                                       |                     |                     |
| Contractual liabilities                                       |                     |                     |
| Employee benefits payable                                     | 200,075.17          | 1,719,891.15        |
| Taxes payable   | 1,013,636.88        | 722,783.52          |
| Other payables  | 7,570,177.19        | 2,141,585.68        |
| Including: Interests payable                                  |                     |                     |
| Dividends payable   |                     |                     |
| Held-for-sale liabilities                                     |                     |                     |
| Non-current liabilities due within one<br>year                |                     |                     |
| Other current liabilities                                     |                     | 279,193.39          |
| <b>Total current liabilities</b>                              | <b>8,783,889.24</b> | <b>4,863,453.74</b> |

**Non-current liabilities:**

|                                     |               |
|-------------------------------------|---------------|
| Long-term borrowings                |               |
| Bonds payable                       |               |
| Including: Preferred shares         |               |
| Perpetual bonds                     |               |
| Lease liabilities                   |               |
| Long-term payables                  | 12,000,000.00 |
| Long-term employee benefits payable |               |
| Provisions                          |               |

| Item  | 30 September 2019 | 31 December 2018 |
|---|-------------------|------------------|
| Deferred incomes  |                   |                  |
| Deferred income tax liabilities                                       |                   |                  |
| Other non-current liabilities   |                   |                  |
|   |                   |                  |
| <b>Total non-current liabilities</b>                                  | 12,000,000.00     |                  |
|   |                   |                  |
| <b>Total liabilities</b>  | 20,783,889.24     | 4,863,453.74     |
| <b>Owners' equity (or shareholders' equity):</b>                      |                   |                  |
| Paid-up capital (or capital stock)                                    | 422,000,000.00    | 422,000,000.00   |
| Other equity instruments  |                   |                  |
| Including: Preferred shares   |                   |                  |
| Perpetual bonds   |                   |                  |
| Capital reserves  | 666,639,987.85    | 666,639,987.85   |
| Less: Treasury stocks   |                   |                  |
| Other comprehensive incomes   |                   |                  |
| Specific reserves   |                   |                  |
| Surplus reserves  | 38,071,282.24     | 38,071,282.24    |
| Undistributed profit  | -59,403,878.08    | -60,099,977.96   |
|   |                   |                  |
| <b>Total owners' equity (or shareholders' equity)</b>                 | 1,067,307,392.01  | 1,066,611,292.13 |
|   |                   |                  |
| <b>Total liabilities and owners' equity (or shareholders' equity)</b> | 1,088,091,281.25  | 1,071,474,745.87 |

Legal Representative:  
Wang Jun

Person-in-charge of  
accounting work:  
Jiang Chi

Person-in-charge of  
accounting body:  
Wang Yandong

## Consolidated Income Statement

January – September 2019

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Audit type: Unaudited

| Item                                      | Third quarter<br>of 2019<br>(July – September) | Third quarter<br>of 2018<br>(July – September) | First 3 quarters<br>of 2019<br>(January – September) | First 3 quarters<br>of 2018<br>(January – September) |
|---|--|--|--|--|
| <b>1. Total operating income</b>          | 292,191,798.11                                 | 288,304,153.17                                 | 887,349,416.75                                       | 763,276,665.20                                       |
| Including: Operating incomes              | 292,191,798.11                                 | 288,304,153.17                                 | 887,349,416.75                                       | 763,276,665.20                                       |
| Interest incomes                          |  |  |  |  |
| Earned insurance premiums                 |  |  |  |  |
| Fees and commission incomes               |  |  |  |  |
| <b>2. Total operating cost</b>            | 322,602,476.38                                 | 322,171,222.60                                 | 949,933,362.96                                       | 828,147,805.34                                       |
| Including: Operating cost                 | 270,135,695.87                                 | 268,055,571.66                                 | 799,986,427.92                                       | 680,774,058.36                                       |
| Interest expenses                         |  |  |  |  |
| Fees and commission expenses              |  |  |  |  |
| Refunded insurance premiums               |  |  |  |  |
| Net expense of claim<br>settlement        |  |  |  |  |
| Net amount of withdrawn<br>policy reserve |  |  |  |  |
| Policyholder dividend<br>expenses         |  |  |  |  |
| Expenses for reinsurance<br>accepted      |  |  |  |  |
| Taxes and surcharges                      | 1,882,485.11                                   | 1,547,122.72                                   | 6,184,891.97   | 7,921,925.77   |
| Selling expenses                          | 15,164,731.09                                  | 12,964,641.14                                  | 45,194,684.00  | 36,568,486.59  |
| Administrative expenses                   | 27,860,611.12                                  | 33,546,572.09                                  | 75,574,681.38  | 83,327,248.56  |
| R&D costs                                 | 1,590,771.16                                   | 484,469.62                                     | 6,079,205.39   | 1,970,964.04   |
| Financial expenses                        | 5,968,182.03                                   | 5,572,845.37                                   | 16,913,472.30  | 17,585,122.02  |
| Including: Interest expenses              | 3,037,702.09                                   | 1,399,804.44                                   | 13,644,266.07  | 13,864,870.02  |
| Interest incomes                          | 158,097.77                                     | 59,320.95                                      | 222,050.84   | 1,081,961.79   |

| Item   | Third quarter<br>of 2019<br>(July – September) | Third quarter<br>of 2018<br>(July – September) | First 3 quarters<br>of 2019<br>(January – September) | First 3 quarters<br>of 2018<br>(January – September) |
|--|--|--|--|--|
| Add: other earnings  | –  | –  | 506,001.66   |  |
| Investment incomes (with “-” for losses)                                     | -1,664,945.96                                  | 1,776,264.98                                   | -1,503,144.78  | 4,972,146.55   |
| Including: Investment incomes from affiliated enterprises and joint ventures | -1,664,945.96                                  | 1,776,264.98                                   | -1,503,144.78  | 4,972,146.55   |
| Derecognition gains on financial assets measured at amortized costs          |  |  |  |  |
| Exchange gains (with “-” for losses)   |  |  |  |  |
| Net exposure hedging income (with “-” for loss)                              |  |  |  |  |
| Income from changes in fair value (with “-” for loss)                        |  |  |  |  |
| Credit impairment losses (with “-” for losses)                               | –  | 729,110.27                                     | -5,815,385.93  | -6,918,423.39  |
| Asset impairment losses (with “-” for losses)                                |  |  | -10,183,520.45                                       | -5,153,782.49  |
| Incomes of assets disposal (with “-” for losses)                             |  | 7,560,913.37                                   |  | 7,560,913.37   |
| <b>3. Operating profit (with “-” for loss)</b>                               | <b>-32,075,624.23</b>                          | <b>-23,800,780.81</b>                          | <b>-79,579,995.71</b>                                | <b>-64,410,286.10</b>                                |
| Add: Non-operating income  | 145,641.32                                     | 8,481,172.76                                   | 1,129,180.64   | 10,953,676.44  |
| Less: Non-operating expenses   | 129,499.72                                     | 51,729.85                                      | 548,278.68   | 365,949.41   |
| <b>4. Total profit (with “-” for total loss)</b>                             | <b>-32,059,482.63</b>                          | <b>-15,371,337.90</b>                          | <b>-78,999,093.75</b>                                | <b>-53,822,559.07</b>                                |
| Less: Income tax expenses  | 593,684.09                                     | 3,524,680.07                                   | 2,180,549.71   | 6,197,963.98   |

| Item  | Third quarter<br>of 2019<br>(July – September) | Third quarter<br>of 2018<br>(July – September) | First 3 quarters<br>of 2019<br>(January – September) | First 3 quarters<br>of 2018<br>(January – September) |
|---|--|--|--|--|
| <b>5. Net profit (with “-” for net loss)</b>  | -32,653,166.72                                 | -18,896,017.97                                 | -81,179,643.46                                       | -60,020,523.05                                       |
| (1) Classified according to operating continuity  | -32,653,166.72                                 | -18,896,017.97                                 | -81,179,643.46                                       | -60,020,523.05                                       |
| 1. Net profit from continuing operations (with “-” for net loss)                            | -32,653,166.72                                 | -18,896,017.97                                 | -81,179,643.46                                       | -60,020,523.05                                       |
| 2. Net profit from discontinuing operations (with “-” for net loss)                         |  |  |  |  |
| (2) Classified according to attribution of the ownership                                    | -32,653,166.72                                 | -18,896,017.97                                 | -81,179,643.46                                       | -60,020,523.05                                       |
| 1. Net profits attributable to shareholders of the parent company (with “-” for net losses) | -28,284,971.02                                 | -15,466,153.25                                 | -63,858,836.73                                       | -44,148,603.58                                       |
| 2. Non-controlling interests (with “-” for net losses)                                      | -4,368,195.70                                  | -3,429,864.72                                  | -17,320,806.73                                       | -15,871,919.47                                       |
| <b>6. Other net comprehensive income after-tax</b>  | -19,943.76                                     | 33,688.81                                      | -335,590.65  | 579,962.10   |
| Other net after-tax comprehensive income attributable to the owner of the parent company    | -19,943.76                                     | 33,688.81                                      | -180,635.13  | 315,588.40   |



| Item  | Third quarter<br>of 2019<br>(July – September) | Third quarter<br>of 2018<br>(July – September) | First 3 quarters<br>of 2019<br>(January – September) | First 3 quarters<br>of 2018<br>(January – September) |
|---|--|--|--|--|
| (1) Other comprehensive incomes that cannot be reclassified through profit or loss                        |  |  |  |  |
| 1. Changes arising from re-measurement of the defined benefit plan  |  |  |  |  |
| 2. Other comprehensive incomes that cannot be reclassified into profits or losses under the equity method |  |  |  |  |
| 3. Changes in fair value of investment by other equity instruments  |  |  |  |  |
| 4. Changes in fair value of the enterprise's credit risk  |  |  |  |  |
| (2) Other comprehensive incomes that will be re-classified into profits or losses                         | -19,943.76                                     | 33,688.81                                      | -180,635.13  | 315,588.40   |
| 1. Other comprehensive incomes that can be reclassified into profits or losses under the equity method    |  |  |  |  |
| 2. Changes in fair value of other debt investment   |  |  |  |  |
| 3. Change loss and profit of fair value of financial assets available-for-sale                            |  |  |  |  |
| 4. The amount of financial assets reclassified into other comprehensive incomes                           |  |  |  |  |
| 5. Mature investment reclassified to loss and profit of available-for-sale financial assets               |  |  |  |  |
| 6. Provision for impairment of credit in other debt investments   |  |  |  |  |
| 7. Reserves for cash flow hedge (effective proportion of cash flow hedge profit or loss)                  |  |  |  |  |
| 8. Converted difference in foreign currency statements for foreign currency                               | -19,943.76                                     | 33,688.81                                      | -180,635.13  | 315,588.40   |
| 9. Others   |  |  |  |  |
| Other comprehensive incomes after-tax attributable to minority shareholders                               |  |  | -154,955.52  | 264,373.70   |

| Item   | Third quarter<br>of 2019<br>(July – September) | Third quarter<br>of 2018<br>(July – September) | First 3 quarters<br>of 2019<br>(January – September) | First 3 quarters<br>of 2018<br>(January – September) |
|--|--|--|--|--|
| <b>7. Total comprehensive incomes</b>  | -32,673,110.48                                 | -18,862,329.16                                 | -81,515,234.11                                       | -59,440,560.95                                       |
| Total comprehensive incomes attributable to shareholders of the parent company | -28,304,914.78                                 | -15,432,464.44                                 | -64,039,471.86                                       | -43,833,015.18                                       |
| Total comprehensive incomes attributable to minority shareholders              | -4,368,195.70                                  | -3,429,864.72                                  | -17,475,762.25                                       | -15,607,545.77                                       |
| <b>8. Earnings per share:</b>  |  |  |  |  |
| (1) Basic earnings per share (RMB/share)                                       | -0.07  | -0.03  | -0.15  | -0.10  |
| (2) Diluted earnings per share (RMB/share)                                     | -0.07  | -0.03  | -0.15  | -0.10  |

|                                   |  |   |
|-----------------------------------|--|---|
| Legal Representative:<br>Wang Jun | Person-in-charge of<br>accounting work:<br>Jiang Chi | Person-in-charge of<br>accounting body:<br>Wang Yandong |
|-----------------------------------|--|---|

## Income Statement of the Parent Company

January – September 2019

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Audit type: Unaudited

| Item   | Third quarter<br>of 2019<br>(July – September) | Third quarter<br>of 2018<br>(July – September) | First 3 quarters<br>of 2019<br>(January – September) | First 3 quarters<br>of 2018<br>(January – September) |
|--|--|--|--|--|
| <b>1. Operating income</b>   |  |  |  |  |
| Less: Operating cost   |  |  |  |  |
| Taxes and surcharges   | 82,640.93                                      | 82,916.84                                      | 88,164.31  | 94,271.46  |
| Selling expenses   |  |  |  |  |
| Administrative expenses  | 4,196,594.21                                   | 3,217,067.43                                   | 8,455,304.49   | 5,579,277.43   |
| R&D costs  |  |  |  |  |
| Financial expenses   | -8,681,267.40                                  | -8,701,410.29                                  | -9,471,601.97  | -9,418,192.02  |
| Including: Interest expenses   |  | 102,104.17                                     |  | 1,445,166.69   |
| Interest incomes   | 8,683,282.93                                   | 8,804,281.95                                   | 9,475,843.83   | 10,866,676.14  |
| Add: other earnings  |  |  |  |  |
| Investment incomes (with “-”<br>for losses)  |  |  |  |  |
| Including: Investment incomes from<br>affiliated enterprises and<br>joint ventures |  |  |  |  |
| Derecognition gains on financial<br>assets measured at amortized costs             |  |  |  |  |
| Net exposure hedging income<br>(with “-” for loss)                                 |  |  |  |  |
| Income from changes in fair<br>value (with “-” for loss)                           |  |  |  |  |
| Credit impairment losses<br>(with “-” for losses)                                  |  |  |  |  |
| Asset impairment losses<br>(with “-” for losses)                                   |  |  |  |  |
| Incomes of assets disposal<br>(with “-” for losses)                                |  |  |  |  |

| Item  | Third quarter<br>of 2019<br>(July – September) | Third quarter<br>of 2018<br>(July – September) | First 3 quarters<br>of 2019<br>(January – September) | First 3 quarters<br>of 2018<br>(January – September) |
|---|--|--|--|--|
| <b>2. Operating profit (with “-” for loss)</b>  | 4,402,032.26                                   | 5,401,426.02                                   | 928,133.17   | 3,744,643.13   |
| Add: Non-operating income   |  |  |  |  |
| Less: Non-operating expenses  |  |  |  |  |
| <b>3. Total profits (with “-” for total losses)</b>   | 4,402,032.26                                   | 5,401,426.02                                   | 928,133.17   | 3,744,643.13   |
| Less: Income tax expenses   | 232,033.29                                     | 936,160.78                                     | 232,033.29   | 936,160.78   |
| <b>4. Net profits (with “-” for net losses)</b>   | 4,169,998.97                                   | 4,465,265.24                                   | 696,099.88   | 2,808,482.35   |
| (1) Net profit from continuing operations<br>(with “-” for net loss)  | 4,169,998.97                                   | 4,465,265.24                                   | 696,099.88   | 2,808,482.35   |
| (2) Net profit from discontinuing<br>operations (with “-” for net loss)   |  |  |  |  |
| <b>5. Other net comprehensive incomes<br/>after-tax</b>   |  |  |  |  |
| (1) Other comprehensive incomes that<br>cannot be reclassified through profit<br>or loss                        |  |  |  |  |
| 1. Changes arising from re-<br>measurement of the defined benefit<br>plan                                       |  |  |  |  |
| 2. Other comprehensive incomes that<br>cannot be reclassified into profits<br>or losses under the equity method |  |  |  |  |
| 3. Changes in fair value of investment<br>by other equity instruments   |  |  |  |  |
| 4. Changes in fair value of the<br>enterprise’s credit risk   |  |  |  |  |

| Item   | Third quarter<br>of 2019<br>(July – September) | Third quarter<br>of 2018<br>(July – September) | First 3 quarters<br>of 2019<br>(January – September) | First 3 quarters<br>of 2018<br>(January – September) |
|--|--|--|--|--|
| (2) Other comprehensive incomes that will be re-classified into profits or losses                      |  |  |  |  |
| 1. Other comprehensive incomes that can be reclassified into profits or losses under the equity method |  |  |  |  |
| 2. Changes in fair value of other debt investment  |  |  |  |  |
| 3. Change loss and profit of fair value of financial assets available-for-sale                         |  |  |  |  |
| 4. The amount of financial assets reclassified into other comprehensive incomes                        |  |  |  |  |
| 5. Mature investment reclassified to loss and profit of available-for-sale financial assets            |  |  |  |  |
| 6. Provision for impairment of credit in other debt investments  |  |  |  |  |
| 7. Reserves for cash flow hedge (effective proportion of cash flow hedge profit or loss)               |  |  |  |  |
| 8. Converted difference in foreign currency statements for foreign currency                            |  |  |  |  |
| 9. Others  |  |  |  |  |
| <b>6. Total comprehensive incomes</b>  | 4,169,998.97                                   | 4,465,265.24                                   | 696,099.88   | 2,808,482.35   |

**7. Earnings per share:**

- (1) Basic earnings per share (RMB/share)
- (2) Diluted earnings per share (RMB/share)

|                                   |  |   |
|-----------------------------------|--|---|
| Legal Representative:<br>Wang Jun | Person-in-charge of<br>accounting work:<br>Jiang Chi | Person-in-charge of<br>accounting body:<br>Wang Yandong |
|-----------------------------------|--|---|

## Consolidated Cash Flow Statement

January – September 2019

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Audit type: Unaudited

| Item   | First 3<br>quarters<br>of 2019<br>(January –<br>September) | First 3<br>quarters<br>of 2018<br>(January –<br>September) |
|--|--|--|
| <b>1. Cash flows from operating activities:</b>  |  |  |
| Cash received from sale of goods and rendering of services                             | 789,803,833.72   | 863,248,943.10   |
| Net increase in deposits from customers and deposits from other financial institutions |  |  |
| Net increase in loans from central bank  |  |  |
| Net increase in placement from other financial institutions                            |  |  |
| Cash receipts of premium of original insurance contracts                               |  |  |
| Net cash received from reinsurance business  |  |  |
| Net increase in deposits of the insured and investment                                 |  |  |
| Cash receipts of interests, fees and commissions                                       |  |  |
| Net increase in placements from banks and other financial institutions                 |  |  |
| Net increase in assets of repurchasing business  |  |  |
| Net cash received from securities brokering  |  |  |
| Cash received from taxes refund  | 25,889,838.11  | 18,111,057.58  |
| Cash received from other operating activities  | 30,495,654.29  | 26,438,832.24  |
| Sub-total of cash inflows from operating activities                                    | 846,189,326.12   | 907,798,832.92   |

| Item   | First 3<br>quarters<br>of 2019<br>(January –<br>September) | First 3<br>quarters<br>of 2018<br>(January –<br>September) |
|--|--|--|
| Cash paid for goods and services   | 490,897,123.37   | 540,552,364.22   |
| Net increase in loans and advances   |  |  |
| Net increase in deposits with central bank and<br>other financial institutions                   |  |  |
| Cash paid for claims settlement on original<br>insurance contracts                               |  |  |
| Net increase in placement to banks and other<br>financial institutions                           |  |  |
| Cash paid for interests, fees and commissions  |  |  |
| Cash paid for dividends of insurance policies  |  |  |
| Cash paid to and on behalf of employees  | 153,227,175.79   | 157,790,643.03   |
| Taxes and surcharges cash payments   | 34,206,953.05  | 45,726,801.39  |
| Cash paid to other operating activities  | <u>121,101,663.00</u>                                      | <u>104,052,273.88</u>                                      |
| Sub-total of cash outflows from operating<br>activities  | <u>799,432,915.21</u>                                      | <u>848,122,082.52</u>                                      |
| Net cash flows from operating activities   | <u><u>46,756,410.91</u></u>                                | <u><u>59,676,750.40</u></u>                                |
| <b>2. Cash flows from investing activities:</b>  |  |  |
| Cash received from return of investment  |  |  |
| Cash received from investment income   |  |  |
| Net cash received from disposal of fixed assets,<br>intangible assets and other long-term assets |  | 27,296,980.00  |
| Net cash received from disposal of subsidiaries<br>and other business entities                   |  |  |
| Cash received from other investing activities  |  |  |
| Sub-total of cash inflows from investing<br>activities   |  | <u>27,296,980.00</u>                                       |
| Cash paid to acquire fixed assets, intangible<br>assets and other long-term assets               | 16,884,368.77  | 43,556,289.62  |
| Cash paid for investments  |  |  |
| Net increase in pledged loans  |  |  |
| Net cash paid to acquire subsidiaries and other<br>business entities                             |  |  |
| Cash paid to other investing activities  |  |  |

| Item  | First 3<br>quarters<br>of 2019<br>(January –<br>September) | First 3<br>quarters<br>of 2018<br>(January –<br>September) |
|---|--|--|
| Sub-total of cash outflow from investing activities   | <u>16,884,368.77</u>                                       | <u>43,556,289.62</u>                                       |
| Net cash flows from investing activities  | <u><u>-16,884,368.77</u></u>                               | <u><u>-16,259,309.62</u></u>                               |
| <b>3. Cash flows from financing activities:</b>   |  |  |
| Cash received from absorbing investment<br>Including: Cash received by subsidiaries from<br>investment absorption of<br>minority interest |  |  |
| Cash received from borrowings   | 225,876,365.50   | 239,775,896.00   |
| Cash received from other financing activities   | <u>12,000,000.00</u>                                       |  |
| Sub-total of cash inflows from financing activities   | <u>237,876,365.50</u>                                      | <u>239,775,896.00</u>                                      |
| Cash paid for loan repayments   | 191,499,893.26   | 263,835,896.00   |
| Cash paid for allocation of dividends, profits or<br>payments of interest   | 11,144,162.35  | 8,956,109.51   |
| Including: Dividends and profits paid to<br>minority shareholders by subsidiaries   |  |  |
| Cash paid to other financing activities   |  |  |
| Sub-total of cash outflows from financing activities  | <u>202,644,055.61</u>                                      | <u>272,792,005.51</u>                                      |
| Net cash flows from financing activities  | <u><u>35,232,309.89</u></u>                                | <u><u>-33,016,109.51</u></u>                               |
| <b>4. Effect of changes in foreign exchange rate on cash and cash equivalents</b>   | -5,417.66  | -207,681.49  |
| <b>5. Net increase in cash and cash equivalents</b>   | 65,098,934.37  | 10,193,649.78  |
| Add: Opening balance of cash and cash equivalents   | 46,662,121.34  | 76,867,503.16  |
| <b>6. Closing balance of cash and cash equivalents</b>  | 111,761,055.71   | 87,061,152.94  |

Legal Representative:  
Wang Jun

Person-in-charge of  
accounting work:  
Jiang Chi

Person-in-charge of  
accounting body:  
Wang Yandong



## Cash Flow Statement of the Parent Company

January – September 2019

Prepared by: Beijing Jingcheng Machinery Electric Company Limited

Unit: Yuan

Currency: RMB

Audit type: Unaudited

| Item  | First 3<br>quarters<br>of 2019<br>(January –<br>September) | Amount for the<br>first 3 quarters<br>of 2018<br>(January –<br>September) |
|---|--|---|
| <b>1. Cash flows from operating activities:</b>   |  |   |
| Cash received from sale of good and rendering of services                                     |  |   |
| Cash received from taxes refund   |  |   |
| Cash received from other operating activities   | 363,356.93   | 371,330.64  |
| Sub-total of cash inflows from operating activities   | 363,356.93   | 371,330.64  |
| Cash paid for goods and services  |  |   |
| Cash paid to and on behalf of employees   | 1,729,300.82   | 1,463,023.83  |
| Taxes and surcharges cash payments  | 1,110,735.67   | 644,692.48  |
| Cash paid to other operating activities   | 14,932,825.37  | 2,772,405.07  |
| Sub-total of cash outflows from operating activities  | 17,772,861.86  | 4,880,121.38  |
| Net cash flows from operating activities  | <u>-17,409,504.93</u>                                      | <u>-4,508,790.74</u>  |
| <b>2. Cash flows from investing activities:</b>   |  |   |
| Cash received from return of investment   |  |   |
| Cash received from investment income  |  |   |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets |  |   |
| Net cash received from disposal of subsidiaries and other business entities                   |  |   |
| Cash received from other investing activities   | 4,000,000.00   | 55,595,166.67   |
| Sub-total of cash inflows from investing activities   | 4,000,000.00   | 55,595,166.67   |

| Item  | First 3<br>quarters<br>of 2019<br>(January –<br>September) | Amount for the<br>first 3 quarters<br>of 2018<br>(January –<br>September) |
|---|--|---|
| Cash paid to acquire fixed assets, intangible assets and other long-term assets   | 5,850.00   |   |
| Cash paid for investments   |  |   |
| Net cash paid to acquire subsidiaries or other business entities                  |  |   |
| Cash paid to other investing activities   |  |   |
| Sub-total of cash outflows from investing activities                              | <u>5,850.00</u>  |   |
| Net cash flows from investing activities  | <u><u>3,994,150.00</u></u>                                 | <u><u>55,595,166.67</u></u>   |
| <b>3. Cash flows from financing activities:</b>                                   |  |   |
| Cash received from absorbing investment   |  |   |
| Cash received from borrowings   |  |   |
| Cash received from other financing activities                                     | 12,000,000.00  |   |
| Sub-total of cash inflows from financing activities                               | 12,000,000.00  |   |
| Cash paid for loan repayments   |  | 50,000,000.00   |
| Cash paid for allocation of dividends, profits or payments of interests           |  | 1,531,562.52  |
| Cash paid to other financing activities   |  |   |
| Sub-total of cash outflows from financing activities                              |  | <u>51,531,562.52</u>  |
| Net cash flows from financing activities  | <u><u>12,000,000.00</u></u>                                | <u><u>-51,531,562.52</u></u>  |
| <b>4. Effect of changes in foreign exchange rate on cash and cash equivalents</b> |  |   |
| <b>5. Net increase in cash and cash equivalents</b>                               |  |   |
| Add: Opening balance of cash and cash equivalents                                 | -1,415,354.93  | -445,186.59   |
|   | 3,199,803.46   | 2,638,253.33  |
| <b>6. Closing balance of cash and cash equivalents</b>                            |  |   |
|   | 1,784,448.53   | 2,193,066.74  |

Legal Representative:  
Wang Jun

Person-in-charge of  
accounting work:  
Jiang Chi

Person-in-charge of  
accounting body:  
Wang Yandong

**4.2 Adjustment to the relevant items in the financial statements at the beginning of the year upon first implementation of the new financial instrument standards, the new revenue standards or the new leasing standards**

Applicable     Not Applicable

Description of the adjustment for each item:

Applicable     Not Applicable

Description of item adjustment:

Applicable     Not Applicable

**4.3 Description of retrospective adjustment to comparative figures of previous period upon first implementation of the new financial instrument standards or the new leasing standards**

Applicable     Not Applicable

**4.4 Audit reports**

Applicable     Not Applicable

By Order of the Board  
**Beijing Jingcheng Machinery Electric Company Limited**  
**Luan Jie**  
*Company Secretary*

Beijing, the PRC  
30 October 2019

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